
HOUSE BILL 2784

State of Washington 61st Legislature 2010 Regular Session

By Representatives Finn, Rolfes, Haigh, Upthegrove, McCoy, Chase, and Wallace

Read first time 01/14/10. Referred to Committee on Technology, Energy & Communications.

1 AN ACT Relating to a baseload renewable power facility; and
2 amending RCW 19.285.030 and 19.285.040.

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

4 **Sec. 1.** RCW 19.285.030 and 2009 c 565 s 20 are each amended to
5 read as follows:

6 The definitions in this section apply throughout this chapter
7 unless the context clearly requires otherwise.

8 (1) "Attorney general" means the Washington state office of the
9 attorney general.

10 (2) "Auditor" means: (a) The Washington state auditor's office or
11 its designee for qualifying utilities under its jurisdiction that are
12 not investor-owned utilities; or (b) an independent auditor selected by
13 a qualifying utility that is not under the jurisdiction of the state
14 auditor and is not an investor-owned utility.

15 (3) "Commission" means the Washington state utilities and
16 transportation commission.

17 (4) "Conservation" means any reduction in electric power
18 consumption resulting from increases in the efficiency of energy use,
19 production, or distribution.

1 (5) "Cost-effective" has the same meaning as defined in RCW
2 80.52.030.

3 (6) "Council" means the Washington state apprenticeship and
4 training council within the department of labor and industries.

5 (7) "Customer" means a person or entity that purchases electricity
6 for ultimate consumption and not for resale.

7 (8) "Department" means the department of commerce or its successor.

8 (9) "Distributed generation" means an eligible renewable resource
9 where the generation facility or any integrated cluster of such
10 facilities has a generating capacity of not more than five megawatts.

11 (10) "Eligible renewable resource" means:

12 (a) Electricity from a generation facility powered by a renewable
13 resource other than fresh water that commences operation after March
14 31, 1999, where: (i) The facility is located in the Pacific Northwest;
15 or (ii) the electricity from the facility is delivered into Washington
16 state on a real-time basis without shaping, storage, or integration
17 services; or

18 (b) Incremental electricity produced as a result of efficiency
19 improvements completed after March 31, 1999, to hydroelectric
20 generation projects owned by a qualifying utility and located in the
21 Pacific Northwest or to hydroelectric generation in irrigation pipes
22 and canals located in the Pacific Northwest, where the additional
23 generation in either case does not result in new water diversions or
24 impoundments.

25 (11) "Investor-owned utility" has the same meaning as defined in
26 RCW 19.29A.010.

27 (12) "Load" means the amount of kilowatt-hours of electricity
28 delivered in the most recently completed year by a qualifying utility
29 to its Washington retail customers.

30 (13) "Nonpower attributes" means all environmentally related
31 characteristics, exclusive of energy, capacity reliability, and other
32 electrical power service attributes, that are associated with the
33 generation of electricity from a renewable resource, including but not
34 limited to the facility's fuel type, geographic location, vintage,
35 qualification as an eligible renewable resource, and avoided emissions
36 of pollutants to the air, soil, or water, and avoided emissions of
37 carbon dioxide and other greenhouse gases.

1 (14) "Pacific Northwest" has the same meaning as defined for the
2 Bonneville power administration in section 3 of the Pacific Northwest
3 electric power planning and conservation act (94 Stat. 2698; 16 U.S.C.
4 Sec. 839a).

5 (15) "Public facility" has the same meaning as defined in RCW
6 39.35C.010.

7 (16) "Qualifying utility" means an electric utility, as the term
8 "electric utility" is defined in RCW 19.29A.010, that serves more than
9 twenty-five thousand customers in the state of Washington. The number
10 of customers served may be based on data reported by a utility in form
11 861, "annual electric utility report," filed with the energy
12 information administration, United States department of energy.

13 (17) "Renewable energy credit" means a tradable certificate of
14 proof of at least one megawatt-hour of an eligible renewable resource
15 where the generation facility is not powered by fresh water, the
16 certificate includes all of the nonpower attributes associated with
17 that one megawatt-hour of electricity, and the certificate is verified
18 by a renewable energy credit tracking system selected by the
19 department.

