

**SHB 2586 - H AMD 1429**

By Representative Ramel

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that:

4 (1) Programs for the electrification of homes and buildings have  
5 the potential to allow electric utilities to optimize the use of  
6 electric grid infrastructure, improve the management of electric  
7 loads, better manage the integration of variable renewable energy  
8 resources, reduce greenhouse gas emissions from the buildings sector,  
9 and improve indoor air quality.

10 (2) Legislative clarity is important for utilities to offer  
11 programs and services, including incentives, in the electrification  
12 of homes and buildings for their customers. It is the intent of the  
13 legislature to achieve parity among all electric utilities so that  
14 each utility, depending on its unique circumstances, can determine  
15 its appropriate role in advancing home and building electrification  
16 for its customers.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 35.92  
18 RCW to read as follows:

19 (1) The governing authority of an electric utility formed under  
20 this chapter may adopt a beneficial electrification plan that  
21 establishes a finding that utility outreach and investment in the  
22 electrification of homes and buildings will provide net benefits to  
23 the utility. Prior to adopting a beneficial electrification plan, the  
24 governing authority must request the input of any natural gas company  
25 serving customers in the electric utility's service area on the  
26 development of the plan.

27 (2) A beneficial electrification plan adopted under subsection  
28 (1) of this section must identify options and program schedules for  
29 the electrification of various energy end-uses or other energy  
30 sources.

1 (3) In adopting a beneficial electrification plan under  
2 subsection (1) of this section, the governing authority of an  
3 electric utility formed under this chapter must determine that the  
4 sum of the benefits of an electrification option equals or exceeds  
5 the sum of its costs. As part of this determination, the governing  
6 authority may differentiate the level of benefits and costs accrued  
7 to highly impacted communities and vulnerable populations in the  
8 electric utility's service area, as those terms are defined in RCW  
9 19.405.020.

10 (a) The benefits of beneficial electrification considered by a  
11 governing authority must include but are not limited to system  
12 impacts, as well as the following:

13 (i) Utility revenue from increased retail load from beneficial  
14 electrification;

15 (ii) Distribution system efficiencies resulting from demand  
16 response or other load management opportunities, including direct  
17 control and dynamic pricing, associated with the increased retail  
18 load;

19 (iii) System reliability improvements;

20 (iv) The opportunity for indoor and outdoor air quality benefits  
21 to existing utility customers and customers from projects constructed  
22 after the effective date of this section;

23 (v) The opportunity for greenhouse gas emissions reductions from  
24 existing utility customers and customers from projects constructed  
25 after the effective date of this section, consistent with the  
26 emission reduction targets recommended by the department of ecology  
27 under RCW 70.235.020; and

28 (vi) Other benefits identified by the governing authority.

29 (b) The costs of beneficial electrification considered by a  
30 governing authority must include, but are not limited to:

31 (i) The electricity, which must be demonstrated to have a lower  
32 greenhouse gas emissions profile than direct-use natural gas, or any  
33 other resources used to serve or offset the increased retail load  
34 from beneficial electrification;

35 (ii) Any upgrades to the utility's distribution system or load  
36 management practices and equipment made necessary by the increased  
37 retail load; and

38 (iii) The cost of the incentive, advertising, or other  
39 inducements used to encourage customers to electrify an energy end-  
40 use currently served by a different fuel source.

1 (4) An electric utility formed under this chapter may, upon  
2 making a determination in accordance with subsection (1) of this  
3 section, offer incentives and other programs to accelerate the  
4 beneficial electrification of homes and buildings for its customers,  
5 including the promotion of electrically powered equipment,  
6 advertising beneficial electrification programs and projects,  
7 educational programs, and customer incentives or rebates. An electric  
8 utility offering such incentives and other programs must, when  
9 practical, prioritize service to highly impacted communities in the  
10 electric utility's service area, as that term is defined in RCW  
11 19.405.020.

12 (5) For the purposes of this section, "beneficial  
13 electrification" means electrification of an energy end-use in a way  
14 that provides a net benefit to the utility consistent with subsection  
15 (3) of this section.

16 (6) Nothing in this section limits the existing authority of an  
17 electric utility formed under this chapter to offer incentives and  
18 other programs to accelerate the electrification of homes and  
19 buildings for its customers if such electrification is in the direct  
20 economic interest of the electric utility.

