
HOUSE BILL 1686

State of Washington

61st Legislature

2009 Regular Session

By Representatives McCune, Haler, and Crouse

Read first time 01/27/09. Referred to Committee on Technology, Energy & Communications.

1 AN ACT Relating to recognizing load growth as an exception for
2 qualifying utilities in meeting existing energy conservation and
3 renewable energy targets; amending RCW 19.285.040; and creating a new
4 section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that some qualifying
7 utilities will have small increases to the amount of energy resources
8 needed to serve their customers, and with the economic downturn, may
9 have a reduction in their need for energy resources. The intent of the
10 energy independence act, chapter 19.285 RCW, is to stabilize energy
11 prices while encouraging new renewable resources where appropriate. If
12 a utility does not need additional energy resources, or provides all of
13 its increased need through new renewable resources, the intent of
14 chapter 19.285 RCW is satisfied without adding unnecessary financial
15 burdens on consumers.

16 **Sec. 2.** RCW 19.285.040 and 2007 c 1 s 4 are each amended to read
17 as follows:

1 (1) Each qualifying utility shall pursue all available conservation
2 that is cost-effective, reliable, and feasible.

3 (a) By January 1, 2010, using methodologies consistent with those
4 used by the Pacific Northwest electric power and conservation planning
5 council in its most recently published regional power plan, each
6 qualifying utility shall identify its achievable cost-effective
7 conservation potential through 2019. At least every two years
8 thereafter, the qualifying utility shall review and update this
9 assessment for the subsequent ten-year period.

10 (b) Beginning January 2010, each qualifying utility shall establish
11 and make publicly available a biennial acquisition target for cost-
12 effective conservation consistent with its identification of achievable
13 opportunities in (a) of this subsection, and meet that target during
14 the subsequent two-year period. At a minimum, each biennial target
15 must be no lower than the qualifying utility's pro rata share for that
16 two-year period of its cost-effective conservation potential for the
17 subsequent ten-year period.

18 (c) In meeting its conservation targets, a qualifying utility may
19 count high-efficiency cogeneration owned and used by a retail electric
20 customer to meet its own needs. High-efficiency cogeneration is the
21 sequential production of electricity and useful thermal energy from a
22 common fuel source, where, under normal operating conditions, the
23 facility has a useful thermal energy output of no less than thirty-
24 three percent of the total energy output. The reduction in load due to
25 high-efficiency cogeneration shall be: (i) Calculated as the ratio of
26 the fuel chargeable to power heat rate of the cogeneration facility
27 compared to the heat rate on a new and clean basis of a
28 best-commercially available technology combined-cycle natural gas-fired
29 combustion turbine; and (ii) counted towards meeting the biennial
30 conservation target in the same manner as other conservation savings.

31 (d) The commission may determine if a conservation program
32 implemented by an investor-owned utility is cost-effective based on the
33 commission's policies and practice.

34 (e) The commission may rely on its standard practice for review and
35 approval of investor-owned utility conservation targets.

36 (2)(a) Each qualifying utility shall use eligible renewable
37 resources or acquire equivalent renewable energy credits, or a
38 combination of both, to meet the following annual targets:

1 (i) At least three percent of its load by January 1, 2012, and each
2 year thereafter through December 31, 2015;

3 (ii) At least nine percent of its load by January 1, 2016, and each
4 year thereafter through December 31, 2019; and

5 (iii) At least fifteen percent of its load by January 1, 2020, and
6 each year thereafter.

7 (b) A qualifying utility may count distributed generation at double
8 the facility's electrical output if the utility: (i) Owns or has
9 contracted for the distributed generation and the associated renewable
10 energy credits; or (ii) has contracted to purchase the associated
11 renewable energy credits.

12 (c) In meeting the annual targets in (a) of this subsection, a
13 qualifying utility shall calculate its annual load based on the average
14 of the utility's load for the previous two years.

15 (d) A qualifying utility shall be considered in compliance with an
16 annual target in (a) of this subsection if: (i) The utility's weather-
17 adjusted load for the previous three years on average did not increase
18 over that time period; (ii) after December 7, 2006, the utility did not
19 commence or renew ownership or incremental purchases of electricity
20 from resources other than renewable resources other than on a daily
21 spot price basis and the electricity is not offset by equivalent
22 renewable energy credits; and (iii) the utility invested at least one
23 percent of its total annual retail revenue requirement that year on
24 eligible renewable resources, renewable energy credits, or a
25 combination of both.

26 (e) The requirements of this section may be met for any given year
27 with renewable energy credits produced during that year, the preceding
28 year, or the subsequent year. Each renewable energy credit may be used
29 only once to meet the requirements of this section.

30 (f) In complying with the targets established in (a) of this
31 subsection, a qualifying utility may not count:

32 (i) Eligible renewable resources or distributed generation where
33 the associated renewable energy credits are owned by a separate entity;
34 or

35 (ii) Eligible renewable resources or renewable energy credits
36 obtained for and used in an optional pricing program such as the
37 program established in RCW 19.29A.090.

1 (g) Where fossil and combustibile renewable resources are cofired in
2 one generating unit located in the Pacific Northwest where the cofiring
3 commenced after March 31, 1999, the unit shall be considered to produce
4 eligible renewable resources in direct proportion to the percentage of
5 the total heat value represented by the heat value of the renewable
6 resources.

7 (h)(i) A qualifying utility that acquires an eligible renewable
8 resource or renewable energy credit may count that acquisition at one
9 and two-tenths times its base value:

10 (A) Where the eligible renewable resource comes from a facility
11 that commenced operation after December 31, 2005; and

12 (B) Where the developer of the facility used apprenticeship
13 programs approved by the council during facility construction.

14 (ii) The council shall establish minimum levels of labor hours to
15 be met through apprenticeship programs to qualify for this extra
16 credit.

17 (i) A qualifying utility shall be considered in compliance with an
18 annual target in (a) of this subsection if events beyond the reasonable
19 control of the utility that could not have been reasonably anticipated
20 or ameliorated prevented it from meeting the renewable energy target.
21 Such events include weather-related damage, mechanical failure,
22 strikes, lockouts, and actions of a governmental authority that
23 adversely affect the generation, transmission, or distribution of an
24 eligible renewable resource under contract to a qualifying utility.

25 (j) A qualifying utility is considered in compliance with an annual
26 target in (a) of this subsection if: (i) The qualifying utility
27 satisfies one hundred percent of its annual increase in load with
28 eligible renewable resources or renewable energy credits; and (ii) the
29 annual increase in load starting from 2011 is less than the annual
30 target for that year as stated in (a) of this subsection.

31 (3) Utilities that become qualifying utilities after December 31,
32 2006, shall meet the requirements in this section on a time frame
33 comparable in length to that provided for qualifying utilities as of
34 December 7, 2006.

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