
HOUSE BILL 2682

State of Washington

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2012 Regular Session

By Representatives Nealey, Takko, Blake, Hinkle, Harris, Klippert, Walsh, Chandler, Schmick, Armstrong, Orcutt, Short, McCune, Haler, and Parker

Read first time 01/24/12. Referred to Committee on Environment.

1 AN ACT Relating to narrowing the requirement that utilities
2 purchase electricity, renewable energy credits, or electric generating
3 facilities that are not needed to serve their customers' loads, without
4 changing the annual renewable targets; amending RCW 19.285.040; and
5 creating a new section.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that requiring
8 utilities to purchase electricity that they do not need to serve their
9 customers' loads places an unnecessary economic hardship on utility
10 customers. The legislature also finds that energy conservation is the
11 highest priority resource.

12 (2) It is the intent of the legislature to encourage the
13 acquisition of energy conservation and renewable resources to meet
14 utility customers' energy needs.

15 (3) The legislature finds that most utilities have already
16 achieved, or are well on their way to achieving, renewable resource
17 acquisition targets as part of their requirements to serve customers
18 with clean, renewable energy.

1 (4) It is the intent of the legislature to remove unnecessary
2 economic hardship on electric utility customers by eliminating the
3 requirement for utilities to purchase unneeded electricity, renewable
4 energy credits, or electric generating facilities that are not needed
5 to serve their customers' loads.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (i) Eligible renewable resources or distributed generation where
4 the associated renewable energy credits are owned by a separate entity;
5 or

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

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

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

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

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

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

25 (i)(i) A qualifying utility shall be considered in compliance with
26 an annual target in (a) of this subsection if, as of January 1st of the
27 target year, the electricity from the qualifying utility's: (A)
28 Electric generating resources, other than eligible renewable resources,
29 either owned or under contract by the effective date of this section
30 and available to serve the utility's load during the target year; and
31 (B) eligible renewable resources either owned or under contract for the
32 target year and available to serve the utility's load during the target
33 year (or equivalent renewable energy credits), meets or exceeds the
34 utility's load as described in (c) of this subsection.

35 (ii) Nothing in this subsection (2)(i) limits or interferes with a
36 qualifying utility's authority to sell or otherwise dispose of any
37 excess of electricity or credits as determined in (i)(i) of this

1 subsection, whether the excess of electricity or credits is greater or
2 less than the annual target.

3 (j) A qualifying utility shall be considered in compliance with an
4 annual target in (a) of this subsection if events beyond the reasonable
5 control of the utility that could not have been reasonably anticipated
6 or ameliorated prevented it from meeting the renewable energy target.
7 Such events include weather-related damage, mechanical failure,
8 strikes, lockouts, and actions of a governmental authority that
9 adversely affect the generation, transmission, or distribution of an
10 eligible renewable resource under contract to a qualifying utility.

11 (3) Utilities that become qualifying utilities after December 31,
12 2006, shall meet the requirements in this section on a time frame
13 comparable in length to that provided for qualifying utilities as of
14 December 7, 2006.

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