
SENATE BILL 5464

State of Washington

62nd Legislature

2011 Regular Session

By Senators Rockefeller, Kastama, Delvin, and Chase

Read first time 01/26/11. Referred to Committee on Environment, Water & Energy.

1 AN ACT Relating to creating the clean energy partnership; amending
2 RCW 28B.38.020 and 28B.38.070; reenacting and amending RCW 43.325.040;
3 adding a new chapter to Title 43 RCW; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that a dynamic,
6 public-private clean energy partnership is needed to implement the
7 clean energy leadership council's plan. The partnership should be
8 highly competent, flexible, and have the ability to provide leadership
9 and coordinate projects with a range of public and private entities.

10 The legislature finds that the Washington technology center and the
11 Spokane intercollegiate research and technology institute have the
12 optimal flexibility, statutory authorities, and administrative
13 capabilities required to support a clean energy partnership and to
14 achieve the performance metrics and outcomes of a clean energy
15 partnership.

16 It is the intent of the legislature to establish a clean energy
17 partnership as a joint endeavor between the Washington technology
18 center and Spokane intercollegiate research and technology institute.
19 The clean energy partnership will have lead responsibility for

1 developing and managing state programs and funding initiatives related
2 to expanding the clean energy sector in Washington state, coordinating
3 high-leverage clean energy initiatives, and implementing the clean
4 energy leadership council's recommendations. Primary responsibility
5 for developing and setting state energy policy should remain with the
6 state energy office and other state agencies as provided in statute.

7 NEW SECTION. **Sec. 2.** The Washington clean energy partnership is
8 created. The partnership shall develop, implement, and manage programs
9 and funding initiatives related to expanding the clean energy sector in
10 Washington. The partnership shall coordinate clean energy initiatives
11 and implement the clean energy leadership council's recommendations
12 provided in the Washington state clean energy leadership plan report.

13 NEW SECTION. **Sec. 3.** The definitions in this section apply
14 throughout this chapter unless the context clearly requires otherwise.

15 (1) "Committee" means the clean energy sector advisory committee.

16 (2) "Director" means the director of the partnership.

17 (3) "Partnership" means the Washington clean energy partnership.

18 NEW SECTION. **Sec. 4.** (1) The partnership shall be administered
19 jointly by the Washington technology center and the Spokane
20 intercollegiate research and technology institute or successor agency.

21 (2)(a) The executive directors of the Washington technology center
22 and Spokane intercollegiate research and technology institute shall,
23 with the approval of the clean energy sector advisory committee created
24 in section 6 of this act, select and jointly appoint an executive
25 director to manage the partnership.

26 (b) The executive director shall have complete charge of and
27 supervisory powers over the partnership.

28 (3) The executive director shall consult with the committee created
29 in section 6 of this act.

30 (4) State and federal funds, grants, private gifts, or
31 contributions to further the purpose of the Washington clean energy
32 partnership shall be appropriated to the Spokane intercollegiate
33 research and technology institute or its successor agency and deposited
34 into the Washington clean energy partnership fund created in RCW
35 28B.38.020.

1 (5) The Spokane intercollegiate research and technology institute
2 shall perform, in conjunction with the Washington technology center
3 under a performance contract, the work of the partnership.

4 NEW SECTION. **Sec. 5.** (1) The partnership shall, as funds are
5 available:

6 (a) Implement the strategy and recommendations of the clean energy
7 leadership council including implementing the first three market-
8 driving initiatives identified by the council in its 2010 report:

9 (i) Energy efficiency and green buildings, including smart grid;

10 (ii) Integration of renewable energy, including smart grid; and

11 (iii) Biomass and biofuels;

12 (b) Assess periodically other potential opportunities and add
13 market-driving initiatives if justified by comprehensive analysis;

14 (c) Serve as the primary point of contact and lead entity in the
15 state for developing and coordinating clean energy-related initiatives
16 and funding programs targeted at expanding the clean energy sector;

17 (d) Secure a minimum of fifty percent nonstate funds for projects
18 undertaken by the partnership, however nonstate funds or moneys that
19 the partnership is directed to manage that have different matching
20 contribution requirements are not subject to this subsection (1)(d);

21 (e) Use state funding to demonstrate state commitment, serve as a
22 catalyst for attracting matching funding from multiple sources, and
23 stimulate collaborative projects among other purposes;

24 (f) Submit an annual report to the legislature and the governor by
25 November 1st with recommendations on policy alignment and regulatory
26 barriers that limit the growth of clean energy in Washington as well as
27 a discussion of best practices encountered in implementing the
28 market-driving initiatives;

29 (g) Use all existing administrative capabilities and unique
30 authorities of Spokane intercollegiate research and technology
31 institute and Washington technology center to facilitate innovative,
32 effective public-private partnerships and to help expand innovative
33 companies;

34 (h) Work with the public and private utilities and the utilities
35 and transportation commission to align state investments, policies, and
36 the work of the partnership, with the operations of utilities,

1 including investor-owned utilities regulated by the utilities and
2 transportation commission;

3 (i) Work with the legislature to establish a long-term, stable
4 funding strategy appropriate for supporting the partnership;

