

HOUSE BILL REPORT

HB 1512

As Reported by House Committee On:
Environment & Energy

Title: An act relating to the electrification of transportation.

Brief Description: Concerning the electrification of transportation.

Sponsors: Representatives Fey, Steele, Valdez, Ortiz-Self, Fitzgibbon, Klippert, Tarleton, Mead, Pollet, Jinkins, Boehnke, Slatter, DeBolt, Dent, Chapman, Frame, Stanford, Tharinger and Macri.

Brief History:

Committee Activity:

Environment & Energy: 2/4/19, 2/14/19 [DPS].

Brief Summary of Substitute Bill

- Authorizes the governing body of a municipal electric utility or public utility district to adopt an electrification of transportation plan and to offer incentive programs in the electrification of transportation.
- Authorizes an investor-owned utility to submit to the Utilities and Transportation Commission an electrification of transportation plan that deploys electric vehicle supply equipment (EVSE) or provides other electric transportation programs, services, or incentives to support electrification of transportation.
- Amends provisions authorizing an incentive rate of return on investment for EVSE build-out by investor-owned utilities.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Fitzgibbon, Chair; Lekanoff, Vice Chair; Doglio, Fey, Mead, Peterson and Shewmake.

Minority Report: Do not pass. Signed by 3 members: Representatives Shea, Ranking Minority Member; Dye, Assistant Ranking Minority Member; Boehnke.

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.

Minority Report: Without recommendation. Signed by 1 member: Representative DeBolt.

Staff: Nikkole Hughes (786-7156).

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 (PUDs) 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 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. The incentive rate of return on investment only applies to projects installed after July 1, 2015, and which are reasonably expected at the time they are placed in the rate base, to result in real and tangible benefits for ratepayers by being installed and located where electric vehicles are most likely to be parked for intervals longer than two hours.

Summary of Substitute Bill:

Municipal Electric Utilities and Public Utility Districts.

The governing body of a municipal electric utility or public utility district (PUD) may adopt an electrification of transportation plan that, at a minimum, establishes a finding that utility outreach and investment in the electrification of transportation infrastructure does not increase net costs to ratepayers in excess of 0.25 percent.

In adopting an electrification of transportation plan, the governing body may consider some or all of the following:

- the applicability of multiple options for transportation electrification across all customer classes;

- the impact of electrification on the utility's load, and whether demand response or other load management opportunities are operationally appropriate;
- system reliability and distribution system efficiencies;
- interoperability concerns, including the interoperability of hardware and software systems in electrification of transportation proposals; and
- overall customer experience.

Upon making a net cost determination, a municipal electric utility or a PUD may offer incentive programs in transportation electrification for its customers, including the promotion of electric vehicle adoption and advertising programs that promote the utility's services, incentives, or rebates.

Investor-Owned Utility Investment in Electric Vehicle Supply Equipment.

An investor-owned utility may submit to the Utilities and Transportation Commission (UTC) an electrification of transportation plan that deploys electric vehicle supply equipment (EVSE) or provides other electric transportation programs, services, or incentives to support electrification of transportation, provided that such EVSE programs or services do not increase costs to customers in excess of 0.25 percent above the benefits of electric transportation to all customers over a period consistent with the utility's planning horizon under its most recent integrated resource plan.

In reviewing an electrification of transportation plan by an investor-owned utility, the UTC may consider the following:

- the applicability of multiple options for electrification of transportation across all customer classes;
- the impact of electrification on the utility's load, and whether demand response or other load management opportunities are operationally appropriate;
- system reliability and distribution system efficiencies;
- interoperability concerns, including the interoperability of hardware and software systems in electrification of transportation proposals;
- the benefits and costs of the planned actions; and
- overall customer experiences.

The UTC must issue an acknowledgment of an electrification of transportation plan within six months of submittal of the plan. The UTC may establish by rule the requirements for preparation and submission of an electrification of transportation plan. An electric utility may submit an electrification of transportation plan before or during rulemaking proceedings.

The UTC may allow an incentive rate of return on investment through December 31, 2030, 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. The incentive rate of return on investment applies to any EVSE project that is installed after July 1, 2015.

Substitute Bill Compared to Original Bill:

The substitute bill:

- removes the requirement that the governing body of a municipal electric utility or public utility district establish a finding that investment in the electrification of transportation infrastructure is cost-effective and replaces it with a requirement that the governing body establish a finding that such investment does not increase net costs to ratepayers in excess of 0.25 percent;
 - specifies that a governing body may offer incentive programs in the promotion of electric vehicle adoption;
 - amends provisions relating to the Utilities and Transportation Commission's (UTC's) review and acknowledgment of an investor-owned utility's electrification of transportation plan; and
 - establishes an end date by which the UTC may allow an incentive rate of return on investment of December 31, 2030.
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Appropriation: None.

Fiscal Note: Available.

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 is the dominant source of carbon emissions in this state. Electrifying the transportation sector will reduce the state's overall carbon dioxide emissions. Municipal utilities need the authority to engage in the same activities that investor-owned utilities are currently authorized to engage in. The Northwest's seaports would like to electrify maritime vessels, but the ports need extra tools to make electrification cost-effective. This bill provides opportunities for the ports to collaborate with utilities for electrification infrastructure, which will reduce greenhouse gas emissions as well as other air pollutants from the maritime industry.

(Opposed) Utility customers should have access to the technologies that they would choose to use as drivers of electric vehicles. There are concerns around interoperability between utility electric vehicle infrastructure and private infrastructure.

Persons Testifying: (In support) Representative Fey, prime sponsor; Brendan O'Donnell, Seattle City Light; Sean Eagan, Northwest Seaport Alliance; Marian Dacca, Tacoma Public Utilities; Tim Boyd, Alliance of Western Energy Consumers; Isaac Kastama, Benton County Public Utility District and Franklin County Public Utility District; Laura Wilkeson, Puget Sound Energy; Kathleen Collins, Pacific Power; and Phil Jones, Alliance for Transportation Electrification.

(Opposed) Holly Chisa, ChargePoint.

Persons Signed In To Testify But Not Testifying: None.