21 NEW SECTION. **Sec. 3.** A new section is added to chapter 54.16  
22 RCW to read as follows:

23 (1) The commission of a public utility district may adopt a  
24 beneficial electrification plan that establishes a finding that  
25 outreach and investment in the electrification of homes and buildings  
26 will provide net benefits to the utility. Prior to adopting a  
27 beneficial electrification plan, the commission of a public utility  
28 district must request the input of any natural gas company serving  
29 customers in the public utility district's service area on the  
30 development of the plan.

31 (2) A beneficial electrification plan adopted under subsection  
32 (1) of this section must identify options and program schedules for  
33 the electrification of various energy end-uses or other energy  
34 sources.

35 (3) In adopting a beneficial electrification plan under  
36 subsection (1) of this section, the commission of a public utility  
37 district must determine that the sum of the benefits of an  
38 electrification option equals or exceeds the sum of its costs. As  
39 part of this determination, the commission may differentiate the

1 level of benefits and costs accrued to highly impacted communities  
2 and vulnerable populations in the public utility district's service  
3 area, as those terms are defined in RCW 19.405.020.

4 (a) The benefits of beneficial electrification considered by a  
5 commission must include but are not limited to system impacts, as  
6 well as the following:

7 (i) Utility revenue from increased retail load from beneficial  
8 electrification;

9 (ii) Distribution system efficiencies resulting from demand  
10 response or other load management opportunities, including direct  
11 control and dynamic pricing, associated with the increased retail  
12 load;

13 (iii) System reliability improvements;

14 (iv) The opportunity for indoor and outdoor air quality benefits  
15 to existing utility customers and customers from projects constructed  
16 after the effective date of this section;

17 (v) The opportunity for greenhouse gas emissions reductions from  
18 existing utility customers and customers from projects constructed  
19 after the effective date of this section, consistent with the  
20 emission reduction targets recommended by the department of ecology  
21 under RCW 70.235.020; and

22 (vi) Other benefits identified by the commission of the public  
23 utility district.

24 (b) The costs of beneficial electrification considered by a  
25 commission must include, but are not limited to:

26 (i) The electricity, which must be demonstrated to have a lower  
27 greenhouse gas emissions profile than direct-use natural gas, or any  
28 other resources used to serve or offset the increased retail load  
29 from beneficial electrification;

30 (ii) Any upgrades to the utility's distribution system or load  
31 management practices and equipment made necessary by the increased  
32 retail load; and

33 (iii) The cost of the incentive, advertising, or other  
34 inducements used to encourage customers to electrify an energy end-  
35 use currently served by a different fuel source.

36 (4) A public utility district may, upon making a determination in  
37 accordance with subsection (1) of this section, offer incentives and  
38 other programs to accelerate the beneficial electrification of homes  
39 and buildings for its customers, including the promotion of  
40 electrically powered equipment, advertising beneficial

1 electrification programs and projects, educational programs, and  
2 customer incentives or rebates. A public utility district offering  
3 such incentives and other programs must, when practical, prioritize  
4 service to highly impacted communities in the public utility  
5 district's service area, as that term is defined in RCW 19.405.020.

6 (5) For the purposes of this section, "beneficial  
7 electrification" means electrification of an energy end-use in a way  
8 that provides a net benefit to the utility consistent with subsection  
9 (3) of this section.

10 (6) Nothing in this section limits the existing authority of the  
11 commission of a public utility district to offer incentives and other  
12 programs to accelerate the electrification of homes and buildings for  
13 its customers if such electrification is in the direct economic  
14 interest of the public utility district.

15 NEW SECTION. **Sec. 4.** If any provision of this act or its  
16 application to any person or circumstance is held invalid, the  
17 remainder of the act or the application of the provision to other  
18 persons or circumstances is not affected."

19 Correct the title.

EFFECT: Provides that the governing body of a municipal electric utility or public utility district may adopt a beneficial electrification plan that establishes a finding of net benefits to the utility as a whole, rather than to the utility's customers specifically. Makes the list of benefits that must be considered mandatory rather than discretionary. Amends the definition of "beneficial electrification" such that it refers to a net benefit to the utility, rather than to the utility or utility customers.

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