**SHB 1010** - H AMD **736**
By Representative Morris

**ADOPTED 2/9/2006**

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** It is the intent of the legislature to establish a goal of encouraging the construction and development of new energy resources in the state of Washington to meet increasing demand for affordable and reliable electricity. Since electricity supply may lag behind electricity demand, the result may be a sharp increase in electricity prices. The legislature finds that it is desirable to shorten the time it takes to bring new electricity generation to market. The legislature also recognizes the resulting infrastructure to get new electricity generation to market may not be available, which may also lead to more expensive electricity prices. The legislature intends that information obtained from integrated resource planning under this chapter will be used to assist in identifying and developing new energy generation and related infrastructure to meet growing electricity demand.

NEW SECTION. **Sec. 2.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Commission" means the Washington state utilities and transportation commission.

(2) "Consumer-owned utility" includes a municipal electric utility formed under Title 35 RCW, a public utility district formed under Title 54 RCW, an irrigation district formed under chapter 87.03 RCW, a cooperative formed under chapter 23.86 RCW, a mutual corporation or association formed under chapter 24.06 RCW, that is engaged in the business of distributing electricity to one or more retail electric customers in the state.

(3) "Department" means the department of community, trade, and

economic development.

(4) "Electric utility" means a consumer-owned or investor-owned utility.

(5) "Governing body" means the board of directors, city council, commissioners, or board of any consumer-owned utility.

(6) "Integrated resource plan" means a plan describing the mix of generating resources and improvements in the efficient generation, transmission, distribution, and use of electricity that will meet current and future needs at the lowest reasonable cost to the utility and its ratepayers and that complies with the requirements specified in Section 3(1).

(7) "Resource plan" means a plan that estimates electricity loads and resources over a defined period of time and complies with the requirements in Section 3 (2).

(8) "Plan" means either an integrated resource plan or a resource plan.

(9) "Investor-owned utility" means a corporation owned by investors that meets the definition of electrical company in RCW 80.04.010 and is engaged in distributing electricity to more than one retail electric customer in the state.

(10) "Renewable energy" means resources whose common characteristic is that they are nondepletable or are naturally replenishable existing or emerging nonfossil fuel energy sources or technologies, and shall include but not be limited to the following:

(a) Solar photovoltaic or solar thermal electric energy;

(b) wind energy;

(c) ocean thermal, wave, or tidal energy;

(d) fuel cells;

(e) landfill gas;

(f) incremental gains in energy production from capital and operational improvements in hydroelectric generating facilities;

(g) run of river hydropower generation;

(h) hydroelectric generation that does not impede the flow in naturally flowing water;

(i) advanced biomass power conversion technologies, such as gasification using such biomass fuels as wood, agricultural, or food wastes, energy crops, biogas, biodiesel, or organic refuse-derived fuel;

(j) biomass energy using animal waste, solid organic fuels from wood, forest, or field residues, dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol or copper chrome arsenic; and

(k) lignin in spent pulping liquors.

(l) The following technologies or fuels shall not be considered renewable energy supplies: Coal, oil, nuclear power, or fuel gases, excluding fuel gases that are used in a combined heat and power plant designed to produce both heat and electricity from a single heat source.

(11) "Full requirements customer" means an electric utility that relies on the Bonneville power administration for all power needed to supply its total load requirement other than that served by nondispatchable generating resources totaling no more than six megawatts or renewable resources.

(12) "Lowest reasonable cost" means the lowest cost mix of resources determined through a detailed and consistent analysis of a wide range of commercially available sources. At a minimum, this analysis must consider resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on ratepayers, public policies regarding resource preference adopted by Washington state or the federal government and the cost of risks associated with environmental effects including emissions of carbon dioxide.

(13) "Conservation" means any reduction in electric power consumption that results from increases in the efficiency of energy use, production, or delivery.

