

Hearings Friday and next Wednesday on I-937 rules

Stop state from weakening clean energy initiative's standards

This **Friday, Nov. 9**, and next **Wednesday, Nov. 14**, the state Department of Community, Trade and Economic Development (CTED) will hold public hearings on its final draft rules for implementing Clean Energy Initiative 937. Friday's hearing will be held at the agency's Olympia offices; Wednesday's hearing will be held at the Spokane International Airport.

CTED's rules will apply to the 14 publicly owned utilities covered by I-937 and govern how they comply with the initiative's goals. (The three investor-owned utilities will be governed by rules developed by the state Utilities and Transportation Commission.)

We and other clean-energy advocates have significant concerns about CTED's draft provisions for renewables and energy efficiency — provisions that could limit achievements in both areas. Please consider attending the hearing to support the goals that you and other Washington voters embraced one year ago. Talking points are below and available on our Web site at <http://www.nwenergy.org>.

You can find CTED's current draft rules here:

<http://apps.leg.wa.gov/documents/laws/wsr/2007/20/07-20-126.htm>

Hearing information

Westside hearing

Friday, Nov. 9, 2007

10 a.m. - noon

Department of Community, Trade and Economic Development

Davis-Williams Building

906 Columbia St. SW

Olympia, WA 98504-3173

Eastside hearing

Wednesday, Nov. 14, 2007

1:30 - 3:30 p.m.

Spokane International Airport

Meeting Room

9000 W. Airport Drive

Spokane, WA 99224-9437

If you can't attend in person, we encourage you to submit written comments by November 16, 2007, to:

Howard Schwartz
Department of Community, Trade and Economic Development
P.O. Box 43173
906 Columbia St. S.
Olympia, WA 98504-3173
e-mail Howards@cted.wa.gov or fax (360) 586-0049

If you're planning to attend this meeting, please let us know at jesse@nwenergy.org.

Talking points

Topline message:

Washington citizens have a right to rules that will ensure the clean-energy goals we voted for last November are fully realized. The economic and environmental well-being of Washington state depends on utilities capturing all the cost-effective conservation available and meeting the initiative's renewable energy targets. But CTED's proposed rules give utilities more leeway than voters granted them, and thus put both the conservation and renewables goals in jeopardy.

Energy efficiency taking points

1. The agency seems to have bent over backward to give utilities "flexibility" in meeting the initiative's conservation standards – so much flexibility that their customers probably won't benefit from all the cost-effective energy efficiency available. Remember, cost-effective means cheaper than **any** new resource. Like any other new resource, conservation costs something upfront, but unlike other resources, it *reduces bills immediately*. Not getting all the available cost-effective conservation cheats Washington energy consumers ... and violates the law Washington voters passed.

The intent of I-937's conservation standard is to end decades of "roller coaster" investments in bill-reducing energy efficiency. The agency has jeopardized that goal by giving utilities broad discretion in how they calculate their available cost-effective conservation. Yes, each utility's service area is somewhat different, but we can acknowledge those differences and still achieve all the conservation potential identified in the Northwest Power and Conservation Council's 5th Power Plan.

2. Utilities must not be allowed to lower their conservation potential as calculated from the 5th Power Plan just because their customer profiles differ from the regional average. Instead, they must truly prove that there's less cost-effective conservation in their areas to get. The draft rules leave a huge loophole for

lowering standards and thus harming energy consumers. The agency's rules must be redrafted to close that loophole.

3. It is customary practice in long-term utility planning to frontload conservation investments. That's what the Northwest Power and Conservation Council does in its power plans. It's because most of the conservation that is technically feasible in the 20-year timeframe is technically feasible in the 10-year timeframe. But these rules allow utilities to cut their 20-year technical conservation potential in half when calculating their 10-year achievable conservation potential. This provision actually reduces the amount of energy utilities – and their customers – save, and must be changed.
4. The 5th Power Plan's conservation target does not include efficiency improvements to utilities' power generation and distribution systems. However, such improvements fall under I-937's definition of conservation and thus should be achieved *in addition to* the conservation done to meet the target set by applying the 5th Plan's model, as required by the law. The draft rules should be changed to ensure these efficiency improvements to utility distribution and generation systems are *additive* to the 5th Plan-based end-use conservation targets.

Renewable energy talking points

1. CTED's renewable energy rules rightly and clearly require the utilities to obtain their first installment of new renewable resources no later than January 1, 2012. Some have argued for giving utilities even more time to comply. But in this case CTED has logically and properly interpreted the law and reflected voters expectations in passing I-937 last November.
2. Some of the rules governing the renewables "cost cap" violate the language and intent of the law. In some cases, the draft rule would allow a utility to compare the costs of a new renewable energy resource with the costs of its existing resources. This is an "apples-and-oranges" comparison specifically disallowed in the voter-approved initiative. The law itself provides a solution to the problem this misguided rule seeks to correct. CTED must amend this provision and revert to the language approved by Washington voters that says utilities may purchase Renewable Energy Credits if they don't need new power supplies.