

## **RESOLUTION NO. 1557**

### **A Resolution of Public Utility District No. 1 of Okanogan County Supporting Legislation That Narrows the Requirement for Utilities to Purchase Eligible Renewable Energy Resources or Credits When Not Needed To Serve Customer Loads**

**WHEREAS**, Initiative 937 (the Initiative), passed in 2006 which resulted in the Energy Independence Act (EIA), requires qualifying utilities to incrementally increase the amount of eligible renewable resources to 15 percent of load by 2020; and

**WHEREAS**, The Initiative also required pursuing all cost-effective conservation requirements starting in 2010; and

**WHEREAS**, The Initiative narrowly defined eligible renewable resources to exclude existing hydropower, a clean, renewable resource supplying over two-thirds of the electricity in the State of Washington; and

**WHEREAS**, The Initiative imposed significant financial penalties (escalating \$50 per megawatt hour) for failure to meet renewable requirements and conservation targets; and

**WHEREAS**, The Initiative passed statewide by only 51.6 percent; and

**WHEREAS**, The EIA requires qualifying utilities to spend up to four percent of their annual retail revenue requirement on the incremental cost of eligible renewables each year; and

**WHEREAS**, If Okanogan PUD was deemed to be a qualifying utility, it would be required to spend approximately \$1.65 million (based on 2012 revenues) on eligible renewables each year; and

**WHEREAS**, An annual expenditure of \$1.65 million by Okanogan PUD is approximately equivalent to a 4.7 percent increase to customer rates; and

**WHEREAS**, The EIA interferes with the ability of local, elected utility Commissions to govern the utility in the best interests of its customers; and

**WHEREAS**, The purchase of eligible renewable resources impacts the District's current rates and is projected to increase future rates unnecessarily; and

**WHEREAS**, Okanogan PUD is a proponent of a diverse energy portfolio, and its own portfolio, voluntarily and without state mandates, includes eligible renewable energy resources including power purchased from the Nine Canyon Wind Project; and

**WHEREAS**, Conservation is the lowest cost resource and helps avoid the expense of new generation resources. Okanogan PUD has promoted conservation since 1973 and continues to promote conservation voluntarily and without state mandates; and

**WHEREAS,** The EIA annual renewable targets can be met through the purchase of eligible renewable energy resources, renewable energy credits or a combination of both; and

**WHEREAS,** Many utilities' energy demands are not growing as projected or have declined due to the combination of successful conservation programs and the poor economy; and

**WHEREAS,** The EIA requires qualifying utilities to purchase specific qualified renewable energy resources or renewable energy credits even if the utilities don't need additional power; and

**WHEREAS,** The required purchases of variable renewable resources throughout the west has exceeded expectations and has resulted in serious negative consequences to the reliability of the region's power system; and

**WHEREAS,** The purchase of unneeded eligible renewable energy resources or renewable energy credits have a detrimental impact on Okanogan PUD's budget, which will therefore increase customer rates and negatively affect the economy; and

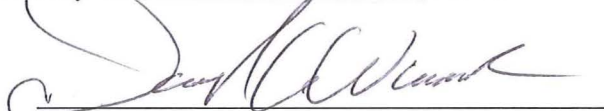
**WHEREAS,** Customers should not be penalized with increased rates due to the purchase of unneeded energy or renewable energy credits; and

**WHEREAS,** Currently proposed legislation does not change the overall intent of Initiative 937, which is to encourage conservation and the use of renewable energy resources, and

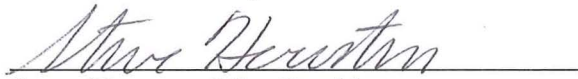
**WHEREAS,** Currently proposed legislation will protect qualifying utilities from unnecessary additional costs which could result in unwanted rate increases and encumber the economy.

**NOW, THEREFORE, BE IT RESOLVED** That the Commission approves proposed legislation to change the EIA to support the interests of the District's customers.

**APPROVED AND ADOPTED** By the Board of Commissioners of Public Utility District No. 1 of Okanogan County this 5th day of March, 2013.



David A. Womack, President



Steve Houston, Vice President

ATTEST:



Ernest J. Bolz, Secretary

APPROVED:



Michael D. Howe, Legal Counsel