

# HOUSE BILL REPORT

## HB 1192

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**As Reported by House Committee On:**  
Environment & Energy

**Title:** An act relating to electric power system transmission planning.

**Brief Description:** Concerning electric power system transmission planning.

**Sponsors:** Representatives Duerr, Doglio, Berry, Ramel, Fitzgibbon, Lekanoff and Pollet; by request of Office of the Governor.

**Brief History:**

**Committee Activity:**

Environment & Energy: 1/19/23, 2/13/23 [DPS].

**Brief Summary of Substitute Bill**

- Requires electric utility Integrated Resource Plans (IRPs) to include a 20-year, rather than 10-year, forecast of the availability and requirements for regional generation and transmission capacity, and adds to IRP transmission assessment requirements.
- Requires electric utilities to consider conditional firm transmission services when selecting and acquiring renewable resources.
- Requires electric utilities to seek support from federal, interstate, and industry entities to plan and develop transmission capacity, and encourages utilities to engage in statewide, multiutility, and interstate transmission planning processes.
- Directs the Energy Facility Site Evaluation Council (EFSEC) to oversee the siting of transmission facilities that are at least 500,000 volts alternating current or at least 300,000 volts direct current, and are located in more than one county and one electric utility service territory.
- Directs the EFSEC to coordinate state agency environmental review for federally-proposed or sited transmission projects.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

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## HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Doglio, Chair; Mena, Vice Chair; Berry, Duerr, Fey, Lekanoff, Ramel, Slatter and Street.

**Minority Report:** Without recommendation. Signed by 6 members: Representatives Dye, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member; Abbarno, Barnard, Couture and Goehner.

**Staff:** Megan McPhaden (786-7114).

### **Background:**

#### Integrated Resource Plans and Clean Energy Action Plans.

Investor-owned electric utilities and consumer-owned electric utilities with 25,000 or more customers that are not fully served by the Bonneville Power Administration (BPA) must develop Integrated Resource Plans (IRPs). Utilities with fewer than 25,000 customers, or that are fully served BPA customers, must either file an IRP or complete a less-detailed resource plan. An IRP must be updated at least every four years by statute and the Utilities and Transportation Commission requires updated IRPs every odd-numbered year.

Of the multiple requirements for IRPs, a utility must include an assessment and 10-year forecast of the availability of regional generation and transmission capacity on which the utility may rely on to provide and deliver electricity to its customers.

#### Clean Energy Action Plans.

The Clean Energy Transformation Act (CETA) of 2019 required utilities to include within their IRPs a 10-year Clean Energy Action Plan with specific actions to be taken by the utility to implement the following CETA standards: (1) eliminate coal-fired resources from their allocation of electricity by the end of 2025; (2) ensure that all retail sales of electricity to Washington customers are greenhouse gas neutral by the beginning of 2030; and (3) supply 100 percent of retail electricity to Washington customers with nonemitting and renewable resources by the beginning of 2045.

One of a utility's requirements for Clean Energy Action Plans is that they must identify any need to develop new, or expand or upgrade existing, bulk transmission and distribution facilities.

#### The Energy Facility Site Evaluation Council.

The Energy Facility Site Evaluation Council (EFSEC) provides a single siting process for the construction, reconstruction, and enlargement of certain energy facilities located in the state. The EFSEC coordinates all evaluation and licensing steps for siting certain energy facilities, as well as specifies the conditions of construction and operation. After evaluating

an application, the EFSEC submits a recommendation either approving or rejecting an application to the Governor, who makes the final decision on site certification. If approved by the Governor, a site certification agreement is issued in lieu of any other individual state or local agency permits.

#### Energy Facilities Covered Under EFSEC Laws.

Certain facilities are required to participate in the EFSEC process, while others may opt-in. Facilities that must seek certification through the EFSEC process include energy plants such as nuclear power facilities, facilities that receive and store natural gas, facilities that process petroleum, biorefineries, and electrical transmission facilities, with many size and other specifications. The facilities that may opt-in to EFSEC's processes include clean energy product manufacturing facilities, storage facilities, all types of renewable natural gas facilities, and renewable and green electrolytic hydrogen energy facilities.

