

**ESSB 6001 - H AMD 741**  
By Representative Crouse

**WITHDRAWN 4/12/2007**

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The following greenhouse gas emissions  
4 reduction and clean energy economy goals are established for  
5 Washington state:

6 (1) By 2020, reduce greenhouse gas emissions in the state to  
7 1990 levels;

8 (2) By 2035, reduce greenhouse gas emissions in the state to  
9 twenty-five percent below 1990 levels;

10 (3) By 2050, the state will do its part to reach global climate  
11 stabilization levels by reducing emissions to fifty percent below  
12 1990 levels or seventy percent below the state's expected emissions  
13 that year;

14 (4) By 2020, increase the number of clean energy sector jobs to  
15 twenty-five thousand from the eight thousand four hundred jobs the  
16 state had in 2004; and

17 (5) By 2020, reduce expenditures by twenty percent on fuel  
18 imported into the state by developing Washington resources and  
19 supporting efficient energy use.

20 NEW SECTION. **Sec. 2.** (1) Executive Order No. 07-02 shall  
21 provide the mechanisms for identifying the policies and strategies  
22 necessary to achieve the economic and emission reduction goals of  
23 section 2 of this act. Consistent with the Executive Order's  
24 directive to seek a healthier and more prosperous future for  
25 Washington state, agency and stakeholder representatives  
26 participating in the Washington climate change challenge shall also  
27 seek emission reduction policies and strategies that, to the  
28 maximum extent possible, minimize economic disruptions and protect  
29 jobs for Washington state workers, citizens, and businesses, while

1 avoiding policies and strategies that would result in the transfer  
2 or outsourcing of economic advantages or jobs to other states,  
3 regions, or nations.  
4

5 NEW SECTION. **Sec. 3.** By December 31st of each even-numbered  
6 year beginning in 2010, the departments of ecology and community,  
7 trade, and economic development shall report to the governor and  
8 the appropriate committees of the senate and house of  
9 representatives the total greenhouse gas emissions for the  
10 preceding two years, and totals in each major source sector.  
11

12 NEW SECTION. **Sec. 4.** A new section is added to chapter 80.28  
13 RCW to read as follows:

14 (1) In establishing rates for each electrical company regulated  
15 under chapter 80.28 RCW, the commission shall adopt policies  
16 allowing an additional return on investments to encourage meeting  
17 energy requirements through distributed generation as defined in  
18 RCW 19.285.030, and to accelerate efficiencies in electric  
19 transmission and distribution systems that increase reliability and  
20 reduce energy losses or otherwise increase the efficiency of energy  
21 delivery to end-use consumers. These policies shall include but  
22 are not limited to adding an increment of two percent to the rate  
23 of return on common equity permitted on an electrical company's  
24 other investments for prudently incurred investments in distributed  
25 generation, and in measures that improve, as measured in kilowatt-  
26 hour savings, the overall efficiency of transmission, distribution,  
27 and end-use consumption of electricity through energy efficiency  
28 technologies, including any device, instrument, machine, appliance,  
29 or process related to the transmission, distribution, and  
30 consumption of electricity to increase energy efficiency, including  
31 but not limited to smart grid technology, smart meters, and demand  
32 response technologies. The rate of return increment must be  
33 allowed for a period, at the commission's discretion, of at least  
34 seven but not more than thirty years after the investment is first  
35 placed in the rate base. Measures or projects encouraged under  
36 this section are those for which construction or installation is  
37 begun after July 1, 2007, and before January 1, 2017, and which, at  
38 the time they are placed in the rate base, are reasonably expected  
39 to save, produce, or generate energy at a total incremental system

1 cost per unit of energy delivered to end use that is less than or  
2 equal to the incremental system cost per unit of energy delivered  
3 to end use from new baseload or peaking electric generation and  
4 that the electrical company could acquire to meet energy demand in  
5 the same time period.

6 (2) For purposes of this section, "commission" means the  
7 utilities and transportation commission.

8 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.16  
9 RCW to read as follows:

10 (1) Subject to the limitations in this section, a consumer-  
11 owned utility may claim a credit against the tax imposed under this  
12 chapter.

