**SHB 2198** - H AMD **1128**
By Representative Morris

Strike everything after the enacting clause and insert the following:

**"Sec. 1.** RCW 19.280.010 and 2006 c 195 s 1 are each amended to read as follows:

It is the intent of the legislature to encourage the development of new safe, clean, and reliable energy resources to meet demand in Washington for affordable and reliable electricity. To achieve this end, the legislature finds it essential that electric utilities in Washington develop comprehensive resource plans that explain the mix of generation and demand-side resources they plan to use to meet their customers' electricity needs in both the short term and the long term. The legislature intends that information obtained from integrated resource planning under this chapter will be used to assist in identifying and developing new energy generation, including renewable energy systems or renewable resources with an energy storage system, conservation and efficiency resources, and related infrastructure to meet the state's electricity needs.

**Sec. 2.** RCW 19.280.020 and 2009 c 565 s 19 are each amended to read as follows:

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

(1) "Commission" means the utilities and transportation commission.

(2) "Conservation and efficiency resources" means any reduction in electric power consumption that results from increases in the efficiency of energy use, production, transmission, or distribution.

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

(4) "Department" means the department of commerce.

(5) "Electric utility" means a consumer-owned or investor-owned utility.

(6) "Full requirements customer" means an electric utility that relies on the Bonneville power administration for all power needed to supply its total load requirement other than that served by nondispatchable generating resources totaling no more than six megawatts or renewable resources.

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

(8) "High efficiency cogeneration" means the sequential production of electricity and useful thermal energy from a common fuel source, where, under normal operating conditions, the facility has a useful thermal energy output of no less than thirty-three percent of the total energy output.

(9) "Integrated resource plan" means an analysis describing the mix of generating resources ((~~and~~)), conservation, energy storage, and efficiency resources that will meet current and projected needs at the lowest reasonable cost to the utility and its ratepayers and that complies with the requirements specified in RCW 19.280.030(1).

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

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

(11) "Lowest reasonable cost" means the lowest cost mix of generating resources and conservation and efficiency resources determined through a detailed and consistent analysis of a wide range of commercially available resources. At a minimum, this analysis must consider resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on the utility and its ratepayers, public policies regarding resource preference adopted by Washington state or the federal government, and the cost of risks associated with environmental effects including emissions of carbon dioxide.

(12) "Plan" means either an "integrated resource plan" or a "resource plan."

(13) "Renewable resources" means electricity generation facilities fueled by: (a) Water; (b) wind; (c) solar energy; (d) geothermal energy; (e) landfill gas; (f) biomass energy utilizing animal waste, solid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; (g) by-products of pulping or wood manufacturing processes, including but not limited to bark, wood chips, sawdust, and lignin in spent pulping liquors; (h) ocean thermal, wave, or tidal power; or (i) gas from sewage treatment facilities.

(14) "Resource plan" means an assessment that estimates electricity loads and resources over a defined period of time and complies with the requirements in RCW 19.280.030(2).

(15) "Ancillary services" means services such as frequency regulation, spinning reserves, voltage control, and load following.

(16) "Energy storage system" means a system that is capable of absorbing energy, storing it for a period of time, and thereafter dispatching the energy as electricity to an electrical transmission or distribution system. An energy storage system may be part of multiple

energy storage systems in different locations that are linked under common control as part of a network. An energy storage system may not exceed the greenhouse gas emissions performance standards under RCW 80.80.040 when storing electricity from either a renewable energy system or a renewable resource or dispatching electricity from the energy storage system into an electrical transmission or distribution system.

(17) "Renewable energy system" has the same meaning as RCW 82.16.110(7).

**Sec. 3.** RCW 19.280.030 and 2011 c 180 s 305 are each amended to read as follows:

Each electric utility must develop a plan consistent with this section.

