
HOUSE BILL 1347

State of Washington

63rd Legislature

2013 Regular Session

By Representatives Short, Takko, Kretz, Kristiansen, Klippert, Pike, Haler, Angel, Harris, Smith, Hayes, Magendanz, Vick, Buys, Schmick, Holy, Warnick, Dahlquist, Shea, Condotta, Fagan, and Parker

Read first time 01/23/13. Referred to Committee on Environment.

1 AN ACT Relating to allowing incremental electricity produced as a
2 result of efficiency improvements to hydroelectric generation projects
3 whose energy output is marketed by the Bonneville power administration
4 to qualify as an eligible renewable resource under the energy
5 independence act; amending RCW 19.285.040; and reenacting and amending
6 RCW 19.285.030.

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

8 **Sec. 1.** RCW 19.285.030 and 2012 c 22 s 2 are each reenacted and
9 amended to read as follows:

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

12 (1) "Attorney general" means the Washington state office of the
13 attorney general.

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

1 (3)(a) "Biomass energy" includes: (i) Organic by-products of
2 pulping and the wood manufacturing process; (ii) animal manure; (iii)
3 solid organic fuels from wood; (iv) forest or field residues; (v)
4 untreated wooden demolition or construction debris; (vi) food waste and
5 food processing residuals; (vii) liquors derived from algae; (viii)
6 dedicated energy crops; and (ix) yard waste.

7 (b) "Biomass energy" does not include: (i) Wood pieces that have
8 been treated with chemical preservatives such as creosote,
9 pentachlorophenol, or copper-chrome-arsenic; (ii) wood from old growth
10 forests; or (iii) municipal solid waste.

11 (4) "Commission" means the Washington state utilities and
12 transportation commission.

13 (5) "Conservation" means any reduction in electric power
14 consumption resulting from increases in the efficiency of energy use,
15 production, or distribution.

16 (6) "Cost-effective" has the same meaning as defined in RCW
17 80.52.030.

18 (7) "Council" means the Washington state apprenticeship and
19 training council within the department of labor and industries.

20 (8) "Customer" means a person or entity that purchases electricity
21 for ultimate consumption and not for resale.

22 (9) "Department" means the department of commerce or its successor.

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

26 (11) "Eligible renewable resource" means:

27 (a) Electricity from a generation facility powered by a renewable
28 resource other than freshwater that commences operation after March 31,
29 1999, where: (i) The facility is located in the Pacific Northwest; or
30 (ii) the electricity from the facility is delivered into Washington
31 state on a real-time basis without shaping, storage, or integration
32 services;

33 (b) Incremental electricity produced as a result of efficiency
34 improvements completed after March 31, 1999, to hydroelectric
35 generation projects owned by a qualifying utility and located in the
36 Pacific Northwest or to hydroelectric generation in irrigation pipes
37 and canals located in the Pacific Northwest, where the additional

1 generation in either case does not result in new water diversions or
2 impoundments; (~~and~~)

3 (c) Qualified biomass energy; and

4 (d) That portion of incremental electricity produced as a result of
5 efficiency improvements completed after March 31, 1999, attributable to
6 a qualifying utility's share of the electricity output to hydroelectric
7 generation projects whose energy output is marketed by the Bonneville
8 power administration where the additional generation does not result in
9 new water diversions or impoundments.

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

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

15 (14) "Nonpower attributes" means all environmentally related
16 characteristics, exclusive of energy, capacity reliability, and other
17 electrical power service attributes, that are associated with the
18 generation of electricity from a renewable resource, including but not
19 limited to the facility's fuel type, geographic location, vintage,
20 qualification as an eligible renewable resource, and avoided emissions
21 of pollutants to the air, soil, or water, and avoided emissions of
22 carbon dioxide and other greenhouse gases.

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

27 (16) "Public facility" has the same meaning as defined in RCW
28 39.35C.010.

29 (17) "Qualified biomass energy" means electricity produced from a
30 biomass energy facility that: (a) Commenced operation before March 31,
31 1999; (b) contributes to the qualifying utility's load; and (c) is
32 owned either by: (i) A qualifying utility; or (ii) an industrial
33 facility that is directly interconnected with electricity facilities
34 that are owned by a qualifying utility and capable of carrying
35 electricity at transmission voltage.

36 (18) "Qualifying utility" means an electric utility, as the term
37 "electric utility" is defined in RCW 19.29A.010, that serves more than
38 twenty-five thousand customers in the state of Washington. The number

1 of customers served may be based on data reported by a utility in form
2 861, "annual electric utility report," filed with the energy
3 information administration, United States department of energy.

4 (19) "Renewable energy credit" means a tradable certificate of
5 proof of at least one megawatt-hour of an eligible renewable resource
6 where the generation facility is not powered by freshwater. The
7 certificate includes all of the nonpower attributes associated with
8 that one megawatt-hour of electricity, and the certificate is verified
9 by a renewable energy credit tracking system selected by the
10 department.

