

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 2522

57th Legislature
2002 Regular Session

Passed by the House March 12, 2002
Yeas 97 Nays 0

Speaker of the House of Representatives

Passed by the Senate March 7, 2002
Yeas 49 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2522** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 2522

AS AMENDED BY THE SENATE

Passed Legislature - 2002 Regular Session

State of Washington 57th Legislature 2002 Regular Session

By House Committee on State Government (originally sponsored by Representatives Sullivan, Romero, Lovick, Murray, Upthegrove, Miloscia, Chase, Rockefeller, Lantz, Simpson, Kagi, McIntire, Wood, Santos, Linville and Edwards)

Read first time 02/07/2002. Referred to Committee on .

1 AN ACT Relating to the purchasing of clean technologies; amending
2 RCW 43.19.1905, 43.19.570, 43.19.637, and 19.29A.090; adding a new
3 section to chapter 39.35B RCW; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 43.19.1905 and 1995 c 269 s 1402 are each amended to
6 read as follows:

7 The director of general administration shall establish overall
8 state policy for compliance by all state agencies, including
9 educational institutions, regarding the following purchasing and
10 material control functions:

11 (1) Development of a state commodity coding system, including
12 common stock numbers for items maintained in stores for reissue;

13 (2) Determination where consolidations, closures, or additions of
14 stores operated by state agencies and educational institutions should
15 be initiated;

16 (3) Institution of standard criteria for determination of when and
17 where an item in the state supply system should be stocked;

18 (4) Establishment of stock levels to be maintained in state stores,
19 and formulation of standards for replenishment of stock;

- 1 (5) Formulation of an overall distribution and redistribution
2 system for stock items which establishes sources of supply support for
3 all agencies, including interagency supply support;
- 4 (6) Determination of what function data processing equipment,
5 including remote terminals, shall perform in statewide purchasing and
6 material control for improvement of service and promotion of economy;
- 7 (7) Standardization of records and forms used statewide for supply
8 system activities involving purchasing, receiving, inspecting, storing,
9 requisitioning, and issuing functions, including a standard
10 notification form for state agencies to report cost-effective direct
11 purchases, which shall at least identify the price of the goods as
12 available through the division of purchasing, the price of the goods as
13 available from the alternative source, the total savings, and the
14 signature of the notifying agency's director or the director's
15 designee;
- 16 (8) Screening of supplies, material, and equipment excess to the
17 requirements of one agency for overall state need before sale as
18 surplus;
- 19 (9) Establishment of warehouse operation and storage standards to
20 achieve uniform, effective, and economical stores operations;
- 21 (10) Establishment of time limit standards for the issuing of
22 material in store and for processing requisitions requiring purchase;
- 23 (11) Formulation of criteria for determining when centralized
24 rather than decentralized purchasing shall be used to obtain maximum
25 benefit of volume buying of identical or similar items, including
26 procurement from federal supply sources;
- 27 (12) Development of criteria for use of leased, rather than state
28 owned, warehouse space based on relative cost and accessibility;
- 29 (13) Institution of standard criteria for purchase and placement of
30 state furnished materials, carpeting, furniture, fixtures, and nonfixed
31 equipment, in newly constructed or renovated state buildings;
- 32 (14) Determination of how transportation costs incurred by the
33 state for materials, supplies, services, and equipment can be reduced
34 by improved freight and traffic coordination and control;
- 35 (15) Establishment of a formal certification program for state
36 employees who are authorized to perform purchasing functions as agents
37 for the state under the provisions of chapter 43.19 RCW;

1 (16) Development of performance measures for the reduction of total
2 overall expense for material, supplies, equipment, and services used
3 each biennium by the state;

4 (17) Establishment of a standard system for all state organizations
5 to record and report dollar savings and cost avoidance which are
6 attributable to the establishment and implementation of improved
7 purchasing and material control procedures;

8 (18) Development of procedures for mutual and voluntary cooperation
9 between state agencies, including educational institutions, and
10 political subdivisions for exchange of purchasing and material control
11 services;

12 (19) Resolution of all other purchasing and material matters which
13 require the establishment of overall statewide policy for effective and
14 economical supply management;

15 (20) Development of guidelines and criteria for the purchase of
16 vehicles, high gas mileage vehicles, alternate vehicle fuels and
17 systems, equipment, and materials that reduce overall energy-related
18 costs and energy use by the state, including investigations into all
19 opportunities to aggregate the purchasing of clean technologies by
20 state and local governments, and including the requirement that new
21 passenger vehicles purchased by the state meet the minimum standards
22 for passenger automobile fuel economy established by the United States
23 secretary of transportation pursuant to the energy policy and
24 conservation act (15 U.S.C. Sec. 2002).

