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SENATE BILL 6253

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State of Washington

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By Senators Ranker, Carlyle, Palumbo, Keiser, Lillas, Frockt, Kuderer, Chase, Hunt, and Saldaña

Read first time 01/11/18. Referred to Committee on Energy, Environment & Technology.

1 AN ACT Relating to establishing a clean, efficient, renewable  
2 energy standard; adding a new chapter to Title 19 RCW; creating a new  
3 section; prescribing penalties; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** The definitions in this section apply  
6 throughout this chapter unless the context clearly requires  
7 otherwise.

8 (1) "Attorney general" has the same meaning as defined in RCW  
9 19.285.030.

10 (2) "Auditor" has the same meaning as defined in RCW 19.285.030.

11 (3) "Carbon-free resource" includes: (a) A resource that emits no  
12 greenhouse gas pollution as part of its generation activity; or (b) a  
13 renewable resource.

14 (4) "Coal-fired resource" means a facility that uses coal-fired  
15 generating units, or that uses units fired in whole or in part by  
16 coal as feedstock, to generate electricity.

17 (5) "Coal transition power" has the same meaning as defined in  
18 RCW 80.80.010, as that section existed on the effective date of this  
19 section.

20 (6) "Commission" means the Washington state utilities and  
21 transportation commission.

1 (7) "Conservation" means any reduction in electric power  
2 resulting from increases in the efficiency of energy use, production,  
3 or distribution.

4 (8) "Consumer-owned utility" has the same meaning as defined in  
5 RCW 19.29A.010.

6 (9) "Contract high water mark" means the amount of firm power  
7 from tier 1 system resources each electric utility is eligible to  
8 purchase through a power sales contract with the Bonneville power  
9 administration.

10 (10) "Customer" has the same meaning as defined in RCW  
11 19.285.030.

12 (11) "Department" means the department of commerce or its  
13 successor.

14 (12) "Distributed energy resource" means an electric device that  
15 is not a fossil fuel generating resource and can produce or consume  
16 energy that is located on the distribution system or any subsystem of  
17 the distribution system, or behind the meter, and includes an energy  
18 storage resource, an energy generation technology, a demand response  
19 resource, an energy efficiency resource, an electric vehicle and  
20 associated supply equipment and systems, or aggregations and  
21 integrated control systems, including virtual power plants, micro-  
22 grids, and networks of micro-grid cells.

23 (13) "Electric generating unit" means the equipment required to  
24 convert the thermal energy in a fuel into electricity. In the case of  
25 a steam electric generation unit, the electric generating unit  
26 consists of all equipment involved in fuel delivery to the plant  
27 site, as well as individual boilers, any installed emission control  
28 equipment, and any steam turbine/generators dedicated to generating  
29 electricity. Where a steam turbine/generator is supplied by two or  
30 more boiler units, all boilers contributing to that steam turbine/  
31 generator comprise a single electric generating unit. All combustion  
32 units/boilers/combined-cycle turbines that produce steam for use in a  
33 single steam turbine/generator unit are part of the same electric  
34 generating unit.

35 (14) "Electric utility" has the same meaning as defined in RCW  
36 19.29A.010.

37 (15) "Fossil fuel generating resource" is an electric generating  
38 unit that emits greenhouse gases as part of the act of generating  
39 electricity, but not including any resource that meets the definition  
40 of eligible renewable resources.

1 (16) "Investor-owned utility" has the same meaning as defined in  
2 RCW 19.29A.010.

3 (17) "Low-income" means household income as defined by the  
4 department or commission, provided that the definition may not exceed  
5 eight percent of area median household income, adjusted for household  
6 size.

7 (18) "Market customer" means a nonresidential customer of an  
8 electric utility that: (a) Purchases electricity from an entity or  
9 entities other than the electric utility with which it is directly  
10 interconnected; or (b) generates electricity to meet its own needs.

11 (19) "New electricity need" means any electricity generation  
12 needed by a utility after the effective date of this section,  
13 including any new or increased ownership interest in a new or  
14 existing electricity generation facility or unit; and any new or  
15 increased contractual commitment that obligates or allows an electric  
16 utility to purchase a specified amount of megawatts or megawatt-hours  
17 from an electricity generation facility or unit, or a specified  
18 percentage of an electricity generation facility or unit, when this  
19 generation is used to meet any of the following:

20 (a) Electricity load growth;

21 (b) Changes in capacity needs;

22 (c) Changes in ancillary services needs;

23 (d) Changes in reliability needs;

24 (e) Changes in flexibility needs; or

25 (f) Needs arising due to replacing electricity generation or  
26 resource contracts.

27 (20) "Renewable energy credits" has the same meaning as defined  
28 in RCW 19.285.030.

29 (21) "Renewable resource" has the same meaning as defined in RCW  
30 19.285.030.

31 (22) "Rule" means rules adopted by an agency or other entity of  
32 Washington state government to carry out the intent and purposes of  
33 this chapter.

