

HOUSE BILL REPORT

HB 2897

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to electric utility plans for distributed energy resources and transportation electrification.

Brief Description: Concerning electric utility plans for distributed energy resources and transportation electrification.

Sponsors: Representatives Morris and Tarleton.

Brief History:

Committee Activity:

Technology & Economic Development: 1/23/18, 2/1/18 [DPS].

Brief Summary of Substitute Bill

- Requires the governing authority of a municipal electric utility or the commission of a public utility district to engage in a distributed energy resources planning process that accomplishes certain goals before developing a transportation electrification plan.
- Authorizes the governing authority of a municipal electric utility or the commission of a public utility district to offer programs in the electrification of transportation for its customers if it makes a cost-effectiveness determination in accordance with a transportation electrification plan.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; Doglio, Harmsworth, Hudgins, McDonald, Santos, Slatter, Wylie and Young.

Minority Report: Do not pass. Signed by 6 members: Representatives Smith, Ranking Minority Member; DeBolt, Assistant Ranking Minority Member; Fey, Manweller, Nealey and Steele.

Staff: Nikkole Hughes (786-7156).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Municipal Electric Utilities and Public Utility Districts.

Municipalities are authorized to operate as utilities and set the rates and charges for the provision of water, sewer, electric power, heating fuel, solid waste removal, and transportation facility services. Public utility districts (PUD) are a type of special purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services. A PUD may operate on a countywide basis or may encompass a smaller jurisdiction. A PUD is governed by a board of either three or five elected commissioners.

Investor-Owned Utility Investment in Electric Vehicle Supply Equipment.

In establishing rates for privately-owned gas and electrical companies, the Utilities and Transportation Commission (UTC) must consider policies to improve access to and promote fair competition in the provision of electric vehicle supply equipment (EVSE) build-out. These policies may include, but are not limited to, allowing a rate of return on investment on capital expenditures for EVSE that is deployed for the benefit of ratepayers, provided that the capital expenditures do not increase costs to ratepayers in excess of 0.25 percent.

A rate of return on investment for EVSE build-out may only be allowed if the company chooses to pursue capital investment in EVSE on a fully regulated basis similar to other capital investments behind a customer's meter. The incentive rate of return is established by adding an increment of up to 2 percent to the rate of return on common equity permitted on the company's other investments.

Distributed Energy Resources Planning.

The 2017-2018 Operating Budget directed the UTC to, by December 31, 2017, report findings and recommendations to the energy committees of the Legislature on best practices and policies for electric utilities to develop distributed energy resources plans. The UTC was required to include in its report a review of policies and practices for distributed energy resources planning in other states, an inventory of current utility distribution planning practices and capabilities in Washington, and recommendations for using distributed energy resources planning to inform utility integrated resource plans.

In its 2017 report to the Legislature, the UTC recommended that any distributed energy resources planning policies adopted by the Legislature be broad and flexible, and suggested 10 best practices for distributed energy resources planning.

Summary of Substitute Bill:

The governing authority of a municipal electric utility or the commission of a public utility district may adopt a transportation electrification plan that, at a minimum, establishes a

finding that utility outreach and investment in the electrification of transportation infrastructure is:

- cost-effective, as determined using a methodology that assesses both the expected system benefits and expected costs to ratepayers served by the utility on the intra-distribution system; and
- within the limits established by the Constitution of the State of Washington.

In order to develop a transportation electrification plan, the governing authority or commission must first engage in a planning process that accomplishes the goals for distributed energy resources planning recommended in the UTC's 2017 report on current practices in distributed energy resources planning.

For a utility that elects to support public high-powered fast charging for electric vehicles exclusively, the planning process may focus on identifying and targeting appropriate circuits on the utility's distribution system for siting electric vehicle charging infrastructure of 50 kilowatts and above, or other increments of the utility's distribution system.

In adopting a transportation electrification plan, the governing authority or commission may consider all or some of the following:

- the applicability of multiple options for electrification of transportation across all customer classes;
- the impact of electrification on the utility's distribution load;
- system reliability and distribution system efficiencies;
- interoperability concerns; and
- overall customer experience.

The governing authority or commission may, upon making a cost-effectiveness determination under its transportation electrification plan, offer programs in the electrification of transportation for its customers, including advertising programs to promote the utility's or a third-party's services, incentives, or rebates.

Substitute Bill Compared to Original Bill:

The substitute bill:

- replaces references to specific goals that must be accomplished in a distributed energy resources planning process with a reference to the UTC's recommendations in its 2017 distributed energy resources planning report; and
- authorizes a municipal electric utility or a public utility district that elects to support public high-powered fast charging for electric vehicles exclusively to focus its distributed energy resources planning process on identifying and targeting appropriate circuits on the utility's distribution system.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Transportation electrification and distributed energy resources planning should not be conducted in silos.

(Opposed) None.

(Other) This bill provides clear legislative authority for municipal electric utilities to provide incentives for transportation electrification, but the distributed energy resources planning language should be considered separately. Municipal electric utilities and public utility districts should be able to incentivize transportation electrification as soon as possible.

Persons Testifying: (In support) Representative Morris, prime sponsor.

(Other) Joni Bosh, NW Energy Coalition; Uzma Siddiqi, Seattle City Light; Holly Chisa, ChargePoint; and Michael Mann, EVgo.

Persons Signed In To Testify But Not Testifying: None.