**5735-S.E AMS MCCO S4717.1 - NOT FOR FLOOR USE**

**ESSB 5735** - S AMD TO S AMD (S-3311.1/15) **802**

By Senator McCoy

On page 7, line 25 of the amendment, after "2019;" strike "and" and insert "((~~and~~))"

On page 7, line 27 of the amendment, after "thereafter" insert "; and

(iv) Beginning January 1, 2021, the qualifying utility shall use eligible renewable resources or acquire equivalent renewable energy credits, or any combination of them, for at least fifteen percent of its load and, in addition, shall comply with the requirements of (e) of this subsection"

Beginning on page 8, line 7 of the amendment, after "(e)" strike all material through "base value." on page 9, line 14 and insert "Except as provided in (b), (c), and (d) of this subsection, beginning January 1, 2021, and each year thereafter, all electric utilities as that term is defined in RCW 19.29A.010 shall meet one hundred percent of any new generation need with any one or any combination of the following: Conservation, eligible renewable resources, and storage.

(i) New generation subject to the requirements of this subsection, whether that new generation is needed to replace retiring generation, to meet load growth, or for any other purpose, includes the following:

(A) A utility's new or increased ownership interest in a new or existing generation facility or unit; and

(B) A new or increased contractual commitment that obligates a utility to purchase a specified amount of megawatt-hours. Contracts do not comply with this subsection unless the sources or origins of generation can be ascertained with reasonable certainty. A contract is not in compliance with this subsection if the contract specifies a source of generation where the megawatt-hours from such source are double counted or contractually committed to another purchaser.

(ii) The following are not subject to the requirements of this subsection: (A) A utility's allocation of Bonneville power administration tier 1 power, as determined pursuant to a utility's tier 1 contract with the Bonneville power administration; (B) short-term spot market purchases; (C) generation that is found by the Washington utilities and transportation commission or a utility's governing board to be required to maintain reliable service and comply with applicable standards of the North American electric reliability corporation or its successor; and (D) increased megawatt-hours from a generation facility that is already owned by a utility where the utility's ownership interest in the facility does not increase.

(iii) A utility may acquire new generation other than conservation, eligible renewable resources, and storage for integration, ancillary services, load following, and peak load requirements only if the new generation is found by the Washington utilities and transportation commission or a utility's governing board to be required for such purposes.

(iv) A utility may only acquire existing Washington-based and Washington utility-owned hydropower in a year where a utility acquires new generation that individually or collectively serves more than ten percent of the utility's annual load. The hydropower acquired pursuant to this subsection (2)(e)(iv) may not exceed fifty percent of the new generation acquired by the utility.

(v) If a utility acquires a new ownership interest or contractual commitment in gas-fired generation after January 1, 2015, and before January 1, 2021, only the megawatt-hours needed to serve the utility's load in the year that the utility acquires such ownership interest or contractual commitment will be considered existing generation. Any increase in the megawatt-hours used or acquired by the utility after January 1, 2021, must be treated as new generation and is subject to the requirements of this subsection (2)(e).

(vi) For the purposes of this subsection, "storage" means a set of technologies capable of storing previously generated electric energy and releasing that energy at a later time. For the purposes of this subsection (2)(e), pumped storage projects are considered an energy storage tool for grid stabilization and improved integration of variable renewable energy resources and should not cause any additional adverse impacts to waterways. Adverse impacts may be in river, in-channel peaking, ramping, new pumping of groundwater, or diversion of surface water resources. Utilities should focus on reservoirs already built where water rights are already issued."

Reletter the remaining subsections consecutively and correct any internal references accordingly.

EFFECT: Replaces the compliance alternatives relating to carbon reduction investments with a compliance requirement beginning January 2021 applicable to new generation.