34 (23) "Short-term spot market purchase" means: (a) The purchase of  
35 energy on the spot market for immediate delivery; or (b) a contract  
36 for the purchase of electricity on the spot market that is for a term  
37 of one month or less.

38 (24) "Spot market" means a public financial market in which  
39 electricity is bought, sold, or traded for immediate delivery.

1 (25) "Tier 1 system" means the specific collection of resources  
2 and contract purchases that are designated for contract sales by the  
3 Bonneville power administration under the tiered rate methodology.

4 NEW SECTION. **Sec. 2.** (1) Except as provided in subsections (2)  
5 and (4) of this section, all electric utilities and market customers:

6 (a) May only meet new electricity needs with distributed energy  
7 resources and carbon-free resources; and

8 (b) Must meet all electricity needs with distributed energy  
9 resources and carbon-free resources by December 31, 2045.

10 (2) Hydroelectric generation may not include new diversions, new  
11 impoundments, new bypass reaches, or expansion of existing reservoirs  
12 constructed after the effective date of this section unless the  
13 diversions, bypass reaches, or reservoir expansions are necessary for  
14 the operation of a pumped storage facility that: (a) Does not  
15 conflict with existing state or federal fish recovery plans; and (b)  
16 complies with all local, state, and federal laws and regulations.

17 (3) An electric utility or market customer may not enter into a  
18 new contract for electricity generation to meet electricity needs if  
19 the contract does not specify the sources or origins of the  
20 electricity generation.

21 (4) Except as provided in RCW 19.285.030(15)(b), any tradable  
22 certificate of proof of a conservation or carbon-free resource,  
23 including but not limited to a renewable energy credit, associated  
24 with the portion of any resource or resources used to meet new energy  
25 or capacity needs under this section must be retired for the purposes  
26 of this section and cannot be sold, transferred, used for compliance  
27 with the requirements under this chapter, or used for other purposes.  
28 An electric utility may not use a tradable certificate of proof of a  
29 conservation or renewable resource, including but not limited to a  
30 renewable energy credit, to meet the requirements of this section if  
31 the associated energy or capacity has been sold, transferred, or  
32 otherwise used separately.

33 (5) Until December 31, 2045, nothing in this section precludes  
34 the use of any of the following resources to meet new electricity  
35 needs:

36 (a) An electric utility's contract high water mark allocation of  
37 Bonneville power administration's tier 1 system as it exists on the  
38 effective date of this section;

39 (b) Short-term spot market purchases;

1 (c) Renewal or extension of contracts in effect as of the  
2 effective date of this section, where the renewal or extension does  
3 not lead to any increase in the energy or capacity provided;

4 (d) Coal transition power through 2025;

5 (e) Generation resources owned as of the effective date of this  
6 section by a market customer and used to meet its own needs or an  
7 electric utility and used by that electric utility to meet the needs  
8 of its customers, until the generation resources are at the end of  
9 the facility's useful life, are retired, or cease operations; and

10 (f) Increased megawatt-hours from a generation facility that is  
11 owned by a market customer as of the effective date of this section  
12 and used to meet its own needs, or owned by an electric utility as of  
13 the effective date of this section and used to serve the utility's  
14 customers, and where the market customer's or utility's ownership  
15 interest in the facility does not increase.

16 (6) The requirements of this section do not replace or modify the  
17 requirements established under RCW 19.285.040 for an electric  
18 utility. As provided in subsection (3) of this section, the portion  
19 of any resource or resources used to meet new electricity needs under  
20 this section may not be used for compliance with the requirements  
21 under RCW 19.285.040.

22 NEW SECTION. **Sec. 3.** (1)(a) On or before January 1, 2030, all  
23 electric utilities must eliminate from electric rates all costs  
24 associated with delivering electricity to customers that is generated  
25 from a coal-fired resource. This does not include costs associated  
26 with decommissioning and remediation of these facilities.

27 (b) The commission may accelerate depreciation schedules for any  
28 coal-fired resource owned by investor-owned utilities to a date no  
29 later than January 1, 2030.

30 (2) No electric utility may extend the depreciation schedule for  
31 any fossil fuel generating resource.

32 NEW SECTION. **Sec. 4.** (1) An electric utility or market customer  
33 that fails to comply with the requirements in section 2 of this act  
34 must pay an administrative penalty to the state of Washington in the  
35 amount of fifty dollars for each megawatt-hour of electricity from a  
36 generation resource ineligible under section 2 of this act. Beginning  
37 in 2020, this penalty must be adjusted annually according to the rate  
38 of change of the inflation indicator, gross domestic product-implicit

1 price deflator, as published by the bureau of economic analysis of  
2 the United States department of commerce or its successor.

3 (2) For an investor-owned utility, the commission shall determine  
4 compliance with the provisions of this chapter and assess penalties  
5 for noncompliance as provided in subsection (1) of this section.