5 (j) Track, identify, and create opportunities to attract federal
6 and other nonstate funding, and make recommendations for increasing
7 Washington's success rate in receiving federal and other nonstate
8 funds;

9 (k) Work with regional public and private utilities to identify a
10 process for understanding and prioritizing their goals and make
11 recommendations for aligning, coordinating, and leveraging the
12 partnership's investments with the needs of regional utilities in ways
13 that help accelerate the growth of clean energy jobs and technology in
14 the region;

15 (l) Participate fully in federal and other governmental programs
16 and take such actions as are necessary and consistent with this chapter
17 to secure for the partnership and the people of the state the benefits
18 of those programs and to meet their requirements; and

19 (m) Conduct analyses as necessary to identify and communicate to
20 policymakers the best opportunities for Washington to maintain and
21 expand the clean energy sector in Washington state.

22 (2) After the effective date of this section, existing programs and
23 initiatives targeted at expanding the clean energy sector, including
24 the energy freedom program in chapter 43.325 RCW, state energy office
25 funds, and applicable federal state energy program funds directed to
26 support the clean energy sector shall be aligned and strategically
27 managed to support the partnership. The partnership shall approve any
28 expenditures or grants from these programs. This does not apply to
29 funds as carried out by the state energy policy. Within two years, any
30 funds associated with expanding the clean energy sector, as determined
31 by the partnership, must be moved to the Washington clean energy
32 partnership fund created in RCW 28B.38.070.

33 (3) Existing policy and regulatory functions of the state energy
34 office shall remain with the state energy office.

35 NEW SECTION. **Sec. 6.** (1) The clean energy sector advisory
36 committee is created. The director of the partnership shall appoint up
37 to twenty members. A majority of the clean energy sector advisory

1 committee must consist of representatives from companies or
2 organizations that are directly involved with developing, deploying, or
3 operating clean energy solutions. The committee members shall select
4 a member to serve as its chair. The chair of the committee shall serve
5 on the board of the Spokane intercollegiate research and technology
6 institute.

7 (2) Duties of the committee include:

8 (a) Approving the appointment of the executive director of the
9 partnership;

10 (b) Approving the annual operating budget of the partnership;

11 (c) Providing strategic guidance to the executive director on the
12 needs of the clean energy sector; and

13 (d) Establishing priorities for the use of partnership funds,
14 including approving the allocation of funds to projects.

15 **Sec. 7.** RCW 28B.38.020 and 1998 c 344 s 10 are each amended to
16 read as follows:

17 (1) The institute shall be administered by the board of directors.

18 (2) The board shall consist of the following members:

19 (a) Nine members of the general public. Of the general public
20 membership, at least six shall be individuals who are associated with
21 or employed by technology-based or manufacturing-based industries and
22 have broad business experience and an understanding of high technology;

23 (b) The executive director of the Washington technology center or
24 the director's designee;

25 (c) The provost of Washington State University or the provost's
26 designee;

27 (d) The provost of Eastern Washington University or the provost's
28 designee;

29 (e) The provost of Central Washington University or the provost's
30 designee;

31 (f) The provost of the University of Washington or the provost's
32 designee;

33 (g) An academic representative from the Spokane community colleges;

34 (h) One member from Gonzaga University; (~~and~~)

35 (i) One member from Whitworth (~~College~~) University; and

36 (j) The chair of the clean energy sector advisory committee created
37 in section 6 of this act.

1 (3) The term of office for each board member, excluding the
2 executive director of the Washington technology center, the provosts of
3 Washington State University, Eastern Washington University, Central
4 Washington University, (~~and~~) the University of Washington, and the
5 chair of the clean energy sector advisory committee, shall be three
6 years. The executive director of the institute shall be an ex officio,
7 nonvoting member of the board. Board members shall be appointed by the
8 governor. Initial appointments shall be for staggered terms to ensure
9 the long-term continuity of the board. The board shall meet at least
10 quarterly.

11 (4) The duties of the board include:

12 (a) Developing the general operating policies for the institute;

13 (b) Appointing the executive director of the institute;

14 (c) Approving the annual operating budget of the institute;

15 (d) Establishing priorities for the selection and funding of
16 research projects that guarantee the greatest potential return on the
17 state's investment;

18 (e) Approving and allocating funding for (~~research~~) projects
19 conducted by the institute;

20 (f) In cooperation with the (~~department of community, trade, and~~
21 ~~economic development~~) Washington clean energy partnership, developing
22 a biennial work plan and five-year strategic plan for the institute
23 that (~~are~~) aligns institute operations with the partnership
24 consistent with the statewide technology development and
25 commercialization goals;

26 (g) Coordinating with public, independent, and private institutions
27 of higher education, and other participating institutions of higher
28 education in the development of training, research, and development
29 programs to be conducted at the institute that are targeted to meet
30 industrial needs;

31 (h) Assisting the department of (~~community, trade, and economic~~
32 ~~development~~) commerce in the department's efforts to develop state
33 science and technology public policies and coordinate publicly funded
34 programs;

35 (i) Reviewing annual progress reports on funded research projects;
36 and

37 (j) Providing an annual report to the governor and the legislature
38 detailing the activities and performance of the institute(~~and~~

1 ~~(k) Submitting annually to the department of community, trade, and~~
2 ~~economic development an updated strategic plan and a statement of~~
3 ~~performance measured against the mission, roles, and contractual~~
4 ~~obligations of the institute)).~~

5 (5) The board may enter into contracts to fulfill its
6 responsibilities and purposes under this chapter.