NEW SECTION. **Sec. 3.** (1) Except as otherwise provided under this section, utilities with more than 25,000 customers that are not full-requirements customers must develop an integrated resource plan consistent with the provisions of this section by July 31, 2007. Such a plan, at a minimum, must include:

(a) A range of forecasts of future customer demand using methods that examine the effect of economic forces on the consumption of electricity and that address changes in the number, type, and efficiency of electrical end-uses;

(b) An assessment of technically feasible and commercially available efficiency improvements in the generation, delivery, and use of electricity, including load management and fuel switching, as well as currently employed and new policies and programs needed to obtain the efficiency improvements;

(c) An assessment of technically feasible and commercially available utility scale generating technologies including but not limited to renewable resources, cogeneration, power purchases, and thermal resources;

(d) An assessment of transmission system capability and reliability, to the extent such information can be provided consistent with applicable laws;

(e) An evaluation comparing the cost-effectiveness of generating resources with the cost-effectiveness of efficiency improvements in the delivery and use of electricity;

(f) The integration of the demand forecasts and resource evaluations into a long-range integrated resource plan describing the mix of resources and efficiency measures that will meet current and future needs at the lowest reasonable cost to the utility and ratepayers;

(g) A short-term plan outlining the specific actions to be taken by the utility consistent with the long-range integrated resource plan; and

(h) For all plans subsequent to the initial integrated resource plan, a progress report that relates the new plan to the previous plan.

(2) All other utilities may elect to develop a full integrated resource plan as set forth in sub-section (1) or, at a minimum, shall develop by July 31, 2007, a resource plan that:

(a) Estimates loads for the next 5 and 10 years;

(b) Enumerates the resources that will be maintained and/or acquired to serve those loads; and

(c) Explains why the resources in (b) were chosen and, if the resources chosen are not renewable resources or conservation, why such a decision was made.

(3) In development of a resource plan under subsection (2), a utility may use data submitted to federal power marketing agencies that is equivalent to the data required in this subsection.

(4) Plans developed under this section must be updated on a regular basis, at a minimum of intervals of three years.

(5) Plans shall not be a basis to bring legal action against electric utilities.

NEW SECTION. **Sec. 4.** (1) Investor-owned utilities shall submit integrated resource plans to the commission. The commission shall establish by rule the requirements for preparation and submission of integrated resource plans.

(2) The commission may adopt additional rules as necessary to clarify the requirements of section 3 of this act as they apply to investor-owned utilities.

NEW SECTION. **Sec. 5.** (1) Before conducting or contracting for work under this act, the governing body of each utility shall approve a work plan that includes public comment opportunities. Only after complying with its adopted work plan may a governing body approve a proposed plan. Upon approval of its governing board, each consumer-owned utility required to develop a plan shall publish a final plan either as part of an annual report or as a separate document available to the public.

(2) Each consumer owned utility required to develop a plan shall transmit a copy of its plan to the department by December 31, 2007, and transmit subsequent plans to the department at least every three years thereafter. The department shall develop, in consultation with utilities, a common cover sheet that summarizes the essential data in their plans.

(3) Consumer-owned utilities may develop plans jointly with other consumer-owned utilities. Data and assessments included in joint reports must be identifiable to each individual utility.

(4) Consumer-owned utilities are encouraged to use resource planning concepts, techniques and information provided to and by other state, regional, national and bi-national entities in developing their plans.

NEW SECTION. **Sec. 6.** The department shall review the plans of consumer and investor owned utilities and prepare an electronic report to the legislature that aggregates the data submitted by all utilities, summarizes at a state-wide level the resource choices

and dates specified in the plans. The commission shall provide the department with data summarizing the plans of investor owned utilities for use in the department's statewide summary. Individual utility plans will be provided to the legislature. The report shall include a statewide summary of utility load forecasts, load/resource balance, and utility plans for the development of thermal generation, renewable resources, and efficiency resources. The department shall submit the initial report by June 30, 2008, and subsequent reports every three years thereafter. Where appropriate, the department may include reports required by this section within the biennial report required under RCW 43.21F.045.

NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute a new chapter in Title 19 RCW."

**EFFECT:** Provides additional definitions for "renewable energy", "resource plan", "full requirement customer", "lowest reasonable cost", "plan" and "conservation". Details the integrated resource plan reporting requirements for utilities with more than 25,000 customers. Details resource plan reporting requirements for utilities serving less than 25,000 customers. Defines the role of the Department of Community, Trade and Economic Development in compiling, analyzing and reporting results of integrated resource and resource plan reports to legislature.