

SHB 1032 - S COMM AMD

By Committee on Water, Energy & Telecommunications

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

3 "NEW SECTION. **Sec. 1.** The legislature intends to promote the
4 development of sustainable energy resources and smart energy
5 technologies and to improve system reliability by establishing utility-
6 based sustainable energy trusts that can be used to reduce the cost of
7 deploying sustainable energy projects and smart energy technologies in
8 the state.

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

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

13 (2) "Consumer-owned utility" includes a municipal electric utility
14 formed under Title 35 RCW, a public utility district formed under Title
15 54 RCW, an irrigation district formed under chapter 87.03 RCW, a
16 cooperative formed under chapter 23.86 RCW, a mutual corporation or
17 association formed under chapter 24.06 RCW, a port district formed
18 under Title 53 RCW, or a water-sewer district formed under Title 57
19 RCW, that is authorized to and engaged in the business of distributing
20 electricity to one or more retail customers in the state.

21 (3) "Department" means the energy policy division of the department
22 of community, trade, and economic development.

23 (4) "Electric utility" means an investor-owned utility and
24 consumer-owned utility that is authorized to and engaged in the
25 business of distributing electricity to one or more retail customers in
26 the state.

27 (5) "Investor-owned utility" means a corporation owned by investors
28 that meets the definition of RCW 80.04.010 and is engaged in

1 distributing electricity to more than one retail electric customer in
2 the state.

3 (6) "Smart energy" means the use of technology to allow electrical
4 networks to operate efficiently and to link small-scale sustainable
5 energy resources to the grid.

6 (7) "Sustainable energy resources" means the following: (a) An
7 "eligible renewable resource" as defined in RCW 19.285.030; (b) high-
8 efficiency cogeneration with an efficiency level above seventy percent;
9 or (c) other emerging energy technologies that significantly reduce
10 pollution from existing technologies and have significant potential for
11 commercialization.

12 NEW SECTION. **Sec. 3.** If approved by the commission, for investor-
13 owned utilities, or the governing board, for consumer-owned utilities,
14 all electric utilities may collect a monthly smart and sustainable
15 energy charge from all retail electricity customers served by the
16 utility. The purpose of the charge is to foster the growth,
17 development, and commercialization of sustainable energy resources of
18 five megawatts or less or smart energy technologies that are connected
19 to the distribution system of an electric utility.

20 NEW SECTION. **Sec. 4.** (1) Before collecting a smart and
21 sustainable energy charge, a consumer-owned utility must prepare and
22 submit to its governing board a sustainable energy trust proposal
23 consisting of the following: A list of proposed sustainable energy
24 resource or smart energy technology projects; a project management plan
25 for each proposed project containing technical milestones and
26 stage-gates; the cost of each project; the amount required to be
27 collected through a smart and sustainable energy charge to develop each
28 project; and the estimated time frame for collecting the charge.

29 (2) Consumer-owned utilities shall make available upon request the
30 list of proposed and approved projects and the project management plans
31 for each project.

32 NEW SECTION. **Sec. 5.** (1) Upon application by an investor-owned
33 utility, the commission may approve a sustainable energy trust proposal
34 and smart and sustainable energy charge if it determines after a public

1 hearing that the sustainable energy trust proposal is complete and in
2 the public interest and that collection of the charge from retail
3 customers is neither unduly discriminatory nor preferential.

4 (2) A sustainable energy trust proposal must include: A list of
5 the proposed sustainable energy resource or smart energy technology
6 projects; a project management plan for each proposed project
7 containing budgets, technical milestones, and performance criteria; the
8 cost of each project; a detailed description of how each sustainable
9 energy resource or smart energy technology project could ultimately
10 produce benefits for the investor-owned utility's customers and the
11 potential magnitude of such benefits; the amount required to be
12 collected through a smart and sustainable energy charge to develop each
13 project; and the estimated time frame for collecting the smart and
14 sustainable energy charge.

15 (3) In approving a sustainable energy trust proposal, the
16 commission shall consider such factors as: The particular
17 circumstances and needs of the investor-owned utility's energy supply
18 and delivery systems; the magnitude of the potential benefits of
19 proposed projects for the utility's customers; whether the potential
20 customer benefits are unique to the proposing utility's system; whether
21 the proposed projects duplicate or could be coordinated with research
22 and development already underway at another utility or in another
23 relevant context; whether the proposed project costs and budgets are
24 reasonable and commensurate with the potential customer benefits;
25 whether the utility has secured all reasonably available grants or
26 other funding to combine with customer funds to be generated by the
27 smart and sustainable energy charge; whether the utility's shareholders
28 are contributing funds or otherwise bearing a fair portion of the
29 research risk; and any other matter the commission determines is
30 relevant to the proposal.

31 (4) The commission may retain the services of one or more experts
32 to assist in its review of an investor-owned utility's sustainable
33 energy trust proposal.

34 (5) The commission may adopt rules as necessary to govern
35 applications, review, approval, and oversight of sustainable energy
36 trust proposals and projects.

37 (6) Investor-owned utilities shall make available upon request the

1 list of proposed and approved projects and the project management plans
2 and budget for each project.

3 NEW SECTION. **Sec. 6.** (1)(a) Upon approval of the sustainable
4 energy trust proposal by the governing board, a consumer-owned utility
5 may collect a smart and sustainable energy charge for a time approved
6 by the governing board.

7 (b) Upon approval of the sustainable energy trust proposal by the
8 commission, an investor-owned utility may collect a smart and
9 sustainable energy charge in an amount, for the purposes, and for a
10 time, approved by the commission.

11 (2) The monthly smart and sustainable energy charge shall be up to
12 and no more than one dollar and ninety cents per customer.

13 (3) Funds collected from the smart and sustainable energy charge
14 shall be used by an electric utility solely to develop sustainable
15 energy resource or smart energy technology projects as approved by a
16 governing board or the commission.

17 (4) Funds collected from the smart and sustainable energy charge
18 shall be deposited in a sustainable energy trust account established
19 and maintained by the utility and separate from other accounts.

20 (5) Interest accrued to the account must be reinvested into the
21 sustainable energy trust account and spent on sustainable energy
22 resource or smart energy technology projects.

23 (6) No more than five percent of funds may be used by an electric
24 utility for administrative purposes.

25 (7)(a) Beginning on November 1, 2007, each electric consumer-owned
26 utility whose governing board has approved the collection of a smart
27 and sustainable energy charge shall submit the approved sustainable
28 energy trust proposal to the department.

29 (b) The department of community, trade, and economic development
30 shall utilize the information received in (a) of this subsection in the
31 biennial energy report.

32 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute
33 a new chapter in Title 80 RCW."

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- 1 On page 1, line 1 of the title, after "trust;" strike the remainder
- 2 of the title and insert "and adding a new chapter to Title 80 RCW."

EFFECT: Removes natural gas utilities. Renames the "systems benefits charge" to "smart and sustainable energy charge." Changes the definition of "sustainable energy resources." Makes technical and procedural changes suggested by the Washington Utilities and Transportation Commission.

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