7 **Sec. 8.** RCW 28B.38.070 and 1998 c 344 s 15 are each amended to
8 read as follows:

9 (1) The board may receive and expend federal funds and any private
10 gifts or grants to further the purpose of the institute. The funds are
11 to be expended in accordance with federal and state law and any
12 conditions contingent in the grant of those funds.

13 (2) The Washington clean energy partnership fund is created in the
14 custody of the state treasurer to receive state and federal funds,
15 grants, private gifts, or contributions to further the purpose of the
16 Washington clean energy partnership. Only the executive director of
17 the Washington clean energy partnership or the executive director's
18 designee may authorize expenditures from the account. The account is
19 subject to allotment procedures under chapter 43.88 RCW, but an
20 appropriation is not required for expenditures.

21 **Sec. 9.** RCW 43.325.040 and 2009 c 564 s 942 and 2009 c 451 s 5 are
22 each reenacted and amended to read as follows:

23 (1) The energy freedom account is created in the state treasury.
24 All receipts from appropriations made to the account and any loan
25 payments of principal and interest derived from loans made under the
26 energy freedom account must be deposited into the account. Moneys in
27 the account may be spent only after appropriation and approval by the
28 Washington clean energy partnership. Expenditures from the account may
29 be used only for financial assistance for further funding for projects
30 consistent with this chapter or otherwise authorized by the legislature
31 or Washington clean energy partnership.

32 (2) The green energy incentive account is created in the state
33 treasury as a subaccount of the energy freedom account. All receipts
34 from appropriations made to the green energy incentive account shall be
35 deposited into the account, and may be spent only after appropriation

1 and approval by the Washington clean energy partnership. Expenditures
2 from the account may be used only for:

3 (a) Refueling projects awarded under this chapter;

4 (b) Pilot projects for plug-in hybrids, including grants provided
5 for the electrification program set forth in RCW 43.325.110; and

6 (c) Demonstration projects developed with state universities as
7 defined in RCW 28B.10.016 and local governments that result in the
8 design and building of a hydrogen vehicle fueling station.

9 (3)(a) The energy recovery act account is created in the state
10 treasury. State and federal funds may be deposited into the account
11 and any loan payments of principal and interest derived from loans made
12 from the energy recovery act account must be deposited into the
13 account. Moneys in the account may be spent only after appropriation
14 and approval by the Washington clean energy partnership.

15 (b) Expenditures from the account may be used only for loans, loan
16 guarantees, and grants that encourage the establishment of innovative
17 and sustainable industries for renewable energy and energy efficiency
18 technology, including but not limited to:

19 (i) Renewable energy projects or programs that require interim
20 financing to complete project development and implementation;

21 (ii) Companies with innovative, near-commercial or commercial,
22 clean energy technology; ~~((and))~~

23 (iii) Energy efficiency technologies that have a viable repayment
24 stream from reduced utility costs; and

25 (iv) Initiatives approved by the Washington clean energy
26 partnership.

27 (c) The director shall establish policies and procedures for
28 processing, reviewing, and approving applications for funding under
29 this section. When developing these policies and procedures, the
30 department must consider the clean energy leadership strategy developed
31 under section 2, chapter 318, Laws of 2009.

32 (d) The director shall enter into agreements with approved
33 applicants to fix the term and rates of funding provided from this
34 account.

35 (e) The policies and procedures of this subsection (3) do not apply
36 to assistance awarded for projects under RCW 43.325.020(3).

37 (4) Any state agency receiving funding from the energy freedom
38 account is prohibited from retaining greater than three percent of any

1 funding provided from the energy freedom account for administrative
2 overhead or other deductions not directly associated with conducting
3 the research, projects, or other end products that the funding is
4 designed to produce unless this provision is waived in writing by the
5 director.

6 (5) Any university, institute, or other entity that is not a state
7 agency receiving funding from the energy freedom account is prohibited
8 from retaining greater than fifteen percent of any funding provided
9 from the energy freedom account for administrative overhead or other
10 deductions not directly associated with conducting the research,
11 projects, or other end products that the funding is designed to
12 produce.

13 (6) Subsections (2), (4), and (5) of this section do not apply to
14 assistance awarded for projects under RCW 43.325.020(3).

15 ~~((7) During the 2009-2011 fiscal biennium, the legislature may
16 transfer from the energy freedom account to the state general fund such
17 amounts as reflect the excess fund balance of the account.))~~

18 NEW SECTION. **Sec. 10.** Sections 1 through 6 of this act constitute
19 a new chapter in Title 43 RCW.

20 NEW SECTION. **Sec. 11.** Section 9 of this act expires June 30,
21 2016.

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