

# SENATE BILL REPORT

## EHB 1126

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As Passed Senate, April 15, 2019

**Title:** An act relating to enabling electric utilities to prepare for the distributed energy future.

**Brief Description:** Enabling electric utilities to prepare for the distributed energy future.

**Sponsors:** Representatives Morris, Ryu, Wylie, Kloba and Young.

**Brief History:** Passed House: 3/11/19, 96-0.

**Committee Activity:** Environment, Energy & Technology: 3/14/19, 3/21/19 [DP, w/oRec].

**Floor Activity:**

Passed Senate: 4/15/19, 46-2.

### Brief Summary of Bill

- Establishes a declaration of state policy that any distributed energy resources planning process engaged in by an electric utility should accomplish certain goals.
- Requires the Legislature to conduct an initial review of the state's policy pertaining to distributed energy resources by January 1, 2023, and a full review by January 1, 2026, and every four years thereafter.

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### SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

**Majority Report:** Do pass.

Signed by Senators Carlyle, Chair; Fortunato, Assistant Ranking Member, Environment; Sheldon, Assistant Ranking Member, Energy & Technology; Billig, Brown, Das, Hobbs, Liias, McCoy, Nguyen, Short and Wellman.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Palumbo, Vice Chair.

**Staff:** Kimberly Cushing (786-7421)

**Background:** Integrated Resource Plan. All investor-owned and consumer-owned electric utilities in the state with more than 25,000 customers must develop integrated resource plans (IRPs). All other electric utilities in the state, including those that essentially receive all their

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power from the Bonneville Power Administration, must file either an IRP or a less-detailed resource plan.

An IRP must describe the mix of generating resources and conservation and efficiency resources that will meet current and projected needs at the lowest reasonable cost to the utility and its ratepayers. An IRP must include a number of components, such as an assessment of commercially available conservation and efficiency resources.

Distributed Energy Resources Planning. Under the 2017-2019 operating budget, the Legislature directed the Utilities and Transportation Commission (UTC) to report by December 31, 2017, findings and recommendations to the energy committees of the Legislature on best practices and policies for electric utilities to develop distributed energy resources plans (DER). 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 IRPs.

In its December 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 ten best practices for distributed energy resources planning.

**Summary of Bill:** State Distributed Energy Resources Policy. It is Washington State's policy, that any DER planning process by electric utilities in Washington should accomplish the following:

- identify the data gaps that impede a robust planning process as well as any upgrades needed to obtain data that would allow the electric utility to quantify the locational and temporal value of resources on the distribution system;
- propose monitoring, control, and metering upgrades that will be leveraged to provide net benefits for customers;
- identify potential programs and tariffs to fairly compensate customers for the value of their DER;
- forecast the growth of DER on the utility's distribution system;
- provide, at a minimum, a ten-year plan for distribution system investments and an analysis of nonwires alternatives for major transmission and distribution investments, with a goal to provide the most affordable investments for all customers and avoid reactive expenditures to accommodate unanticipated growth in DER;
- include the DER identified in the electric utility's IRP;
- include a discussion of how the electric utility is adapting cybersecurity and data privacy practices to the changing distribution system and the Internet of things; and
- include a discussion of lessons learned from the planning cycle and identify data and process improvements for the next cycle.

To ensure procurement decisions are based on current cost and performance data for DER, an electric utility may procure cost-effective DER needs identified in any DER plan through a process that is price-based and technologically neutral. The governing body, for a consumer-owned utility, or the UTC, for an investor-owned utility, may approve a pilot process to gain a better understanding of the costs and benefits of DER, if the projected cost of a procurement is more than the calculated system net benefit of the identified DER.

Legislative Review of Distributed Energy Resources Planning. By January 1, 2023, the Legislature must conduct an initial review of the state's policy pertaining to DER planning.

By January 1, 2026, and every four years thereafter, the Legislature must conduct a full review of the state's DER planning policy, and determine how many electric utilities in the state are engaging in a DER planning process, whether the process has met the goals specified by the state's policy, and whether these goals need to be expanded or amended.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** None.

**Persons Testifying:** No one.

**Persons Signed In To Testify But Not Testifying:** No one.