13 (2) The amount of credit is equal to two percent of the amount  
14 of qualifying investments made each fiscal year beginning July 1,  
15 2007, in distributed generation, and in measures that improve, as  
16 measured in kilowatt-hour savings, the overall efficiency of  
17 transmission, distribution, and end-use consumption of electricity  
18 through energy efficiency technologies, including any device,  
19 instrument, machine, appliance, or process related to the  
20 transmission, distribution, and consumption of electricity to  
21 increase energy efficiency, including but not limited to smart grid  
22 technology, smart meters, and demand response technologies.

23 (3) The credit may be claimed only after the qualifying  
24 investment has been made. The credit shall be claimed against  
25 taxes due for the same fiscal year in which the qualifying  
26 investment has been made. The credit for each reporting period  
27 shall not exceed the amount of tax otherwise due under this chapter  
28 for the reporting period. Credits earned for any fiscal year shall  
29 not be carried forward or backward and claimed against taxes due  
30 for prior or subsequent fiscal years. Refunds may not be granted  
31 in the place of a credit. Any unused credit expires.

32 (4) The total amount of credit that may be taken by a consumer-  
33 owned utility for qualifying investments in a fiscal year is  
34 limited to its base credit plus any ratable portion of unused base  
35 credit as calculated by the department. The balance of base  
36 credits not used by other consumer-owned utilities may be ratably  
37 distributed to qualifying applicants under the formula in  
38 subsection (7)(a) of this section. The total credit shall be

1 claimed against taxes due for the same fiscal year in which the  
2 qualifying investments are made.

3 (5) The total amount of credit, statewide, that may be taken in  
4 any fiscal year shall not exceed one million dollars.

5 (6) The department of community, trade, and economic  
6 development shall determine and certify to the department those  
7 investments made by a consumer-owned utility that qualify for the  
8 credit under this section.

9 (7) Unless the context clearly requires otherwise, the  
10 definitions in this subsection apply throughout this section.

11 (a) "Base credit" means the maximum amount of credit against  
12 the tax imposed by this chapter that each consumer-owned utility  
13 may take each fiscal year as calculated by the department. The  
14 base credit is equal to the proportionate share of in-state retail  
15 electricity revenues received by each consumer-owned utility in the  
16 prior fiscal year that bears to the total amount of in-state retail  
17 electricity revenues received by all consumer-owned utilities in  
18 the prior fiscal year multiplied by one million dollars.

19 (b) "Consumer-owned utility" means a municipal utility formed  
20 under Title 35 RCW, a public utility district formed under Title 54  
21 RCW, an irrigation district formed under chapter 87.03 RCW, a  
22 cooperative formed under chapter 23.86 RCW, a mutual corporation or  
23 association formed under chapter 24.06 RCW, or port district within  
24 which an industrial district has been established as authorized by  
25 Title 53 RCW, that is engaged in the business of distributing  
26 electricity to more than one retail electric customer in the state.

27 (c) "Qualifying investment" means investments in distributed  
28 generation, and those measures under subsection (2) of this section  
29 which, at the time they are placed in the rate base, are reasonably  
30 expected to save, produce, or generate energy at a total  
31 incremental system cost per unit of energy delivered to end use  
32 that is less than or equal to the incremental system cost per unit  
33 of energy delivered to end use from new baseload or peaking  
34 electric generation and that the consumer owned utility could  
35 acquire to meet energy demand in the same time period.

36 (8) This section expires July 1, 2037.

1           NEW SECTION.    **Sec. 6.**   Sections 1 through 3 of this act  
2 constitute a new chapter in Title 43 RCW."

3           Correct the title.

**EFFECT:**       Strikes the provisions of the underlying bill, which contained provisions relating to establishment of a greenhouse gas emissions performance standard, greenhouse gas emission reduction goals, legislative findings, and other related provisions.

          Establishes greenhouse gas emissions reduction and clean energy economy goals.

          Specifies that the Governor's Executive Order No. 07-02 shall provide the mechanisms for identifying the policies and strategies necessary to achieve the economic and emission reduction goals.

          Requires the Utilities and Transportation Commission to adopt policies to allow investor-owned utilities to receive an incremental two percent rate of return on common equity for investments that: (1) encourage meeting energy requirements through distributed generation; (2) accelerate efficiencies in electric transmission and distribution systems or (3) increase the efficiency of energy delivery to end-use customers.

          Allows consumer-owned utilities to claim an annual public utility tax (PUT) credit equal to two percent of investments in distributed generation or energy efficiency improvements. The total amount of credit for all consumer-owned utilities is limited to \$1 million per calendar year.