
HOUSE BILL 1007

State of Washington 61st Legislature 2009 Regular Session

By Representatives Morris, Chase, Morrell, Lias, Anderson,
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Technology, Energy & Communications.

1 AN ACT Relating to creating a sustainable energy trust; and adding
2 a new chapter to Title 80 RCW.

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

4 NEW SECTION. **Sec. 1.** The legislature intends to promote the
5 development of sustainable energy resources and smart energy
6 technologies and to improve system reliability by establishing utility-
7 based sustainable energy trusts that can be used to reduce the cost of
8 deploying sustainable energy projects and smart energy technologies in
9 the state.

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

12 (1) "Commission" means the Washington state utilities and
13 transportation commission.

14 (2) "Consumer-owned utility" includes a municipal electric utility
15 formed under Title 35 RCW, a public utility district formed under Title
16 54 RCW, an irrigation district formed under chapter 87.03 RCW, a
17 cooperative formed under chapter 23.86 RCW, a mutual corporation or
18 association formed under chapter 24.06 RCW, a port district formed

1 under Title 53 RCW, or a water-sewer district formed under Title 57
2 RCW, that is authorized to and engaged in the business of distributing
3 electricity or natural gas to one or more retail customers in the
4 state.

5 (3) "Department" means the energy policy division of the department
6 of community, trade, and economic development.

7 (4) "Electric utility" means an investor-owned utility and
8 consumer-owned utility that is authorized to and engaged in the
9 business of distributing electricity to one or more retail customers in
10 the state.

11 (5) "Investor-owned utility" means a corporation owned by investors
12 that meets the definition of RCW 80.04.010 and is engaged in
13 distributing electricity or natural gas to more than one retail
14 electric customer in the state.

15 (6) "Natural gas utility" means an investor-owned utility or a
16 consumer-owned utility that is authorized to and engaged in the
17 business of distributing natural gas to one or more retail customers in
18 the state.

19 (7) "Smart energy" means the use of technology to allow electrical
20 networks to operate efficiently and to link small-scale sustainable
21 energy resources to the grid.

22 (8) "Sustainable energy resources" means (a) an eligible renewable
23 resource, as defined in RCW 19.285.030; (b) high-efficiency
24 cogeneration with an efficiency level above seventy percent; or (c)
25 other emerging energy technologies that significantly reduce pollution
26 from existing technologies and have significant potential for
27 commercialization.

28 NEW SECTION. **Sec. 3.** If approved by the commission, for investor-
29 owned utilities, or the governing board, for consumer-owned utilities,
30 all electric and natural gas utilities may collect a monthly smart and
31 sustainable energy charge from all retail electricity and natural gas
32 customers served by the utility. The purpose of the smart and
33 sustainable energy charge is to foster the growth, development, and
34 commercialization of sustainable energy resources of five megawatts or
35 less or smart energy technologies that are connected to the
36 distribution system of an electric utility. To encourage utility

1 investment in distributed generation, as defined in RCW 19.285.030, and
2 high-efficiency cogeneration, proceeds collected through the charge may
3 be used to cover above market costs of those resources.

4 NEW SECTION. **Sec. 4.** (1) Before collecting a smart and
5 sustainable energy charge, a consumer-owned utility must prepare and
6 submit to its governing board a sustainable energy trust proposal
7 consisting of the following: A list of proposed sustainable energy
8 resource or smart energy technology projects; a project management plan
9 for each proposed project containing technical milestones and
10 stage-gates; the cost of each project; the amount required to be
11 collected through a smart and sustainable energy charge to develop each
12 project; and the estimated time frame for collecting the smart and
13 sustainable energy charge.

14 (2) Consumer-owned utilities shall make available upon request the
15 list of proposed and approved projects and the project management plans
16 for each project.

17 NEW SECTION. **Sec. 5.** (1) Upon application by an investor-owned
18 utility, the commission may approve a sustainable energy trust proposal
19 and smart and sustainable energy charge if it determines, after a
20 public hearing, that the sustainable energy trust proposal is complete
21 and in the public interest and that collection of the charge from
22 retail customers is neither unduly discriminatory nor preferential.

23 (2) A sustainable energy trust proposal must include: A list of
24 the proposed sustainable energy resource or smart energy technology
25 projects; a project management plan for each proposed project
26 containing budgets, technical milestones, and performance criteria; the
27 cost of each project; a detailed description of how each sustainable
28 energy resource or smart energy technology project could ultimately
29 produce benefits for the investor-owned utility's customers and the
30 potential magnitude of the benefits; the amount required to be
31 collected through a smart and sustainable energy charge to develop each
32 project; and the estimated time frame for collecting the smart and
33 sustainable energy charge.

34 (3) In approving a sustainable energy trust proposal, the
35 commission shall consider factors such as: The particular
36 circumstances and needs of the investor-owned utility's energy supply

1 and delivery systems; the magnitude of the potential benefits of
2 proposed projects for the utility's customers; whether the potential
3 customer benefits are unique to the proposing utility's system; whether
4 the proposed projects duplicate or could be coordinated with research
5 and development already underway at another utility or in another
6 relevant context; whether the proposed project costs and budgets are
7 reasonable and commensurate with the potential customer benefits;
8 whether the utility has secured all reasonably available grants or
9 funding to combine with customer funds to be generated by the smart and
10 sustainable energy charge; whether the utility's shareholders are
11 contributing funds or otherwise bearing a fair portion of the research
12 risk; and any other matter the commission determines is relevant to the
13 proposal.

14 (4) The commission may retain the services of one or more experts
15 to assist in its review of an investor-owned utility's sustainable
16 energy trust proposal.

17 (5) The commission may adopt rules as necessary to govern
18 applications, review, approval, and oversight of sustainable energy
19 trust proposals and projects.

20 (6) Investor-owned utilities shall make available upon request the
21 list of proposed and approved projects and the project management plans
22 and budget for each project.

23 NEW SECTION. **Sec. 6.** (1)(a) Upon approval of the sustainable
24 energy trust proposal by the governing board, a consumer-owned utility
25 may collect a smart and sustainable energy charge for a time approved
26 by the governing board.

27 (b) Upon approval of the sustainable energy trust proposal by the
28 commission, an investor-owned utility may collect a smart and
29 sustainable energy charge in an amount, for the purposes of and for a
30 time approved by the commission.

31 (2) The monthly smart and sustainable energy charge shall be up to
32 and no more than one dollar and ninety cents per customer and may vary
33 by rate class.

34 (3) Funds collected from the smart and sustainable energy charge
35 shall be used by an electric or natural gas utility solely to develop
36 sustainable energy resource or smart energy technology projects as
37 approved by a governing board or the commission.

1 (4) Funds collected from the smart and sustainable energy charge
2 shall be deposited in a sustainable energy trust account established
3 and maintained by the utility and separate from other accounts.

4 (5) Interest accrued to the account must be reinvested into the
5 sustainable energy trust account and spent on sustainable energy
6 resource or smart energy technology projects.

7 (6) No more than five percent of funds may be used by an electric
8 or natural gas utility for administrative purposes.

9 (7)(a) Beginning on November 1, 2009, each electric consumer-owned
10 utility whose governing board has approved the collection of a smart
11 and sustainable energy charge shall submit the approved sustainable
12 energy trust proposal to the department.

13 (b) The department of community, trade, and economic development
14 shall utilize the information received in (a) of this subsection in the
15 biennial energy report.

16 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute
17 a new chapter in Title 80 RCW.

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