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**SENATE BILL 5666**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** Senators Liias, Carlyle, Conway, Das, Hunt, Lovelett, Nguyen, Pedersen, Randall, Rolfes, Saldaña, Salomon, and Stanford; by request of Office of the Governor

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1 AN ACT Relating to the authority of publicly owned electric  
2 utilities to engage in targeted electrification through the adoption  
3 of plans that establish a finding that utility outreach and  
4 investment in the conversion of its customers' end use equipment from  
5 fossil fuels to electricity will provide net benefits to the utility;  
6 amending RCW 35.92.430 and 54.16.390; amending 2007 c 349 ss 1 and 3  
7 (uncodified); adding a new section to chapter 35.92 RCW; and adding a  
8 new section to chapter 54.16 RCW.

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

10 NEW SECTION. **Sec. 1.** A new section is added to chapter 35.92  
11 RCW to read as follows:

12 (1) The governing authority of an electric utility formed under  
13 this chapter may adopt a plan that establishes a finding that utility  
14 outreach and investment in the electrification of its customers' end  
15 use equipment in residential and commercial buildings will provide  
16 net benefits to the utility. Prior to adopting a targeted  
17 electrification plan, the governing authority must request public  
18 comment on the development of the plan.

19 (2) A targeted electrification plan adopted under subsection (1)  
20 of this section must identify options and program schedules for the

1 targeted electrification of various energy end uses or energy  
2 sources.

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

12 (a) The benefits of targeted electrification considered by a  
13 governing authority may include, but are not limited to, system  
14 impacts, as well as the following:

15 (i) Utility revenue from increased retail load from targeted  
16 electrification;

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

21 (iii) System reliability improvements;

22 (iv) Indoor and outdoor air quality benefits to existing utility  
23 customers and customers from projects constructed after the effective  
24 date of this section;

25 (v) Reductions in greenhouse gas emissions from existing utility  
26 customers and customers from projects constructed after the effective  
27 date of this section, taking into consideration the compliance  
28 obligations of the utility under chapter 70A.65 RCW and the statewide  
29 greenhouse gas emissions limits in RCW 70A.45.020;

30 (vi) Public health benefits, such as resilience to extreme heat  
31 and wildfire smoke for low-income customers, highly impacted  
32 communities, and vulnerable populations as those terms are defined in  
33 RCW 19.405.020; and

34 (vii) Other benefits identified by the governing authority.

35 (b) The costs of targeted electrification considered by a  
36 governing authority must include, but are not limited to:

37 (i) The electricity, which must be demonstrated to have, during  
38 the life span of the electric equipment, a lower greenhouse gas  
39 emissions profile than direct use natural gas or any other resources

1 used to serve or offset the increased retail load from targeted  
2 electrification;

3 (ii) Any upgrades to the utility's distribution or transmission  
4 system or load management practices and equipment made necessary by  
5 the increased retail load; and

6 (iii) The cost of the incentives, advertising, or other  
7 inducements used to encourage customers to electrify an energy end  
8 use currently served by a different fuel source.

9 (4) An electric utility formed under this chapter may, upon  
10 adopting a plan in accordance with subsection (1) of this section,  
11 offer incentives and establish other programs to accelerate the  
12 targeted electrification of homes and buildings for its customers,  
13 including the promotion of electrically powered equipment,  
14 advertising targeted electrification programs and projects,  
15 educational programs, and customer incentives or rebates. An electric  
16 utility offering these incentives and other programs must prioritize  
17 service to vulnerable populations and highly impacted communities in  
18 the electric utility's service area, as the terms are defined in RCW  
19 19.405.020.

20 (5) In complying with this section, an electric utility must,  
21 consistent with the requirements of RCW 19.280.030 and 19.405.140,  
22 ensure that all customers are benefiting from the transition to clean  
23 energy through the equitable distribution of energy and nonenergy  
24 benefits and reduction of burdens to vulnerable populations and  
25 highly impacted communities, as those terms are defined in RCW  
26 19.405.020, including: Long-term and short-term public health and  
27 environmental benefits and reduction of costs and risks; and energy  
28 security and resiliency.

29 (6) For the purposes of this section, "targeted electrification"  
30 means the conversion to electricity from a fossil fuel or wood of an  
31 energy end use or energy source in a way that provides a net benefit  
32 to the utility as determined consistent with subsection (3) of this  
33 section.