The EFSEC is the state authority for purposes of siting electrical transmission facilities, which are electrical power lines and related equipment. The preapplication requirements for electrical transmission facilities involve a process that includes public hearings and consideration of any corridors designated for transmission by local jurisdictions. Where there are no corridor designations by local jurisdictions, the applicant must attempt to reach agreement with local jurisdictions on a corridor plan. If no corridor plan is agreed upon, the applicant must propose a recommended corridor for the electrical transmission facilities and the EFSEC must consider the applicant's proposed corridor when making a recommendation.

The EFSEC's authority is limited to approving the siting of the construction, reconstruction, or modification resulting in a significant change of electrical transmission facilities that are located in a national interest electric transmission corridor as designated by the Secretary of the United States Department of Energy.

Applicants for an electrical transmission facility may opt in to participating in the EFSECs processes if that electrical transmission facility is:

- at least 115,000 volts; and
- located in more than one jurisdiction that has promulgated land use plans or zoning ordinances.

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#### **Summary of Substitute Bill:**

##### Extended Forecast and Transmission Assessment Requirements for Integrated Resource Plans.

The length of time for an electric utility's required forecast of its generation and transmission capacity is increased from 10 to 20 years in the Integrated Resource Plan (IRP) requirements.

A utility's transmission assessment requirements are expanded so that it must take into account:

- the state's greenhouse gas emissions reduction limits;
- opportunities to make more effective use of existing transmission capacity through improved transmission system operating practices, energy efficiency, demand response, grid modernization, nonwires solutions, and other programs; and
- the electrification of transportation and other end uses historically met using fossil fuels.

The transmission assessment must also identify the utility's expected needs to develop new, or expand and upgrade existing, bulk transmission facilities.

Utilities are encouraged to engage in statewide or multiutility planning activities and interstate transmission planning processes to meet IRP transmission planning requirements.

#### Documentation of Transmission Efforts in Clean Energy Action Plans.

An electric utility's Clean Energy Action Plan must document existing and planned efforts by the utility to make more effective use of existing transmission capacity and secure additional transmission capacity consistent with the requirements of its transmission assessment and 20-year forecast in its IRP.

A requirement is removed that the Department of Commerce and the Utilities and Transportation Commission adopt rules to establish the requirements for incorporating a cumulative impact analysis for developing Clean Energy Action Plans by 2021.

#### Energy Facility Site Evaluation Council.

The Energy Facility Site Evaluation Council (EFSEC) must now oversee the siting of additional transmission facilities, specifically the construction, reconstruction, or enlargement of new or existing electrical transmission facilities that are:

- of a nominal voltage of at least 500,000 volts alternating current or at least 300,000 volts direct current;
- located in more than one county; and
- located in the Washington service area of more than one retail electric utility.

For projects proposed or sited by a federal agency, the Director of the EFSEC must coordinate state agency participation in environmental review under the National Environmental Protection Act.

#### New Requirement for Electric Utilities to Consider Conditional Firm Transmission Services

Electric utilities must reasonably consider conditional firm transmission services when selecting and acquiring renewable resources.

Conditional firm service is defined in the bill as any form of long-term firm point-to-point

transmission service in which transmission customers can reserve service, subject to certain conditions under which the transmission provider may curtail the transmission customer's reservation before curtailing other firm service.

New Requirement for Electric Utilities to Seek Transmission Planning and Development Support.

To improve the planning and development of transmission capacity, electric utilities must seek support from at least the following federal, interstate, and voluntary industry organizations with a role in the bulk power transmission system: (1) the Bonneville Power Administration; (2) the Pacific Northwest Electric Power and Conservation Planning Council; (3) NorthernGrid; (4) the Western Power Pool; and (5) public interest organizations.