25 **Sec. 2.** RCW 43.19.570 and 1989 c 113 s 1 are each amended to read
26 as follows:

27 (1) The department shall direct and be responsible for the
28 acquisition, operation, maintenance, storage, repair, and replacement
29 of state motor vehicles under its control. The department shall
30 utilize state facilities available for the maintenance, repair, and
31 storage of such motor vehicles, and may provide directly or by contract
32 for the maintenance, repair, and servicing of all motor vehicles, and
33 other property related thereto and under its control.

34 (2) The department may arrange, by agreement with agencies, for the
35 utilization by one of the storage, repair, or maintenance facilities of
36 another, with such provision for charges and credits as may be agreed
37 upon. The department may acquire and maintain storage, repair, and

1 maintenance facilities for the motor vehicles under its control from
2 such funds as may be appropriated by the legislature.

3 (3)(a) The legislature finds that a clean environment is important
4 and that global warming effects may be offset by decreasing the
5 emissions of harmful compounds from motor vehicles. The legislature
6 further finds that the state is in a position to set an example of
7 large scale use of alternative fuels in motor vehicles and other clean
8 technologies.

9 (b) The department shall consider the use of state vehicles to
10 conduct field tests on alternative fuels in areas where air pollution
11 constraints may be eased by these optional fuels. These fuels should
12 include but are not limited to gas-powered and electric-powered
13 vehicles.

14 (c) For planned purchases of vehicles using alternative fuels, the
15 department and other state agencies shall explore opportunities to
16 purchase these vehicles together with the federal government, agencies
17 of other states, other Washington state agencies, local governments, or
18 private organizations for less cost. All state agencies must
19 investigate and determine whether or not they can make clean
20 technologies more cost-effective by combining their purchasing power
21 before completing a planned vehicle purchase.

22 **Sec. 3.** RCW 43.19.637 and 1991 c 199 s 213 are each amended to
23 read as follows:

24 (1) At least thirty percent of all new vehicles purchased through
25 a state contract shall be clean-fuel vehicles.

26 (2) The percentage of clean-fuel vehicles purchased through a state
27 contract shall increase at the rate of five percent each year.

28 (3) In meeting the procurement requirement established in this
29 section, preference shall be given to vehicles designed to operate
30 exclusively on clean fuels. In the event that vehicles designed to
31 operate exclusively on clean fuels are not available or would not meet
32 the operational requirements for which a vehicle is to be procured,
33 conventionally powered vehicles may be converted to clean fuel or dual
34 fuel use to meet the requirements of this section.

35 (4) Fuel purchased through a state contract shall be a clean fuel
36 when the fuel is purchased for the operation of a clean-fuel vehicle.

37 (5)(a) Weight classes are established by the following motor
38 vehicle types:

1 (i) Passenger cars;
2 (ii) Light duty trucks, trucks with a gross vehicle weight rating
3 by the vehicle manufacturer of less than eight thousand five hundred
4 pounds;

5 (iii) Heavy duty trucks, trucks with a gross vehicle weight rating
6 by the vehicle manufacturer of eight thousand five hundred pounds or
7 more.

8 (b) This subsection does not place an obligation upon the state or
9 its political subdivisions to purchase vehicles in any number or weight
10 class other than to meet the percent procurement requirement.

11 (6) The provisions for purchasing clean-fuel vehicles under
12 subsections (1) and (2) of this section are intended as minimum levels.
13 The department should seek to increase the purchasing levels of clean-
14 fuel vehicles above the minimum. The department must also investigate
15 all opportunities to aggregate their purchasing with local governments
16 to determine whether or not they can lower their costs and make it
17 cost-efficient to increase the percentage of clean-fuel or high gas
18 mileage vehicles in both the state and local fleets.

19 (7) For the purposes of this section, "clean fuels" and "clean-fuel
20 vehicles" shall be those fuels and vehicles meeting the specifications
21 provided for in RCW 70.120.210.

22 NEW SECTION. Sec. 4. A new section is added to chapter 39.35B RCW
23 to read as follows:

24 (1) The department of general administration, in cooperation with
25 public agencies, shall investigate opportunities to aggregate the
26 purchase of clean technologies with other public agencies to determine
27 whether or not combined purchasing can reduce the unit cost of clean
28 technologies.

29 (2) State agencies that are retail electric customers shall
30 investigate opportunities to aggregate the purchase of electricity
31 produced from generation resources that are fueled by wind or solar
32 energy for their facilities located within a single utility's service
33 area, to determine whether or not combined purchasing can reduce the
34 unit cost of those resources.