(1) Utilities with more than twenty-five thousand customers that are not full requirements customers shall develop or update an integrated resource plan by September 1, 2008. At a minimum, progress reports reflecting changing conditions and the progress of the integrated resource plan must be produced every two years thereafter. An updated integrated resource plan must be developed at least every four years subsequent to the 2008 integrated resource plan. The integrated resource plan, at a minimum, must include:

(a) A range of forecasts, for at least the next ten years, of projected customer demand which takes into account econometric data and customer usage;

(b) An assessment of commercially available conservation and efficiency resources. Such assessment may include, as appropriate, high efficiency cogeneration, demand response and load management programs, and currently employed and new policies and programs needed to obtain the conservation and efficiency resources;

(c) An assessment of commercially available, utility scale renewable and nonrenewable generating technologies including a comparison of the benefits and risks of purchasing power or building new resources;

(d) A comparative evaluation of renewable and nonrenewable generating resources, including transmission and distribution delivery costs, and conservation and efficiency resources using "lowest reasonable cost" as a criterion;

(e) An assessment of renewable energy systems or renewable resources on the utility and distributed generation scale, including an analysis of energy storage systems as an alternative or adjunct to building nonrenewable generating resources for ancillary services and new transmission or distribution lines for peak loads, and as a complement to renewable energy systems or renewable resources;

(i) For an investor owned utility, if the assessment demonstrates that an energy storage system that is part of a renewable energy system or a renewable resource is the lowest reasonable cost resource available, the utility shall include a proposal for recovering incurred costs associated with the installation and operation of an energy storage system as part of a renewable energy system or renewable resource;

(ii) The commission shall develop a cost-recovery method, consistent with RCW 80.04.250, that would allow an investor-owned utility to recover the prudent costs of acquiring or purchasing an energy storage system whose cost is in the lowest quartile of available resources as determined in the utility's integrated resource plan. The cost recovery method should recognize the benefits of the energy storage system to an investor owned utility’s generation, distribution, and transmission system, the reliability of the system and the integration of renewable energy systems or renewable resources in the system.

(f) The integration of the demand forecasts and resource evaluations into a long-range assessment describing the mix of supply side generating resources and conservation and efficiency resources that will meet current and projected needs at the lowest reasonable cost and risk to the utility and its ratepayers; and

((~~(f)~~)) (g) A short-term plan identifying the specific actions to be taken by the utility consistent with the long-range integrated resource plan.

(2) All other utilities may elect to develop a full integrated resource plan as set forth in subsection (1) of this section or, at a minimum, shall develop a resource plan that:

(a) Estimates loads for the next five and ten years;

(b) Enumerates the resources that will be maintained and/or acquired to serve those loads; and

(c) Explains why the resources in (b) of this subsection were chosen and, if the resources chosen are not renewable resources ((~~or~~)), conservation and efficiency resources, or energy storage, why such a decision was made.

(3) An electric utility that is required to develop a resource plan under this section must complete its initial plan by September 1, 2008.

(4) Resource plans developed under this section must be updated on a regular basis, at a minimum on intervals of two years.

(5) Plans shall not be a basis to bring legal action against electric utilities.

(6) Each electric utility shall publish its final plan either as part of an annual report or as a separate document available to the public. The report may be in an electronic form."

EFFECT: Requires electric utilities in preparing an integrated resource plan to provide an assessment of renewable energy systems and renewable resources on the utility and distributed generation scale. Directs the Utilities and Transportation Commission to develop a cost-recovery method that would allow an investor-owned utility to recover the prudent costs of acquiring or purchasing an energy storage system whose cost is in the lowest quartile of available resources as determined in the utility's integrated resource plan. Specifies that the cost recovery method should recognize the benefits of the energy storage system to an investor owned utility’s generation, distribution, and transmission system, the reliability of the system and the integration of renewable energy systems or renewable resources in the system. Provides a definition for renewable energy system. Removes reference to eligible renewable resources. Removes the definitions for peak hours

and off-peak hours.

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