
SUBSTITUTE HOUSE BILL 2198

State of Washington

62nd Legislature

2012 Regular Session

By House Technology, Energy & Communications (originally sponsored by Representatives Morris, Eddy, McCoy, and Hudgins)

READ FIRST TIME 01/31/12.

1 AN ACT Relating to modifying provisions concerning renewable energy
2 system cost recovery; and amending RCW 19.280.010, 19.280.020, and
3 19.280.030.

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

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

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

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

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

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

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

9 (3) "Consumer-owned utility" includes a municipal electric utility
10 formed under Title 35 RCW, a public utility district formed under Title
11 54 RCW, an irrigation district formed under chapter 87.03 RCW, a
12 cooperative formed under chapter 23.86 RCW, a mutual corporation or
13 association formed under chapter 24.06 RCW, a port district formed
14 under Title 53 RCW, or a water-sewer district formed under Title 57
15 RCW, that is engaged in the business of distributing electricity to one
16 or more retail electric customers in the state.

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

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

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

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

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

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

37 (10) "Investor-owned utility" means a corporation owned by

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

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

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

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

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

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

31 (16) "Energy storage system" means a system that is capable of
32 absorbing energy, storing it for a period of time, and thereafter
33 dispatching the energy as electricity to an electrical transmission or
34 distribution system. An energy storage system may be part of multiple
35 energy storage systems in different locations that are linked under
36 common control as part of a network. An energy storage system may not
37 exceed the greenhouse gas emissions performance standards under RCW

1 80.80.040 when storing electricity from an eligible renewable resource
2 or dispatching electricity from the energy storage system into an
3 electrical transmission or distribution system.

4 (17) "Off-peak hours" means any period of time outside an electric
5 utility's peak hours as determined by the electric utility, and for
6 investor-owned utilities, set forth in a tariff approved by the
7 commission.

8 (18) "Peak hours" means a four-hour period of high customer demand
9 as determined by the electric utility, and for investor-owned
10 utilities, set forth in a tariff approved by the commission.

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

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

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

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

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

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

35 (d) A comparative evaluation of renewable and nonrenewable
36 generating resources, including transmission and distribution delivery

1 costs, and conservation and efficiency resources using "lowest
2 reasonable cost" as a criterion;

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

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

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

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

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

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

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

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

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

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

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

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