

Multiple Agency Fiscal Note Summary

Bill Number: 1416 HB	Title: Consumer-owned utilities
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Final
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Individual State Agency Fiscal Note

Bill Number: 1416 HB	Title: Consumer-owned utilities	Agency: 103-Department of Commerce
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 01/25/2023
Agency Preparation: Marla Page	Phone: 360-725-3129	Date: 01/27/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 01/27/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/27/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This bill would require electricity provided to nonresidential customers through third-party marketers, and distributed by consumer-owned utilities, be subject to the state's 100 percent clean electricity law, the Clean Energy Transformation Act (CETA).

The bill prevents non-residential customers buying power through a third power marketer, and distributed by a consumer-owned utility, from bypassing CETA.

Section 1 amends RCW 19.405.020 definitions removing "retail electric" from market customer and removing an "investor owned" from an affected market customer.

The Department of Commerce (department) does not execute or implement the activities stated in HB 1416. Therefore, this legislation does not affect the department and there is no fiscal impact.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

There is no impact to the department. The activities stated in HB 1416 are already part of the normal operating procedures within the Energy Division.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1416 HB	Title: Consumer-owned utilities
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Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Cities that operate electric utility services.
- ☒ Counties: Counties that operate electric utility services.
- ☒ Special Districts: Public Utility Districts & Municipal Electric Companies
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: It is unknown how many large residential customers would purchase power from other entities, or the extent to which it would create system impacts

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Chelsea Mickel	Phone: 518-727-3478	Date: 01/27/2023
Leg. Committee Contact: Megan McPhaden	Phone: 360-786-7114	Date: 01/25/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/27/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/30/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill applies the affected market customer provisions of the Washington Clean Energy Transformation Act (CETA) to nonresidential customers of consumer-owned utilities by amending definitions in RCW 19.405.020.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill would have indeterminate, but likely de minimis, expenditure impacts on local governments.

CETA, which was passed by the legislature in 2019, requires electric utilities to transition to a carbon neutral electricity supply by 2045. CETA is focused mainly on electric utilities, but it also includes requirements for some large, non-residential customers if they generate their own electricity or purchase power from non-utility sources. CETA refers to these as “market customers.” CETA requires that some market customers meet the same clean electricity requirements that apply to power from utility sources, but not all of them. The CETA market customer requirements currently apply only if the customer is interconnected to the grid of an investor-owned utility.

By amending the definitions for “market customer” and “affected market customer”, this legislation would expand the application of the existing market customer provisions in CETA to cover all non-residential customers that choose to bypass their local utility, regardless of whether the utility is investor-owned or consumer-owned. In effect, the amended definitions expand market customer provisions to consumer-owned utilities. Public utilities do not anticipate significant expenditure impacts as a result of this legislation. If a customer decided to purchase their electricity supply from an entity other than a public utility, that could incur costs to the utility, but we would charge the customer a fee to recover those costs. However, this fee would apply only to the large nonresidential customer, not the general rate base.

For example; if a large nonresidential customer purchased power from another entity and used a consumer-owned utilities’ infrastructure and distribution system to do so, the utility would offset the costs of this system impact with a fee included in their contract agreement. This usage of public utility infrastructure for transmitting power from an outside entity could impact the hourly and sub-hourly in-balance between the customer’s load and their scheduled energy, but the utility would also include any load-imbalance related fiscal impacts as fees in the customer’s contract. Once again, it is important to note that these fiscal impacts would only apply to large nonresidential customers.

Since it is unknown how many large residential customers would purchase power from other entities, or the extent to which it would create system impacts, expenditures to public utilities would be indeterminate.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill would have indeterminate, but likely de minimis, revenue impacts on local governments.

Costs incurred by public utilities by market customers’ using their infrastructure for transmitting power from other entities, in accordance with definition changes in this legislation, may be offset by revenues in the form of additional contract fees. However, since we do not know the extent to which this legislation would increase local government expenditures, fee revenues generated to offset these additional expenditures are indeterminate.

SOURCES

Clark County Public Utility District
Cowlitz County Public Utility District
Department of Commerce

