

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 or natural gas to one or more retail customers in the
21 state.

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

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

28 (5) "Investor-owned utility" means a corporation owned by investors

1 that meets the definition of RCW 80.04.010 and is engaged in
2 distributing electricity or natural gas to more than one retail
3 electric customer in the state.

4 (6) "Natural gas utility" means an investor-owned utility or a
5 consumer-owned utility that is authorized to and engaged in the
6 business of distributing natural gas to one or more retail customers in
7 the state.

8 (7) "Smart energy" means the use of technology to allow electrical
9 networks to operate efficiently and to link small-scale sustainable
10 energy resources to the grid.

11 (8) "Sustainable energy resources" means (a) an eligible renewable
12 resource, as defined in RCW 19.285.030; (b) high-efficiency
13 cogeneration with an efficiency level above seventy percent; or (c)
14 other emerging energy technologies that significantly reduce pollution
15 from existing technologies and have significant potential for
16 commercialization.

17 NEW SECTION. **Sec. 3.** If approved by the commission, for investor-
18 owned utilities, or the governing board, for consumer-owned utilities,
19 all electric and natural gas utilities may collect a monthly smart and
20 sustainable energy charge from all retail electricity and natural gas
21 customers served by the utility. The purpose of the smart and
22 sustainable energy charge is to foster the growth, development, and
23 commercialization of sustainable energy resources of five megawatts or
24 less or smart energy technologies that are connected to the
25 distribution system of an electric utility. To encourage utility
26 investment in distributed generation, as defined in RCW 19.285.030, and
27 high-efficiency cogeneration, proceeds collected through the charge may
28 be used to cover above market costs of those resources.

29 NEW SECTION. **Sec. 4.** (1) Before collecting a smart and
30 sustainable energy charge, a consumer-owned utility must prepare and
31 submit to its governing board a sustainable energy trust proposal
32 consisting of the following: A list of proposed sustainable energy
33 resource or smart energy technology projects; a project management plan
34 for each proposed project containing technical milestones and
35 stage-gates; the cost of each project; the amount required to be

1 collected through a smart and sustainable energy charge to develop each
2 project; and the estimated time frame for collecting the smart and
3 sustainable energy charge.

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

7 NEW SECTION. **Sec. 5.** (1) Upon application by an investor-owned
8 utility, the commission may approve a sustainable energy trust proposal
9 and smart and sustainable energy charge if it determines, after a
10 public hearing, that the sustainable energy trust proposal is complete
11 and in the public interest and that collection of the charge from
12 retail customers is neither unduly discriminatory nor preferential.

13 (2) A sustainable energy trust proposal must include: A list of
14 the proposed sustainable energy resource or smart energy technology
15 projects; a project management plan for each proposed project
16 containing budgets, technical milestones, and performance criteria; the
17 cost of each project; a detailed description of how each sustainable
18 energy resource or smart energy technology project could ultimately
19 produce benefits for the investor-owned utility's customers and the
20 potential magnitude of the benefits; the amount required to be
21 collected through a smart and sustainable energy charge to develop each
22 project; and the estimated time frame for collecting the smart and
23 sustainable energy charge.

24 (3) In approving a sustainable energy trust proposal, the
25 commission shall consider factors such as: The particular
26 circumstances and needs of the investor-owned utility's energy supply
27 and delivery systems; the magnitude of the potential benefits of
28 proposed projects for the utility's customers; whether the potential
29 customer benefits are unique to the proposing utility's system; whether
30 the proposed projects duplicate or could be coordinated with research
31 and development already underway at another utility or in another
32 relevant context; whether the proposed project costs and budgets are
33 reasonable and commensurate with the potential customer benefits;
34 whether the utility has secured all reasonably available grants or
35 funding to combine with customer funds to be generated by the smart and
36 sustainable energy charge; whether the utility's shareholders are

1 contributing funds or otherwise bearing a fair portion of the research
2 risk; and any other matter the commission determines is relevant to the
3 proposal.

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

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

10 (6) Investor-owned utilities shall make available upon request the
11 list of proposed and approved projects and the project management plans
12 and budget for each project.

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

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

21 (2) The monthly smart and sustainable energy charge shall be up to
22 and no more than one dollar and ninety cents per customer and may vary
23 by rate class.

24 (3) Funds collected from the smart and sustainable energy charge
25 shall be used by an electric or natural gas utility solely to develop
26 sustainable energy resource or smart energy technology projects as
27 approved by a governing board or the commission.

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

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

34 (6) No more than five percent of funds may be used by an electric
35 or natural gas utility for administrative purposes.

36 (7)(a) Beginning on November 1, 2008, each electric consumer-owned

1 utility whose governing board has approved the collection of a smart
2 and sustainable energy charge shall submit the approved sustainable
3 energy trust proposal to the department.

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

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

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

EFFECT: (1) Renames "systems benefits charge" to "smart and sustainable energy charge."

(2) Expands the definition of "sustainable energy resources" to include definition for "eligible renewable resource" in the State Energy Independence Act (chapter 19.285 RCW).

(3) Makes several technical changes to provide the Washington Utilities and Transportation Commission with standards and a process for review of sustainable energy trust proposals.

(4) Allows for smart and sustainable energy charges to be used to cover above market costs of distributive generation and high-efficiency cogeneration resources.

(5) Allows for smart and sustainable energy charges to be variable based on rate class.

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