34 (7) Nothing in this section limits the existing authority of an  
35 electric utility formed under this chapter to offer incentives and  
36 other programs to accelerate the electrification of homes and  
37 buildings for its customers if the electrification is in the direct  
38 economic interest of the electric utility.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 54.16

2    RCW to read as follows:

3        (1) The commission of a public utility district may adopt a  
4    targeted electrification plan that establishes a finding that  
5    outreach and investment in the electrification of its customers' end  
6    use equipment in residential and commercial buildings will provide  
7    net benefits to the utility. Prior to adopting a targeted  
8    electrification plan, the commission of a public utility district  
9    must request public comment on the development of the plan.

10       (2) A targeted electrification plan adopted under subsection (1)  
11    of this section must identify options and program schedules for the  
12    electrification of various energy end uses or energy sources.

13       (3) In adopting a targeted electrification plan under subsection  
14    (1) of this section, the commission of a public utility district must  
15    determine that the sum of the benefits of an electrification option  
16    equals or exceeds the sum of its costs. As part of this  
17    determination, the commission may differentiate the level of benefits  
18    and costs accrued to highly impacted communities and vulnerable  
19    populations in the public utility district's service area, as those  
20    terms are defined in RCW 19.405.020.

21       (a) The benefits of targeted electrification considered by a  
22    commission may include, but are not limited to, system impacts, as  
23    well as the following:

24       (i) Utility revenue from increased retail load from targeted  
25    electrification;

26       (ii) Distribution and transmission system efficiencies resulting  
27    from demand response or other load management opportunities,  
28    including direct control and dynamic pricing, associated with the  
29    increased retail load;

30       (iii) System reliability improvements;

31       (iv) Indoor and outdoor air quality benefits to existing utility  
32    customers and customers from projects constructed after the effective  
33    date of this section;

34       (v) Reductions in greenhouse gas emissions from existing utility  
35    customers and customers from projects constructed after the effective  
36    date of this section, taking into consideration the compliance  
37    obligations of the utility under chapter 70A.65 RCW and the statewide  
38    greenhouse gas emissions limits in RCW 70A.45.020;

39       (vi) Public health benefits, such as resilience to extreme heat  
40    and wildfire smoke for low-income customers, highly impacted

1 communities, and vulnerable populations as those terms are defined in  
2 RCW 19.405.020; and

3 (vii) Other benefits identified by the commission of the public  
4 utility district.

5 (b) The costs of targeted electrification considered by a  
6 commission must include, but are not limited to:

7 (i) The electricity, which must be demonstrated to have, during  
8 the life span of the electric equipment, a lower greenhouse gas  
9 emissions profile than direct use natural gas or any other resources  
10 used to serve or offset the increased retail load from the targeted  
11 electrification;

12 (ii) Any upgrades to the utility's distribution or transmission  
13 system or load management practices and equipment made necessary by  
14 the increased retail load; and

15 (iii) The cost of the incentives, advertising, or other  
16 inducements used to encourage customers to electrify an energy end  
17 use currently served by a different fuel source.

18 (4) A public utility district may, upon adopting a plan in  
19 accordance with subsection (1) of this section, offer incentives and  
20 establish other programs to accelerate the targeted electrification  
21 of homes and buildings for its customers, including the promotion of  
22 electrically powered equipment, advertising targeted electrification  
23 programs and projects, educational programs, and customer incentives  
24 or rebates. A public utility district offering these incentives and  
25 other programs must prioritize service to vulnerable populations and  
26 highly impacted communities in the public utility district's service  
27 area, as those terms are defined in RCW 19.405.020.

28 (5) In complying with this section, an electric utility must,  
29 consistent with the requirements of RCW 19.280.030 and 19.405.140,  
30 ensure that all customers are benefiting from the transition to clean  
31 energy through the equitable distribution of energy and nonenergy  
32 benefits and reduction of burdens to vulnerable populations and  
33 highly impacted communities, as those terms are defined in RCW  
34 19.405.020, including: Long-term and short-term public health and  
35 environmental benefits and reduction of costs and risks; and energy  
36 security and resiliency.

37 (6) For the purposes of this section, "targeted electrification"  
38 means the conversion to electricity from a fossil fuel or wood of an  
39 energy end use or energy source in a way that provides a net benefit

1 to the utility as determined consistent with subsection (3) of this  
2 section.

3 (7) Nothing in this section limits the existing authority of the  
4 commission of a public utility district to offer incentives and other  
5 programs to accelerate the electrification of homes and buildings for  
6 its customers if the electrification is in the direct economic  
7 interest of the public utility district.

8 **Sec. 3.** 2007 c 349 s 1 (uncodified) is amended to read as  
9 follows:

10 The legislature finds and declares that greenhouse ((gases)) gas  
11 offset contracts, credits, and other greenhouse ((gases)) gas  
12 mitigation efforts, including targeted electrification as defined in  
13 section 1 of this act, are a recognized utility purpose that confers  
14 a direct benefit on the utility's ratepayers. The legislature  
15 declares that ((section 2 of this act)) RCW 35.92.430 is intended to  
16 reverse the result of *Okeson v. City of Seattle* (January 18, 2007),  
17 by expressly granting municipal utilities the statutory authority to  
18 engage in mitigation activities to offset their utility's impact on  
19 the environment.