35 (3) No public agency is required under this section to purchase
36 clean technologies at prohibitive costs.

37 (4)(a) "Electric utility" shall have the same meaning as provided
38 under RCW 19.29A.010.

1 (b) "Clean technology" includes, but may not be limited to,
2 alternative fueled hybrid-electric and fuel cell vehicles, and
3 distributive power generation.

4 (c) "Distributive power generation" means the generation of
5 electricity from an integrated or stand-alone power plant that
6 generates electricity from wind energy, solar energy, or fuel cells.

7 (d) "Retail electric customer" shall have the same meaning as
8 provided under RCW 19.29A.010.

9 (e) "Facility" means any building owned or leased by a public
10 agency.

11 NEW SECTION. **Sec. 5.** In preparing the biennial energy report
12 required under RCW 43.21F.045(2)(h) to be transmitted to the governor
13 and the legislature by December 1, 2002, the department of community,
14 trade, and economic development must include the following information:

15 (1) The percentage of clean-fuel vehicles purchased in 2001 through
16 a state contract pursuant to RCW 43.19.637; and

17 (2) The results of efforts by the department of general
18 administration and other state agencies to aggregate purchasing of
19 clean technologies.

20 **Sec. 6.** RCW 19.29A.090 and 2001 c 214 s 28 are each amended to
21 read as follows:

22 (1) Beginning January 1, 2002, each electric utility must provide
23 to its retail electricity customers a voluntary option to purchase
24 qualified alternative energy resources in accordance with this section.

25 (2) Each electric utility must include with its retail electric
26 customer's regular billing statements, at least quarterly, a voluntary
27 option to purchase qualified alternative energy resources. The option
28 may allow customers to purchase qualified alternative energy resources
29 at fixed or variable rates and for fixed or variable periods of time,
30 including but not limited to monthly, quarterly, or annual purchase
31 agreements. A utility may provide qualified alternative energy
32 resource options through either: (a) Resources it owns or contracts
33 for; or (b) the purchase of credits issued by a clearinghouse or other
34 system by which the utility may secure, for trade or other
35 consideration, verifiable evidence that a second party has a qualified
36 alternative energy resource and that the second party agrees to
37 transfer such evidence exclusively to the benefit of the utility.

1 (3) For the purposes of this section, a "qualified alternative
2 energy resource" means the electricity produced from generation
3 facilities that are fueled by: (a) Wind; (b) solar energy; (c)
4 geothermal energy; (d) landfill gas; (e) wave or tidal action; (f) gas
5 produced during the treatment of wastewater; (g) qualified hydropower;
6 or (h) biomass energy based on solid organic fuels from wood, forest,
7 or field residues, or dedicated energy crops that do not include wood
8 pieces that have been treated with chemical preservatives such as
9 creosote, pentachlorophenol, or copper-chrome-arsenic.

10 (4) For the purposes of this section, "qualified hydropower" means
11 the energy produced either: (a) As a result of modernizations or
12 upgrades made after June 1, 1998, to hydropower facilities operating on
13 May 8, 2001, that have been demonstrated to reduce the mortality of
14 anadromous fish; or (b) by run of the river or run of the canal
15 hydropower facilities that are not responsible for obstructing the
16 passage of anadromous fish.

17 (5) The rates, terms, conditions, and customer notification of each
18 utility's option or options offered in accordance with this section
19 must be approved by the governing body of the consumer-owned utility or
20 by the commission for investor-owned utilities. All costs and benefits
21 associated with any option offered by an electric utility under this
22 section must be allocated to the customers who voluntarily choose that
23 option and may not be shifted to any customers who have not chosen such
24 option. Utilities may pursue known, lawful aggregated purchasing of
25 qualified alternative energy resources with other utilities to the
26 extent aggregated purchasing can reduce the unit cost of qualified
27 alternative energy resources, and are encouraged to investigate
28 opportunities to aggregate the purchase of alternative energy resources
29 by their customers. Aggregated purchases by investor-owned utilities
30 must comply with any applicable rules or policies adopted by the
31 commission related to least-cost planning or the acquisition of
32 renewable resources.

33 (6) Each consumer-owned utility must report annually to the
34 department and each investor-owned utility must report annually to the
35 commission beginning October 1, 2002, until October 1, 2012, describing
36 the option or options it is offering its customers under the
37 requirements of this section, the rate of customer participation, the
38 amount of qualified alternative energy resources purchased by
39 customers, ((and)) the amount of utility investments in qualified

1 alternative energy resources, and the results of pursuing aggregated
2 purchasing opportunities. The department and the commission together
3 shall report annually to the legislature, beginning December 1, 2002,
4 until December 1, 2012, with the results of the utility reports.

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