6 (3) For a consumer-owned utility, the department is responsible  
7 for auditing compliance with this chapter and rules adopted under  
8 this chapter that apply to those utilities and the attorney general  
9 is responsible for enforcing that compliance.

10 (4) For a market customer, the attorney general is responsible  
11 for enforcing compliance with this chapter, except that the  
12 commission is responsible for enforcing compliance with  
13 RCW 19.285.040 for a market customer of an investor-owned utility.

14 (5) If the commission determines that the investor-owned utility  
15 is unable to meet the requirements in section 2 of this act due to  
16 reasons beyond the reasonable control of an electric utility under  
17 subsection (7) of this section, the commission, in its discretion,  
18 may waive in whole or in part any otherwise applicable penalties.

19 (6) If the department determines that the consumer-owned utility  
20 is unable to meet the requirements in section 2 of this act due to  
21 reasons beyond the reasonable control of an electric utility under  
22 subsection (7) of this section, the department, in its discretion,  
23 may waive in whole or in part any otherwise applicable penalties.

24 (7) Events or circumstances that are outside of an electric  
25 utility's reasonable control may include, to the extent the event or  
26 circumstance could not be reasonably foreseen and ameliorated:

27 (a) Weather-related damage;

28 (b) Natural disasters;

29 (c) Mechanical or resource failure;

30 (d) Failure of electrical energy producers to meet carbon-free  
31 resource contractual obligations to the electric utility;

32 (e) Labor strikes or lockouts;

33 (f) Actions of governmental authorities that adversely affect the  
34 generation, transmission, or distribution of electrical energy from  
35 carbon-free resources under contract to an electric utility;

36 (g) The inability to obtain permits or land use approvals for  
37 electrical energy projects using carbon-free resources;

38 (h) The inability to acquire sufficient electrical energy from  
39 renewable resources;

1 (i) Substantial limitations, restrictions, or prohibitions on  
2 utility electrical energy projects from renewable resources; and

3 (j) Other events and circumstances of a similar nature.

4 (8) On or before June 1, 2020, and annually thereafter, each  
5 electric utility and market customer must report to the department on  
6 the electricity sources used to meet any new energy or capacity needs  
7 in accordance with section 2 of this act, including but not limited  
8 to the amount of megawatt-hours or megawatts needed and the amount of  
9 megawatt-hours of each type of resource acquired.

10 (9) Each investor-owned utility must also report all information  
11 required in subsection (8) of this section to the commission,  
12 and each consumer-owned utility must also make all information  
13 required in subsection (8) of this section available to the auditor.

14 (10) All utilities must also make reports required in this  
15 section available to its customers and each market customer must make  
16 all information required in subsection (8) of this section available  
17 to the attorney general.

18 NEW SECTION. **Sec. 5.** The commission, in the case of investor-  
19 owned utilities, and the department, in the case of consumer-owned  
20 utilities, shall adopt rules to implement sections 1 through 4 of  
21 this act and RCW 19.285.040.

22 NEW SECTION. **Sec. 6.** (1) The legislature finds and declares all  
23 of the following:

24 (a) There is insufficient information available to fully realize  
25 the potential of solar photovoltaic energy generation to serve low-  
26 income customers, including those in disadvantaged communities.

27 (b) There is insufficient understanding of the barriers to access  
28 for low-income customers to all forms of renewable energy being  
29 generated in the state.

30 (c) There is insufficient understanding of the barriers to access  
31 for low-income customers to energy efficiency investments.

32 (d) There is insufficient understanding of the barriers to access  
33 for low-income customers to zero emission and near-zero emission  
34 transportation options.

35 (2) By January 1, 2019, the department of commerce, with input  
36 from relevant state agencies and the public, shall conduct and  
37 complete a study on both of the following:

1 (a) Barriers to, and opportunities for, solar photovoltaic energy  
2 generation as well as barriers to, and opportunities for, access to  
3 other renewable energy by low-income customers; and

4 (b) Barriers to contracting opportunities for local small  
5 businesses in disadvantaged communities.

6 (3) By January 1, 2019, the department of commerce, with input  
7 from relevant state agencies and the public, shall develop and  
8 publish a study on barriers for low-income customers to energy  
9 efficiency and weatherization investments, including those in  
10 disadvantaged communities, as well as recommendations on how to  
11 increase access to energy efficiency and weatherization investments  
12 to low-income customers.

13 (4) By January 1, 2019, the department of commerce, with input  
14 from relevant state agencies and the public, shall develop and  
15 publish a study on barriers for low-income customers to zero emission  
16 and near-zero emission transportation options, including those in  
17 disadvantaged communities, as well as recommendations on how to  
18 increase access to zero emission and near-zero emission  
19 transportation options to low-income customers, including those in  
20 disadvantaged communities.

21 (5) The definitions in RCW 19.285.030 apply throughout this  
22 section.

23 (6) This section expires July 1, 2019.

24 NEW SECTION. **Sec. 7.** Sections 1 through 5 of this act  
25 constitute a new chapter in Title 19 RCW.

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