11 (20) "Renewable resource" means: (a) Water; (b) wind; (c) solar
12 energy; (d) geothermal energy; (e) landfill gas; (f) wave, ocean, or
13 tidal power; (g) gas from sewage treatment facilities; (h) biodiesel
14 fuel as defined in RCW 82.29A.135 that is not derived from crops raised
15 on land cleared from old growth or first-growth forests where the
16 clearing occurred after December 7, 2006; or (i) biomass energy.

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

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

22 **Sec. 2.** RCW 19.285.040 and 2012 c 22 s 3 are each amended to read
23 as follows:

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

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

33 (b) Beginning January 2010, each qualifying utility shall establish
34 and make publicly available a biennial acquisition target for cost-
35 effective conservation consistent with its identification of achievable
36 opportunities in (a) of this subsection, and meet that target during
37 the subsequent two-year period. At a minimum, each biennial target

1 must be no lower than the qualifying utility's pro rata share for that
2 two-year period of its cost-effective conservation potential for the
3 subsequent ten-year period.

4 (c) In meeting its conservation targets, a qualifying utility may
5 count high-efficiency cogeneration owned and used by a retail electric
6 customer to meet its own needs. High-efficiency cogeneration is the
7 sequential production of electricity and useful thermal energy from a
8 common fuel source, where, under normal operating conditions, the
9 facility has a useful thermal energy output of no less than thirty-
10 three percent of the total energy output. The reduction in load due to
11 high-efficiency cogeneration shall be: (i) Calculated as the ratio of
12 the fuel chargeable to power heat rate of the cogeneration facility
13 compared to the heat rate on a new and clean basis of a
14 best-commercially available technology combined-cycle natural gas-fired
15 combustion turbine; and (ii) counted towards meeting the biennial
16 conservation target in the same manner as other conservation savings.

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

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

22 (2)(a) Except as provided in (j) and (l) of this subsection, each
23 qualifying utility shall use eligible renewable resources or acquire
24 equivalent renewable energy credits, or any combination of them, to
25 meet the following annual targets:

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

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

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

32 (b) A qualifying utility may count distributed generation at double
33 the facility's electrical output if the utility: (i) Owns or has
34 contracted for the distributed generation and the associated renewable
35 energy credits; or (ii) has contracted to purchase the associated
36 renewable energy credits.

37 (c) In meeting the annual targets in (a) of this subsection, a

1 qualifying utility shall calculate its annual load based on the average
2 of the utility's load for the previous two years.

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

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

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

20 (i) Eligible renewable resources or distributed generation where
21 the associated renewable energy credits are owned by a separate entity;
22 or

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

26 (g) Where fossil and combustible renewable resources are cofired in
27 one generating unit located in the Pacific Northwest where the cofiring
28 commenced after March 31, 1999, the unit shall be considered to produce
29 eligible renewable resources in direct proportion to the percentage of
30 the total heat value represented by the heat value of the renewable
31 resources.

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

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

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

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

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

12 (j)(i) Beginning January 1, 2016, only a qualifying utility that
13 owns or is directly interconnected to a qualified biomass energy
14 facility may use qualified biomass energy to meet its compliance
15 obligation under RCW 19.285.040(2).

16 (ii) A qualifying utility may no longer use electricity and
17 associated renewable energy credits from a qualified biomass energy
18 facility if the associated industrial pulping or wood manufacturing
19 facility ceases operation other than for purposes of maintenance or
20 upgrade.

21 (k) An industrial facility that hosts a qualified biomass energy
22 facility may only transfer or sell renewable energy credits associated
23 with its facility to the qualifying utility with which it is directly
24 interconnected with facilities owned by such a qualifying utility and
25 that are capable of carrying electricity at transmission voltage. The
26 qualifying utility may only use an amount of renewable energy credits
27 associated with qualified biomass energy that are equivalent to the
28 proportionate amount of its annual targets under (a)(ii) and (iii) of
29 this subsection that was created by the load of the industrial
30 facility. A qualifying utility that owns a qualified biomass energy
31 facility may not transfer or sell renewable energy credits associated
32 with qualified biomass energy to another person, entity, or qualifying
33 utility.

34 (l) Beginning January 1, 2016, a qualifying utility may use
35 eligible renewable resources as identified under RCW 19.285.030(11)(d)
36 to meet its compliance obligation under this subsection (2). A
37 qualifying utility may not transfer or sell these eligible renewable

1 resources to another utility for compliance purposes under this
2 chapter.

3 (3) Utilities that become qualifying utilities after December 31,
4 2006, shall meet the requirements in this section on a time frame
5 comparable in length to that provided for qualifying utilities as of
6 December 7, 2006.

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