20 (18) "Renewable resource" means: (a) Water; (b) wind; (c) solar
21 energy; (d) geothermal energy; (e) landfill gas; (f) wave, ocean, or
22 tidal power; (g) gas from sewage treatment facilities; (h) biodiesel
23 fuel as defined in RCW 82.29A.135 that is not derived from crops raised
24 on land cleared from old growth or first-growth forests where the
25 clearing occurred after December 7, 2006; and (i) biomass energy based
26 on animal waste or solid organic fuels from wood, forest, or field
27 residues, or dedicated energy crops that do not include (i) wood pieces
28 that have been treated with chemical preservatives such as creosote,
29 pentachlorophenol, or copper-chrome-arsenic; (ii) black liquor by-
30 product from paper production; (iii) wood from old growth forests; or
31 (iv) municipal solid waste.

32 (19) "Rule" means rules adopted by an agency or other entity of
33 Washington state government to carry out the intent and purposes of
34 this chapter.

35 (20) "Year" means the twelve-month period commencing January 1st
36 and ending December 31st.

37 (21) "Baseload renewable power facility" means a facility that

1 develops electric generation from a renewable resource that is designed
2 and intended to provide electricity at an annualized facility capacity
3 factor of at least sixty percent.

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

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

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

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

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

36 (d) The commission may determine if a conservation program

1 implemented by an investor-owned utility is cost-effective based on the
2 commission's policies and practice.

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

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

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

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

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

14 (b) A qualifying utility may count distributed generation at double
15 the facility's electrical output if the utility: (i) Owns or has
16 contracted for the distributed generation and the associated renewable
17 energy credits; or (ii) has contracted to purchase the associated
18 renewable energy credits.

19 (c) A qualifying utility may count electrical power generated from
20 a baseload renewable power facility at double the facility's electrical
21 output if the utility develops or contracts with a baseload renewable
22 power facility that begins permitted construction in Washington state
23 in 2010.

24 (d) In meeting the annual targets in (a) of this subsection, a
25 qualifying utility shall calculate its annual load based on the average
26 of the utility's load for the previous two years.

27 ((+d)) (e) A qualifying utility shall be considered in compliance
28 with an annual target in (a) of this subsection if: (i) The utility's
29 weather-adjusted load for the previous three years on average did not
30 increase over that time period; (ii) after December 7, 2006, the
31 utility did not commence or renew ownership or incremental purchases of
32 electricity from resources other than renewable resources other than on
33 a daily spot price basis and the electricity is not offset by
34 equivalent renewable energy credits; and (iii) the utility invested at
35 least one percent of its total annual retail revenue requirement that
36 year on eligible renewable resources, renewable energy credits, or a
37 combination of both.

1 ~~((e))~~ (f) The requirements of this section may be met for any
2 given year with renewable energy credits produced during that year, the
3 preceding year, or the subsequent year. Each renewable energy credit
4 may be used only once to meet the requirements of this section.

5 ~~((f))~~ (g) In complying with the targets established in (a) of
6 this subsection, a qualifying utility may not count:

7 (i) Eligible renewable resources or distributed generation where
8 the associated renewable energy credits are owned by a separate entity;
9 or

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

13 ~~((g))~~ (h) Where fossil and combustible renewable resources are
14 cofired in one generating unit located in the Pacific Northwest where
15 the cofiring commenced after March 31, 1999, the unit shall be
16 considered to produce eligible renewable resources in direct proportion
17 to the percentage of the total heat value represented by the heat value
18 of the renewable resources.

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

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

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

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

29 ~~((i))~~ (j) A qualifying utility shall be considered in compliance
30 with an annual target in (a) of this subsection if events beyond the
31 reasonable control of the utility that could not have been reasonably
32 anticipated or ameliorated prevented it from meeting the renewable
33 energy target. Such events include weather-related damage, mechanical
34 failure, strikes, lockouts, and actions of a governmental authority
35 that adversely affect the generation, transmission, or distribution of
36 an eligible renewable resource under contract to a qualifying utility.

37 (3) Utilities that become qualifying utilities after December 31,

1 2006, shall meet the requirements in this section on a time frame
2 comparable in length to that provided for qualifying utilities as of
3 December 7, 2006.

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