
SECOND SUBSTITUTE HOUSE BILL 1036

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Morris, Hudgins, Morrell, Linville, B. Sullivan and Goodman)

READ FIRST TIME 3/5/07.

1 AN ACT Relating to purchasing of renewable energy by public
2 entities; adding a new section to chapter 43.19 RCW; adding a new
3 chapter to Title 43 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds and declares that
6 increasing the state's investment in renewable energy resources will
7 provide a number of public benefits, including reducing greenhouse gas
8 emissions and other pollutants, increasing energy diversity and
9 security, and furthering economic development opportunities,
10 particularly in emerging energy technologies. Therefore, to further
11 these important goals, the legislature intends to establish renewable
12 energy targets for state agencies that will gradually increase the
13 state's reliance on renewable energy resources, in the hope that the
14 state can be a leader in investing in clean, renewable energy
15 technologies.

16 NEW SECTION. **Sec. 2.** The definitions in this section apply
17 throughout this chapter unless the context clearly requires otherwise.

1 (1) "Department" means the department of community, trade, and
2 economic development.

3 (2) "Director" means the director of the department of community,
4 trade, and economic development.

5 (3) "Eligible renewable energy resource" has the same meaning as in
6 RCW 19.285.030.

7 (4) "Pacific Northwest" means the states of Alaska, Idaho, Montana,
8 Oregon, and Washington, and the Canadian provinces of Alberta and
9 British Columbia.

10 (5) "Renewable energy credit" has the same meaning as in RCW
11 19.285.030.

12 (6) "State agency" means any state board, commission, bureau,
13 committee, department, institution, division, or tribunal in the
14 legislative, executive, or judicial branch of state government, and
15 includes all elective offices, the state legislature, institutions of
16 higher education created and supported by state government, and courts
17 that are fully supported by state government. It does not include
18 political subdivisions; units of local government; superior, district,
19 and municipal courts; school districts; municipal corporations; quasi-
20 municipal corporations; special purpose districts; or local service
21 districts.

22 (7) "Sustainable energy project" means a project located at a state
23 facility that utilizes fuel cells, high-efficiency cogeneration with an
24 efficiency level above seventy percent, and other emerging energy
25 technologies that reduce air pollution from existing technologies and
26 have significant potential for commercialization.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.19 RCW
28 to read as follows:

29 (1) Except as provided in subsection (2) of this section, each
30 state agency shall meet the following electricity consumption targets:

31 (a) The eligible renewable energy resource percentage of total
32 annual electric usage is at least twenty percent by January 1, 2010;

33 (b) The eligible renewable energy resource percentage of total
34 annual electric usage is at least sixty percent by January 1, 2012; and

35 (c) The eligible renewable energy resource percentage of total
36 annual electric usage is one hundred percent by January 1, 2014.

1 (2) These renewable energy targets shall not apply if the
2 department of general administration is unable to obtain enough
3 renewable energy resources or renewable energy credits from a facility
4 in the state or in the Pacific Northwest region to satisfy the targets.

5 (3) In acquiring resources to meet these renewable energy targets,
6 the director shall work with the department of general administration.
7 The director will identify for the department of general administration
8 the proportional amount of renewable energy resources that are already
9 included as part of each state agency's electric utility's base
10 resources, and the additional amount of renewable energy resources or
11 renewable energy credits necessary to satisfy the targets established
12 in subsection (1) of this section.

13 (4) In meeting the renewable energy targets, a state agency may
14 include the following resources:

15 (a) A state agency's proportionate amount of renewable energy
16 resources that are included in their electric utility's base resources;

17 (b) Direct purchases of renewable energy credits from a provider
18 other than the utility program;

19 (c) Eligible renewable energy resources; or

20 (d) The efficiency savings or reduction in carbon dioxide emissions
21 that results from a sustainable energy project.

22 (5) The department may use the annual fuel mixture disclosure data
23 submitted by all utilities in the state under chapter 19.29A or 19.285
24 RCW to determine the amount of eligible renewable energy resources in
25 their utility's base load.

26 (6) The department of general administration is authorized to
27 negotiate and purchase on behalf of state agencies renewable energy
28 credits. The department of general administration shall give priority
29 to renewable energy credits generated in Washington state. If no
30 renewable energy credits are available in the state, the department of
31 general administration may purchase renewable energy credits from the
32 Pacific Northwest region. The department of general administration
33 shall retire any renewable energy credit purchased to satisfy a target.

34 NEW SECTION. **Sec. 4.** (1) The department shall establish a clear
35 sky program to encourage the development of sustainable energy
36 technologies such as fuel cells, high-efficiency cogeneration, and
37 other emerging energy technologies that significantly reduce air

1 pollution. The director may establish policies and procedures
2 necessary for processing, reviewing, and approving loan applications
3 made under this chapter.

4 (2) The department, in conjunction with the department of general
5 administration, may submit a request for proposals for potential
6 sustainable energy projects.

7 (3) The director may only approve a loan application submitted by
8 a state agency for a sustainable energy project if the project meets
9 the following criteria:

10 (a) The project will use fuel cells, high-efficiency cogeneration,
11 or an emerging energy technology that significantly reduces air
12 pollution;

13 (b) The project is located at a state facility;

14 (c) The project does not require continued state support; and

15 (d) The project will be owned by the state once the loan amount has
16 been satisfied.

17 (4) The director shall prioritize applications based on the
18 following criteria:

19 (a) The extent to which the project will result in carbon dioxide
20 reduction;

21 (b) The extent to which the project will result in economic
22 benefits for the citizens of the state; and

23 (c) The extent to which the project demonstrates an emerging
24 technology and assists that technology in moving towards
25 commercialization.

26 (5) The director may award a loan application to a state agency
27 that meets the eligibility criteria under this section.

28 (6) The director shall enter into agreements with approved state
29 agencies to fix the terms and rates of the loan award. The agreement
30 shall include provisions to protect the state's investment, including
31 a requirement that the state agency enter into contracts with any
32 partners that may be involved in the use of any funds provided under
33 this program, including services, facilities, infrastructure, or
34 equipment. Contracts with any partners shall become part of the
35 application record.

36 (7) Any energy efficiency savings generated through operations by
37 a loan recipient under this section must be used for loan payments
38 until the loan award has been satisfied.

1 NEW SECTION. **Sec. 5.** The clean streams and clear sky subaccount
2 is created as a subaccount of the energy freedom account. All receipts
3 from appropriations made to the clean streams and clear sky subaccount
4 shall be deposited into the subaccount. Expenditures from the
5 subaccount may be used only for projects and activities authorized
6 under this chapter and under the clean streams program established in
7 chapter . . . (Proposed Substitute House Bill No. 1035 (H-2146.3/07)),
8 Laws of 2007. In no circumstances shall more than fifty percent of the
9 moneys in the subaccount be used for a single program or technology.

10 NEW SECTION. **Sec. 6.** Sections 2, 4, and 5 of this act constitute
11 a new chapter in Title 43 RCW.

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