

# Live from Olympia

Inland Power and Light  
Ambassador's

# Update

April 2010

## Working on Your Behalf

At Inland we work hard on behalf of our members to inform legislators and government officials about issues that are important to the cooperative.

Inland Ambassadors can play an important role with legislators as well. We appreciate your interest in public policy issues and laws impacting Inland.

Our Washington state legislators began meeting on Jan. 11, 2010, for a 60 day session rather than the 105 day session held in 2009. However, because of serious issues involving the state budget this year's session was extended into April. The legislature tackled a large number of issues including some energy issues. The energy issues significantly impact Inland Power and Light and your power bills.

During this legislative session, members of your Board of Trustees, CEO Kris Mikkelsen and Power Supply Manager Fred Rettenmund visited Olympia to meet with lawmakers.

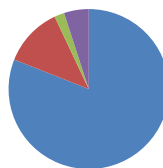
Some of the keys messages they took to Olympia were:

- Inland's power supply is already over 83 percent renewable and 95 percent carbon free.

- Conservation or energy efficiency is the lowest cost power resource and should have the highest priority.
- Common sense changes should be made to Washington's conservation and renewable energy law (I-937).
- Utilities should not be forced to buy unneeded and costly power thru a mechanism called feed-in tariffs.
- Inappropriate changes to how small, residential scale wind or solar projects are handled (net metering) would add unnecessary administrative burdens and costs.
- Any state energy strategy should be developed and approved by the elected officials of the legislature, not state agencies.

### **Inland's fuel mix**

*95% carbon free and  
83% renewable*



- Hydro, 81%
- Nuclear, 12%
- Wind, 2%
- Other, 5%

## Energy Issues

Due to this year's planned short session and the pressure to address the state's budget woes, very few new energy bills were passed. However, lawmakers are expected to turn their attention to energy issues during the 2011 session.

It is important to use the time between sessions to inform Inland's Ambassadors, and educate others, about the impact public policy and legislation can have on increasing electric bills.

We are positioned to continue working to create energy policy and laws that recognize environmental goals while providing reliable and affordable electricity.

**Take a common sense approach to Washington's renewable standards (I-937)**  
I-937 requires Inland, and other electric utilities serving more than 25,000 consumers, to meet renewable energy and conservation targets.

However, certain parts of I-937 are unnecessarily costly and inflexible. Some of our concerns include:

- Utilities may have to purchase more renewable power or renewable energy credits than are needed for consumers in order to meet the targets.
- Cost-effective energy efficiency helps to reduce the need to build new generation while curbing greenhouse gas emissions. When meeting renewable energy standards, energy efficiency is the least cost resource, lowest environmental impact resource, and changes should be made to I-937 so it can be counted as such.
- I-937 allows hydro efficiency improvements at non-federal projects to count towards I-937 renewable targets, but does not allow similar improvements at federal (Bonneville Power Administration) projects. Inland members will have to pay for the upgrades at the BPA dams, but under the current law Inland and its members would not get to count these hydro improvements.
- I-937 limits the area where qualifying renewable energy can be acquired.

### Cost-effective energy conservation should be put ahead of renewables



Serving 500 homes at 5 cents/kWh costs **\$438,000**



Serving 500 homes at 10 cents/kWh costs **\$876,000**



## Energy Issues

### Proposed feed-in tariffs would result in unnecessary expenses

Feed-in tariffs are a concept favored by some that would require utilities to enter into long-term agreements with renewable energy producers at specified prices without regard to whether the utility needs the power or has lower cost alternatives.

Feed-in tariffs, used in Europe and elsewhere, can lead to the installation of inefficiently sized and poorly located systems, create operational challenges and increase costs for consumers. Because of inefficiencies and impacts on power rates some European countries are now drastically changing their feed-in tariffs.

### Expanded net metering burdensome and unnecessary

Net metering is an incentive where owners of small renewable energy systems receive a reduction in their utility bill for the electricity they generate. In its basic form, a consumer's electric meter will spin backwards whenever he or she uses less power than the renewable energy system produces thus lowering the amount to be paid to the serving utility.

Under the expanded net metering legislation (referred to as "virtual net metering") utilities would have to put complex administrative and billing processes in place.

While Inland is supportive of its members' right to invest in their own small scale renewable energy projects, the costs associated with complexities of expanded net metering would have placed undue price pressure on consumers.

Inland was opposed to the proposed feed-in tariff (HB 2536) and expanded net metering (HB 2471) bills. Neither of these bills passed; however, these proposed bills will be reintroduced in the next legislative session.

### Keep energy strategy at the legislature

During the 2010 session, a bill (Engrossed Second Substitute House Bill 2658) was passed that called for the Department of Commerce to prepare a comprehensive energy strategy for Washington and have the legislature approve or recommend changes to the strategy.



Above: The Legislative Building in Olympia

At the end of the session, the Governor vetoed that part of the bill that would have required legislative approval. Inland believes final approval of any state energy strategy needs to reside with elected officials.

Due to the short length of the session and the numerous issues that legislators were addressing, many of the energy bills did not move. However, the next session will be upon us before we know it, and now is the time to be fully informed about the issues affecting electric power rates.



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## Inland Ambassadors



Inland Ambassadors are committed to learning more about the legislative issues facing Inland Power and Light that affect how the cooperative does business and how energy policies could impact our electric rates, our community and our future.

We will continue communicating through mailings like this and on our Web site, [inlandpower.com](http://inlandpower.com). If you'd like, feel free to contact us at [catherinec@inlandpower.com](mailto:catherinec@inlandpower.com) or call (509) 789-4273.