

Background on the Energy Independence Act (Initiative 937)

Prepared for the Joint Committee on Energy Supply and Energy Conservation

Energy Independence Act.

Approved by voters in 2006, the Energy Independence Act (EIA), also known as Initiative 937 or I-937, requires electric utilities with 25,000 or more customers to meet targets for energy conservation and eligible renewable resources. Utilities that must comply with the EIA are called qualifying utilities. There are 17 utilities in Washington with 25,000 or more customers; they provide 81 percent of the electricity sold to retail customers.

These qualifying utilities include: three investor-owned utilities, ten public utility districts, two municipal utilities, and two electric cooperatives. A list of the qualifying utilities is provided on page 2.

Energy Conservation Assessments and Targets.

Each qualifying electric utility must pursue all available conservation that is cost-effective, reliable, and feasible. By January 1, 2010, each qualifying utility must assess the conservation it can achieve through 2019, and update the assessments every two years for the next 10-year period. Beginning January 2010, each qualifying utility must meet biennial conservation targets that are consistent with its conservation assessments.

Eligible Renewable Resource Targets and Compliance Dates.

Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits, or a combination of both, to meet the following annual targets:

- At least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- At least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- At least 15 percent of its load by January 1, 2020, and each year thereafter.

Eligible Renewable Resource.

The term eligible renewable resource means electricity generated from a resource such as wind, solar, specified biomass, wave and tidal power, and certain biodiesel fuels. In addition, an eligible renewable resource must generally be produced in a facility that started operating after March 31, 1999, and the facility must either be located in the Pacific Northwest or the electricity from the facility must be delivered into the state on a real-time basis.

Renewable Energy Credit (REC).

A REC is a tradable certificate of proof of at least one megawatt hour of an eligible renewable resource where the generation facility is not powered by fresh water. Under the EIA, a REC represents all the nonpower attributes associated with the power. RECs can be bought and sold in the marketplace, and they may be used during the year they are acquired, the previous year, or the subsequent year.

Oversight and Reporting.

The Utilities and Transportation Commission (UTC) oversees compliance for investor-owned utilities. The governing boards of municipal utilities and public utility districts are responsible for compliance, with auditing by the State Auditor and any enforcement by the Attorney General. Cooperative utilities are independently audited.

Codification.

Chapter 19.285 RCW

List of Qualifying Utilities.

Electric Cooperatives

Inland Power and Light
Peninsula Light

Investor-Owned Utilities

Avista
PacifiCorp
Puget Sound Energy

Municipal Utilities

Seattle City Light
Tacoma Power

Public Utility Districts

Benton County PUD
Chelan County PUD
Clallam County PUD
Clark Public Utilities
Cowlitz County PUD
Grant County PUD
Grays Harbor PUD
Lewis County PUD
Mason County PUD
Snohomish County PUD