

# FINAL BILL REPORT

## HB 1416

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Synopsis as Enacted

**Brief Description:** Applying the affected market customer provisions of the Washington clean energy transformation act to nonresidential customers of consumer-owned utilities.

**Sponsors:** Representatives Doglio, Ramel, Berry, Lekanoff and Reed; by request of Department of Commerce.

**House Committee on Environment & Energy**

**Senate Committee on Environment, Energy & Technology**

### **Background:**

Washington Clean Energy Transformation Act.

*Clean Energy Transformation Act Standards.*

Under the Clean Energy Transformation Act (CETA), electric utilities must:

- eliminate coal-fired resources from their allocation of electricity by December 31, 2025 (Coal Elimination Standard);
- ensure that all retail sales of electricity to Washington customers are greenhouse gas neutral by January 1, 2030 (Greenhouse Gas Neutral Standard); and
- supply 100 percent of all retail sales of electricity to Washington customers with nonemitting and renewable resources by January 1, 2045 (Clean Energy Standard).

*Market Customers.*

Market customers are nonresidential retail electric customers of an electric utility that either: (1) purchase electricity from an entity or entities other than the utility with which the customer is directly interconnected; or (2) generate electricity to meet 100 percent of the customer's own needs.

*Affected Market Customers.*

An affected market customer is a customer of an investor-owned utility who becomes a market customer after May 7, 2019 (the effective date of the CETA). Affected market customers must comply with the Greenhouse Gas Neutral Standard and the Clean Energy

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Standard.

*Penalties for Utilities and Affected Market Customers.*

Along with electric utilities, affected market customers that fail to comply with the Coal Elimination Standard or Greenhouse Gas Neutral Standard must pay an administrative penalty of \$100 for each megawatt-hour of electric generation used to meet load that is not electricity from a renewable resource or nonemitting electric generation, multiplied by one of the following factors:

- 1.5 for coal-fired resources;
- 0.84 for gas-fired peaking power plants; and
- 0.60 for gas-fired combined-cycle power plants.

Beginning in 2027 this penalty must be adjusted every other year based on inflation. Beginning in 2040 the Utilities and Transportation Commission (UTC) may adopt rules to increase this penalty for investor-owned utilities if the UTC determines that doing so will accelerate utilities' compliance with the CETA standards and that doing so is in the public interest.

**Summary:**

The affected market customer provisions of the Clean Energy Transformation Act are extended to cover customers of not only investor-owned utilities, but also customers of consumer-owned utilities.

**Votes on Final Passage:**

House	58	39
Senate	30	19

**Effective:** July 23, 2023