

# I-937: The Clean Energy Initiative

Washington's Initiative 937, passed by voters in November 2006, requires the state's major utilities to gradually increase the amount of new renewable resources in their electricity supply to 15 percent by 2020. Electric utilities also must acquire all cost-effective energy conservation resources in their service territories beginning in 2010.<sup>1</sup>

The 2009 Legislature will be the first to consider revisions to I-937 that don't require a 2/3-majority vote. The primary proponents will engage with other key stakeholders during the interim to prioritize any proposed amendments.

*Any modifications should adhere to the following key principles, be narrow in scope, and address actual implementation barriers. The law's overall impact must be at least maintained and should be strengthened.*

## Key Principles to Guide Any Modifications of I-937 (RCW 19.285)

- **Preserve voters' intent to increase development of clean and affordable energy.** Washington is relying on the provisions of I-937 to meet the state's critical climate action targets.
- **Do not weaken the law before utilities have even had to comply.** Most states that have modified their renewable energy standards have strengthened the laws. In 2007 alone, six states *increased* their renewable energy targets. That same year, Oregon passed a 25% by 2025 standard.
- **Modifications should be narrow in scope to maintain the integrity of the Act.**
- **Beware of unintended consequences.** RCW 19.285 has many interlinked components. Legislative proposals to change one small element could create unintended ripples throughout the law.
- **Keep the conservation and renewable energy standards separate.** Each is independently important.

## Highlights of I-937

- Applies to the 17 largest electric utilities. Includes special provision for those with no load growth. Utilities will not need to sell any existing resources to comply with the law because they can use renewable energy credits to meet the standard.
- Designed to build on the renewable hydropower tradition in Washington and further develop the state's other abundant renewable resources - solar, tidal, ocean wave, geothermal, bioenergy, and wind.
- Directs utilities to pursue only the conservation that costs less than new power generation.
- Includes a cost cap on renewable energy purchases: In any given year, a utility is required to invest at most 4% of that year's revenue to meet the renewable energy standard – most will spend less.
- Ensures some consistency in determining conservation potential, while allowing utilities to focus on the needs and issues specific to their service territories.

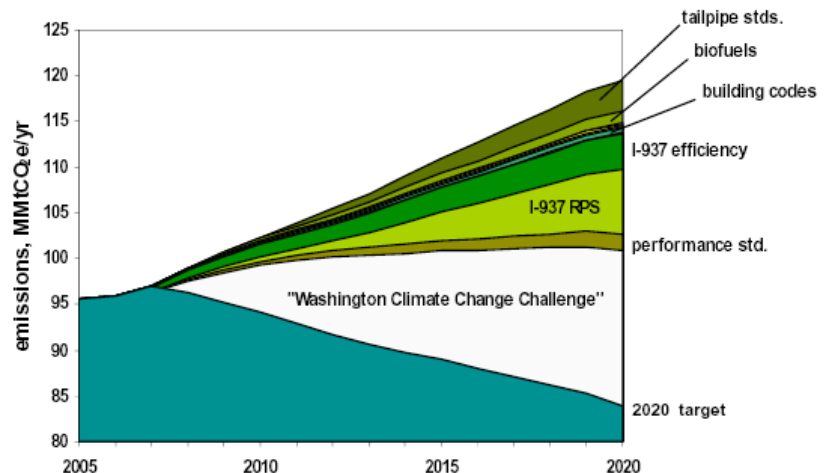
## Importance of I-937

Energy conservation is the lowest cost resource available to meet future energy needs and new renewable resources, such as wind power, are consistently cost-competitive with other new resources. Increasing reliance on clean energy will:

- Stimulate rural economic development;
- Create jobs;
- Protect against future price shocks due to rising fuel, infrastructure, and carbon costs; and
- Save money for consumers.

As part of the state's Climate Change Challenge, Washington's Climate Action Team is counting the greenhouse gas emissions reductions from I-937 implementation toward the total needed to meet the state's targets established by Executive Order 07-02 and RCW 80.80.020. As the graph shows, I-937's efficiency standard and renewable energy standard (RPS) will do more to reduce emissions than all other existing policies combined.

### Recent Actions in Washington<sup>2</sup>



## Implementation

- The state's Utilities and Transportation Commission (UTC) adopted rules in November 2007 (WAC 480-109), establishing the processes and reports necessary for investor-owned utilities to demonstrate compliance with the Act. Rules rely heavily on existing regulations and practices to guide utility implementation, and on case-by-case Commission assessments.
- CTED's more detailed rules, adopted in March 2008 (WAC 194-37), relate to process, timelines and documentation and are designed to provide guidance for auditors<sup>3</sup> and public utilities in determining compliance.
- While all parties have some concerns about the rules implementing Initiative 937, the rules contain no fatal flaws. Utilities have sufficient guidance to begin planning to meet their 2010 conservation requirement and the 2012 renewables target.

### For More Information, Contact:

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<sup>1</sup> The law applies to 17 of the state's 63 electric utilities, comprising approximately 91% of Washington retail electricity consumers and 88% of electricity consumed. Qualifying utilities currently include three investor-owned utilities, 10 public utility districts, two municipalities and two electric cooperatives, each with more than 25,000 customers.

<sup>2</sup> From August 7, 2007, presentation to Washington Climate Advisory Team. Department of Ecology, CTED, Center for Climate Strategies and Ross & Associates, page 11. (MMtCO<sub>2</sub>e means million metric tons of CO<sub>2</sub> equivalent)

<sup>3</sup> The State Auditor audits public utility compliance, with the Attorney General providing enforcement. Independent auditors will audit compliance by electric cooperatives.