**Substitute Bill Compared to Original Bill:**

As compared to the original bill, the substitute bill:

- adds intent language to clarify that the option to use local government permitting processes remain available to transmission projects are not subject to the jurisdiction of the Energy Facility Site Evaluation Council (EFSEC);
- adds intent language highlighting the need to accelerate the timeline for transmission development while protecting Washington values;
- clarifies that the transmission assessment in an Integrated Resource Plan must include opportunities to make more effective use of existing transmission capacity through improved transmission system operating practices and non-wires solutions;
- clarifies that the Clean Energy Action Plan must document existing and planned efforts by the utility to make more effective use of existing transmission capacity; and
- specifies that the transmission projects that must seek the EFSEC's certification are of a nominal voltage of at least 500,000 volts alternating current or at least 300,000 volts direct current.

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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) The demand for electricity is growing fast, and this bill will play an important role in the state's transition to clean energy. Transmission is fundamental for our long-term needs and will help pull in renewable clean energy resources from across the Western United States to support our economy and energy system. Transmission infrastructure

cannot be built overnight, and meeting state clean energy targets will require building a significant amount of new or upgraded transmission lines, so we need to plan ahead. Reforms are necessary to meet our needs, and this bill reforms how we plan for transmission power. Transmission planning currently happens on a 10-year timeframe, with forecasted generation based on historical loads, but projects take 10 to 15 years to build. By shifting planning to a 20-year timeframe, with forecasts based on policy requirements, transmission will be built to meet the needs of the Clean Energy Transformation Act. Planning for resources and transmission is not new to utilities; this will not be unduly burdensome and includes reasonable requirements. Planning needs to more inclusive and reflect community values. At least a couple of utilities are already doing much of the planning required by the bill. The Transmission Corridors Work Group's recommendations led to this bill, and the Work Group included representation from many groups. The bill provides strong guidance for utilities and ensures all utilities use the same baseline information. This will look beyond the needs of individual utilities. The bill also requires projects of statewide significance to go through the Energy Facility Site Evaluation Council (EFSEC) for permitting approval. The provision that transmission planners consider conditional firm transmission is good. The Bonneville Power Administration (BPA) plays a critical role and there is hope that they will coordinate and see this bill as a state priority. Increasing transmission capacity and planning across state will drive down the land use we may need in Washington. A transparent and coordinated process will help ensure customers do not overpay. This bill could go further; there is support for programmatic environmental impact statement language for streamlined permits for transmission-related facilities in existing corridors. There is also support for the additional related funding in the Governor's budget.

(Opposed) None.

(Other) Language should be added to the intent section that a transmission provider can continue to use local permitting for transmission lines less than 500,000 volts. State policy is not needed for conditional firm contracts, and a company's current Federal Energy Regulatory Commission tariff and this subsection could be in conflict, so this should be removed. This bill does not address the main challenge of future transmission development, which is the difficulty of timely and predictable siting and permitting, which would require clearer standards and firmer deadlines for agency decision-making. Planning is a worth discussing, but a lot of this planning is already happening in the region. Extending transmission forecasts to 20 years is more speculative. It is good the bill highlights the need for additional transmission capacity. Most utilities receive transmission service through the BPA under contracts, so it would be prudent to exempt those utilities from the Integrated Resource Plan requirements. It would be helpful to have clarity of process, collaboration, and compromise in the bill. Conditional firm service is valuable. The timeline should be strengthened by including firmer timelines and accountability measures for the EFSEC and other agencies to complete their reviews of transmission applications. We should expand the use of tiered environmental analyses such as programmatic environmental impact statements.

**Persons Testifying:** (In support) Representative Davina Duerr, prime sponsor; Anna Lising, Office of the Governor; Kathleen Drew, Energy Facility Site Evaluation Council; Ann Rendahl, Utilities and Transportation Commission; Glenn Blackmon, Department of Commerce; Debra Smith, Seattle City Light; Logan Bahr, Tacoma Public Utilities; Justin Allegro, The Nature Conservancy; Cassie Bordelon; and Amy Wheelless.

(Other) John Rothlin, Avista; Jay Balasbas, PacifiCorp; Spencer Gray, Northwest and Intermountain Power Producers Coalition; John Rothlin, Avista; Nicolas Garcia, Washington Public Utility Districts Association; and Peter Godlewski, Association of Washington Business.

**Persons Signed In To Testify But Not Testifying:** None.