20 **Sec. 4.** RCW 35.92.430 and 2007 c 349 s 2 are each amended to  
21 read as follows:

22 (1) A city or town authorized to acquire and operate utilities  
23 for the purpose of furnishing the city or town and its inhabitants  
24 and other persons with water, with electricity for lighting and other  
25 purposes, or with service from sewerage, stormwater, surface water,  
26 or solid waste handling facilities, may develop and make publicly  
27 available a plan to reduce its greenhouse ((gases)) gas emissions or  
28 achieve no-net emissions from all sources of greenhouse gases that  
29 the utility owns, leases, uses, contracts for, or otherwise controls.

30 (2) A city or town authorized to acquire and operate utilities  
31 for the purpose of furnishing the city or town and its inhabitants  
32 and other persons with water, with electricity for lighting and other  
33 purposes, or with service from sewerage, stormwater, surface water,  
34 or solid waste handling facilities, may, as part of its utility  
35 operation, mitigate the environmental impacts, such as greenhouse  
36 ((gases)) gas emissions, of its operation, including any power  
37 purchases. The mitigation may include, but is not limited to, those  
38 greenhouse ((gases)) gas mitigation mechanisms recognized by

1 independent, qualified organizations with proven experience in  
2 emissions mitigation activities. Mitigation mechanisms may include  
3 the purchase, trade, and banking of greenhouse ((gases)) gas offsets  
4 or credits. If a state greenhouse ((gases)) gas registry is  
5 established, a utility that has purchased, traded, or banked  
6 greenhouse ((gases)) gas mitigation mechanisms under this section  
7 shall receive credit in the registry. Mitigation may also include  
8 implementation of programs including, but not limited to, targeted  
9 electrification programs that result in quantifiable and verifiable  
10 reductions in greenhouse gas emissions from homes and buildings  
11 located in the utility's service territory. A utility may promote and  
12 advertise a greenhouse gas emissions mitigation program to its  
13 ratepayers.

14 **Sec. 5.** 2007 c 349 s 3 (uncodified) is amended to read as  
15 follows:

16 The legislature finds and declares that greenhouse ((gases)) gas  
17 offset contracts, credits, and other greenhouse ((gases)) gas  
18 mitigation efforts, including targeted electrification as defined in  
19 section 1 of this act, are a recognized utility purpose that confers  
20 a direct benefit on the utility's ratepayers. The legislature  
21 declares that ((section 4 of this act)) RCW 54.16.390 is intended to  
22 reverse the result of *Okeson v. City of Seattle* (January 18, 2007),  
23 by expressly granting public utility districts the statutory  
24 authority to engage in mitigation activities to offset their  
25 utility's impact on the environment.

26 **Sec. 6.** RCW 54.16.390 and 2007 c 349 s 4 are each amended to  
27 read as follows:

28 (1) A public utility district may develop and make publicly  
29 available a plan for the district to reduce its greenhouse ((gases))  
30 gas emissions or achieve no-net emissions from all sources of  
31 greenhouse gases that the district owns, leases, uses, contracts for,  
32 or otherwise controls.

33 (2) A public utility district may, as part of its utility  
34 operation, mitigate the environmental impacts, such as greenhouse  
35 ((gases)) gas emissions, of its operation and any power purchases.  
36 Mitigation may include, but is not limited to, those greenhouse  
37 ((gases)) gas mitigation mechanisms recognized by independent,  
38 qualified organizations with proven experience in emissions

1 mitigation activities. Mitigation mechanisms may include the  
2 purchase, trade, and banking of greenhouse (~~gases~~) gas offsets or  
3 credits. If a state greenhouse (~~gases~~) gas registry is established,  
4 a public utility district that has purchased, traded, or banked  
5 greenhouse (~~gases~~) gas mitigation mechanisms under this section  
6 shall receive credit in the registry. Mitigation may also include  
7 implementation of programs including, but not limited to, targeted  
8 electrification programs that result in quantifiable and verifiable  
9 reductions in greenhouse gas emissions from homes and buildings  
10 located in the public utility district's service territory. A public  
11 utility district may promote and advertise a greenhouse gas emissions  
12 mitigation program to its ratepayers.

13 NEW SECTION. **Sec. 7.** If any provision of this act or its  
14 application to any person or circumstance is held invalid, the  
15 remainder of the act or the application of the provision to other  
16 persons or circumstances is not affected.

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