H-3962.1

SUBSTITUTE HOUSE BILL 1233

State of Washington 65th Legislature 2018 Regular Session

By House Technology & Economic Development (originally sponsored by Representatives Morris, Tarleton, and Hudgins)

READ FIRST TIME 01/30/18.

AN ACT Relating to enabling electric utilities to prepare for the distributed energy future; and adding a new section to chapter 19.280 RCW.

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

NEW SECTION. **Sec. 1.** A new section is added to chapter 19.280 RCW to read as follows:

(1) The legislature finds that the proliferation of distributed energy resources across the distribution system is rapidly transforming the relationships between electric utilities and their retail electric customers. The legislature finds that distributed energy resources planning allows electric utilities to better anticipate both the positive and negative impacts of this transformation by: Illuminating the interdependencies among customer-sited energy and capacity resources; identifying and quantifying customer values that are not represented in volumetric electricity rates; reducing or eliminating unnecessary and costly capital expenditures; maximizing system benefits for all retail electric customers; and identifying opportunities for improving access to transformative technologies for low-income and other underrepresented customer populations.

(2) Therefore, it is the policy of the state of Washington that any distributed energy resources planning process engaged in by an electric utility in the state should accomplish the following:

(a) Identify the data gaps that impede a robust planning process as well as any upgrades, such as but not limited to advanced metering and grid monitoring equipment, needed to obtain data that would allow the electric utility to quantify the locational and temporal value of resources on the distribution system.

(b) Propose monitoring and metering upgrades that are supported by a business case identifying how those upgrades will be leveraged to provide net benefits for customers.

(c) Identify potential programs and tariffs to fairly compensate customers for the value of their distributed energy resources, which may both produce and consume electricity and capacity from the distribution system individually or in groups, and ensure their optimal usage, including programs targeted at low-income customers.

(d) Forecast, using probabilistic models, the growth of distributed energy resources on the utility's distribution system.

(e) Provide, at a minimum, a ten-year plan for distribution system investments and an analysis of nonwires alternatives for major investments. This plan should include a process whereby near-term assumptions regularly inform and adjust the long-term projections of the plan. The goal of the plan should be to provide the most affordable investments for all customers and avoid reactive expenditures to accommodate unanticipated growth in distributed energy resources. An analysis that fairly considers wire-based and nonwires alternatives on equal terms is foundational to achieving this goal. The electric utility should be indifferent to the technology that is used to meet a particular resource need. The distribution system investment planning process should utilize a transparent approach that involves opportunities for stakeholder input and feedback.

(f) Competitively procure the distributed energy resources needs identified in the plan through detailed requests for proposals that identify the specific needs at each identified location. Competitive procurements that are tailored to solve specific needs, rather than to procure a specific resource, increase an electric utility's ability to identify the lowest cost, most efficient means of meeting distribution system needs. If the projected cost of a procurement is more than the calculated system net benefit, the electric utility

should then establish a pilot process that mimics the efficiencies of a competitive procurement.

(g) Include the distributed energy resources identified in the plan in the electric utility's integrated resource plan developed under this chapter. Distribution system plans should be used as inputs to the integrated resource planning process. Distributed energy resources may be used to meet system needs when they are not needed to meet a local distribution need. Including select distributed energy resources in the integrated resource planning process allows those resources to displace or delay system resources in the integrated resource plan.

(h) Include a high level discussion of how the electric utility is adapting cybersecurity and data privacy practices to the changing distribution system and the internet of things, including an assessment of the costs associated with ensuring customer privacy.

(i) Include a discussion of lessons learned from the planning cycle and identify process and data improvements planned for the next cycle.

(3) Beginning January 1, 2023, and every five years thereafter, the legislature shall review the state's policy pertaining to distributed energy resources planning under this chapter and determine how many electric utilities in the state have engaged or are engaging in a distributed energy resources planning process, whether the process has met the nine goals specified under subsection (2) of this section, and whether these goals need to be expanded or amended.

--- END ---