

SENATE BILL REPORT

SHB 1512

As Reported by Senate Committee On:
Environment, Energy & Technology, March 21, 2019

Title: An act relating to the electrification of transportation.

Brief Description: Concerning the electrification of transportation.

Sponsors: House Committee on Environment & Energy (originally sponsored by Representatives Fey, Steele, Valdez, Ortiz-Self, Fitzgibbon, Klippert, Tarleton, Mead, Pollet, Jinkins, Boehnke, Slatter, DeBolt, Dent, Chapman, Frame, Stanford, Tharinger and Macri).

Brief History: Passed House: 3/12/19, 64-33.

Committee Activity: Environment, Energy & Technology: 3/20/19, 3/21/19 [DP, DNP].

Brief Summary of Bill

- Authorizes the governing bodies of a municipal utility or a public utility district commission to adopt an electrification of transportation plan (plan) that establishes that utility outreach and investment in the electrification of transportation infrastructure does not increase net costs to ratepayers in excess of 0.25 percent.
- Authorizes a regulated electric utility to submit a plan that establishes that utility outreach and investment in the electrification of transportation infrastructure does not increase net costs to ratepayers in excess of 0.25 percent.
- Expires the incentive rate of return on investment authorized by the Utilities and Transportation Commission for electric vehicle supply equipment deployed consistent with a plan on December 31, 2030.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass.

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

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: Do not pass.

Signed by Senator Fortunato, Assistant Ranking Member, Environment.

Staff: Angela Kleis (786-7469)

Background: Municipal Utilities Public Utility Districts. Municipal utilities in Washington are authorized to provide residents with gas, electricity, water, and other services that are charged by rates or fixed prices. A municipal utility that intends to acquire or construct a public utility must generally submit the matter for a public vote.

Formed in 1931 by Initiative 1, a public utility district (PUD) is a municipal corporation authorized to provide electricity, water and sewer services, and wholesale telecommunications.

Utilities and Transportation Commission. The Utilities and Transportation Commission (UTC) is a three-member commission appointed by the Governor and confirmed by the Senate. The UTC regulates the rates, services, facilities, and practices of utilities and transportation services.

Incentive Rate of Return on Investment. The UTC is authorized to allow an incentive rate of return on investment on capital expenditures for electric vehicle supply equipment (EVSE) deployed for the benefit of ratepayers, provided that the expenditures did not increase costs to ratepayers in excess of 0.25 percent. The incentive rate of return applied only to projects installed after July 1, 2015, and resulted in real and tangible benefits for ratepayers by being installed and located where electric vehicles were most likely to be parked for intervals longer than two hours.

Summary of Bill: Municipal Utilities and PUDs. The governing authority of a municipal utility or a PUD commission may adopt a plan that, at a minimum, establishes utility outreach and investment in the electrification of transportation infrastructure. The plan must not increase net costs to ratepayers in excess of 0.25 percent.

The governing authority of a municipal utility or a PUD commission may consider the following when adopting a plan:

- applicability of multiple options across all customer classes;
- impact on the utility's load, and whether demand response or load management opportunities are operationally appropriate;
- system reliability and distribution system efficiencies;
- interoperability concerns; and
- overall customer experience.

Upon determining that the plan meets specified criteria, the governing body of a municipal utility or a PUD commission may offer incentive programs in the electrification of transportation for its customers.

A regulated electric utility may submit to the UTC a plan that deploys EVSE or provides other programs, services, or incentives to support the electrification of transportation. The EVSE, programs, or services must not increase costs to customers in excess of 0.25 percent

above the benefits of electric transportation to all customers over a period specified under its most recent integrated resource plan.

The UTC must issue an acknowledgement of a plan within six months of submittal and may establish by rule the requirements for preparation and submission of a plan. An electric utility may submit a plan before or during rule-making proceedings.

Incentive Rate of Return on Investment. The incentive rate of return on investment on capital expenditures for EVSE deployed consistent with a plan submitted by a regulated electric utility expires on December 31, 2030. The restriction that the incentive rate of return on investment only applies to projects located where EVs are likely to be parked for intervals longer than two hours is removed.

Appropriation: None.

Fiscal Note: Available.

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: PRO: Multiple stakeholders were involved in the development of this bill. There is statewide support for the bill. We appreciate that the bill gives utilities the authority to develop programs for customers. The electrification of transportation will reduce emissions. Infrastructure costs are major barriers to installing EVSE.

There are two benefits from enabling utilities to be active participants in the electrification of transportation: (1) electrification at scale has the potential to drive down costs for all customers, and (2) utility involvement in the electrification of the market will allow multiple customers to reap the benefits. Leveling the playing field for municipalities, PUDs, and investor owned utilities can help move the state forward in preserving competitive clean technology.

Persons Testifying: PRO: Representative Jake Fey, Prime Sponsor; Brendan O'Donnell, Seattle City Light; Phil Jones, Alliance for Transportation Electrification; Marian Dacca, Tacoma Public Utilities; Michael Breish, Washington Department of Commerce; Greg Rock, Carbon Washington; Isaac Kastama, Benton PUD, Franklin PUD.

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