

---

HOUSE BILL 2590

---

State of Washington

61st Legislature

2010 Regular Session

By Representatives Morris and Chase

Prefiled 01/08/10. Read first time 01/11/10. Referred to Committee on Technology, Energy & Communications.

1 AN ACT Relating to a system benefits charge; and adding a new  
2 chapter to Title 80 RCW.

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

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

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

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

14 (2) "Consumer-owned utility" includes a municipal electric utility  
15 formed under Title 35 RCW, a public utility district formed under Title  
16 54 RCW, an irrigation district formed under chapter 87.03 RCW, a  
17 cooperative formed under chapter 23.86 RCW, a mutual corporation or  
18 association formed under chapter 24.06 RCW, a port district formed

1 under Title 53 RCW, or a water-sewer district formed under Title 57  
2 RCW, that is authorized to and engaged in the business of distributing  
3 electricity or natural gas to one or more retail customers in the  
4 state.

5 (3) "Department" means the energy policy division of the department  
6 of commerce.

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

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

12 (6) "Investor-owned utility" means a corporation owned by investors  
13 that meets the definition of "corporation" defined in RCW 80.04.010 and  
14 is engaged in distributing electricity or natural gas to more than one  
15 retail electric customer in the state.

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

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

23 (9) "Sustainable energy resource" includes solar energy, wind,  
24 ocean thermal energy, wave or tidal energy, fuel cells, landfill gas  
25 and low emission advanced biomass conversion technologies, high-  
26 efficiency cogeneration with an efficiency level above seventy percent,  
27 and other emerging energy technologies that significantly reduce  
28 pollution from existing technologies and have significant potential for  
29 commercialization.

30 NEW SECTION. **Sec. 3.** All electric and natural gas utilities may  
31 collect a monthly system benefits charge from all retail electricity  
32 and natural gas customers served by the utility. The purpose of the  
33 system benefits charge is to foster the growth, development, and  
34 commercialization of sustainable energy resources of five megawatts or  
35 less or smart energy technologies that are connected to the  
36 distribution system of an electric utility.

1        NEW SECTION.    **Sec. 4.**    (1) Before collecting a system benefits  
2 charge, a consumer-owned utility must prepare and submit to its  
3 governing body a sustainable energy project proposal consisting of the  
4 following: A list of proposed sustainable energy resource or smart  
5 energy technology projects; a project management plan for each proposed  
6 project containing technical milestones and stage-gates; the cost of  
7 each project; the amount required to be collected through a system  
8 benefits charge to develop each project; and the estimated time frame  
9 for collecting the system benefits charge.

10        (2) Before collecting a system benefits charge, an investor-owned  
11 utility must prepare and submit to the commission a sustainable energy  
12 project proposal consisting of the following: A list of proposed  
13 sustainable energy resource or smart energy technology projects; a  
14 project management plan for each proposed project containing technical  
15 milestones and stage-gates; the cost of each project; the amount  
16 required to be collected through a system benefits charge to develop  
17 each project; and the estimated time frame for collecting the system  
18 benefits charge.

19        (3) Consumer-owned and investor-owned utilities shall make  
20 available upon request the list of proposed and approved projects and  
21 the project management plans for each project.

22        NEW SECTION.    **Sec. 5.**    (1)(a) Upon approval of the sustainable  
23 energy project proposal by the governing body, a consumer-owned utility  
24 may collect a system benefits charge for a time approved by the  
25 governing body.

26        (b) Upon approval of the sustainable energy project proposal by the  
27 commission, an investor-owned utility may collect a system benefits  
28 charge for a time approved by the commission.

29        (2) The monthly system benefits charge may be up to, and no more  
30 than, one dollar and ninety cents per customer.

31        (3) Funds collected from the system benefits charge must be used by  
32 an electric or natural gas utility to develop sustainable energy  
33 resource or smart energy technology projects as approved by a governing  
34 body or the commission.

35        (4) Funds collected from the system benefits charge must be  
36 deposited in a sustainable energy project account established and  
37 maintained by the utility and separate from other accounts.

1 (5) Interest that accrues to the sustainable energy project account  
2 must be reinvested into the sustainable energy project account and  
3 spent on sustainable energy resource or smart energy technology  
4 projects.

5 (6) No more than five percent of money collected from the system  
6 benefits charge may be used by an electric or natural gas utility for  
7 administrative purposes.

8 (7)(a) Beginning November 1, 2007, each electric or natural gas  
9 consumer-owned utility whose governing body has approved the collection  
10 of a system benefits charge must submit the approved sustainable energy  
11 project proposal to the department.

12 (b) The department shall utilize the information received in (a) of  
13 this subsection in the biennial energy report.

14 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act constitute  
15 a new chapter in Title 80 RCW.

--- END ---