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SENATE BILL 6258

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State of Washington

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By Senators Ericksen, Chase, Sheldon, Brown, and Honeyford

Read first time 01/20/14. Referred to Committee on Energy, Environment & Telecommunications.

1 AN ACT Relating to using conservation achieved by a qualifying  
2 utility in excess of its biennial acquisition target under the energy  
3 independence act; and amending RCW 19.285.040.

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

5 **Sec. 1.** RCW 19.285.040 and 2013 c 158 s 2 are each amended to read  
6 as follows:

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

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

16 (b) Beginning January 2010, each qualifying utility shall establish  
17 and make publicly available a biennial acquisition target for cost-  
18 effective conservation consistent with its identification of achievable  
19 opportunities in (a) of this subsection, and meet that target during

1 the subsequent two-year period. At a minimum, each biennial target  
2 must be no lower than the qualifying utility's pro rata share for that  
3 two-year period of its cost-effective conservation potential for the  
4 subsequent ten-year period.

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

18 (d) Any conservation achieved by a qualifying utility in excess of  
19 its biennial target may be applied as a direct credit toward any of the  
20 next three subsequent biennial targets, such that no more than fifty  
21 percent of any biennial target may be met with excess conservation  
22 savings.

23 (e) The commission may determine if a conservation program  
24 implemented by an investor-owned utility is cost-effective based on the  
25 commission's policies and practice.

26 ((+e)) (f) The commission may rely on its standard practice for  
27 review and approval of investor-owned utility conservation targets.

28 (2)(a) Except as provided in (j) of this subsection, each  
29 qualifying utility shall use eligible renewable resources or acquire  
30 equivalent renewable energy credits, or any combination of them, to  
31 meet the following annual targets:

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

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

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

1 (b) A qualifying utility may count distributed generation at double  
2 the facility's electrical output if the utility: (i) Owns or has  
3 contracted for the distributed generation and the associated renewable  
4 energy credits; or (ii) has contracted to purchase the associated  
5 renewable energy credits.

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

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

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

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

26 (i) Eligible renewable resources or distributed generation where  
27 the associated renewable energy credits are owned by a separate entity;  
28 or

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

32 (g) Where fossil and combustible renewable resources are cofired in  
33 one generating unit located in the Pacific Northwest where the cofiring  
34 commenced after March 31, 1999, the unit shall be considered to produce  
35 eligible renewable resources in direct proportion to the percentage of  
36 the total heat value represented by the heat value of the renewable  
37 resources.

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

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

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

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

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

19 (j)(i) Beginning January 1, 2016, only a qualifying utility that  
20 owns or is directly interconnected to a qualified biomass energy  
21 facility may use qualified biomass energy to meet its compliance  
22 obligation under (~~RCW 19.285.040(2)~~) this subsection.

23 (ii) A qualifying utility may no longer use electricity and  
24 associated renewable energy credits from a qualified biomass energy  
25 facility if the associated industrial pulping or wood manufacturing  
26 facility ceases operation other than for purposes of maintenance or  
27 upgrade.

28 (k) An industrial facility that hosts a qualified biomass energy  
29 facility may only transfer or sell renewable energy credits associated  
30 with its facility to the qualifying utility with which it is directly  
31 interconnected with facilities owned by such a qualifying utility and  
32 that are capable of carrying electricity at transmission voltage. The  
33 qualifying utility may only use an amount of renewable energy credits  
34 associated with qualified biomass energy that are equivalent to the  
35 proportionate amount of its annual targets under (a)(ii) and (iii) of  
36 this subsection that was created by the load of the industrial  
37 facility. A qualifying utility that owns a qualified biomass energy

1 facility may not transfer or sell renewable energy credits associated  
2 with qualified biomass energy to another person, entity, or qualifying  
3 utility.

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

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