
SENATE BILL 6560

State of Washington

62nd Legislature

2012 Regular Session

By Senators Ranker and Hargrove

Read first time 01/31/12. Referred to Committee on Energy, Natural Resources & Marine Waters.

1 AN ACT Relating to modifying the definition of high-efficiency
2 cogeneration in the energy independence act; and amending RCW
3 19.285.040.

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

5 **Sec. 1.** RCW 19.285.040 and 2007 c 1 s 4 are each amended to read
6 as follows:

7 (1) Each qualifying utility shall pursue all available conservation
8 that is cost-effective, reliable, and feasible.

9 (a) By January 1, 2010, using methodologies consistent with those
10 used by the Pacific Northwest electric power and conservation planning
11 council in its most recently published regional power plan, each
12 qualifying utility shall identify its achievable cost-effective
13 conservation potential through 2019. At least every two years
14 thereafter, the qualifying utility shall review and update this
15 assessment for the subsequent ten-year period.

16 (b) Beginning January 2010, each qualifying utility shall establish
17 and make publicly available a biennial acquisition target for cost-
18 effective conservation consistent with its identification of achievable
19 opportunities in (a) of this subsection, and meet that target during

1 the subsequent two-year period. At a minimum, each biennial target
2 must be no lower than the qualifying utility's pro rata share for that
3 two-year period of its cost-effective conservation potential for the
4 subsequent ten-year period.

5 (c) In meeting its conservation targets, a qualifying utility may
6 count high-efficiency cogeneration owned and used by a retail electric
7 customer to meet its own needs. High-efficiency cogeneration is the
8 sequential production of electricity and useful thermal energy from a
9 common fuel source, where, under normal operating conditions, the
10 facility (~~((has a useful thermal energy output of no less than thirty-~~
11 ~~three percent of the total energy output))~~ is designed to have a
12 projected overall thermal conversion efficiency of at least seventy
13 percent. For the purposes of this subsection (1)(c), "overall thermal
14 conversion efficiency" means the output of electricity plus usable heat
15 divided by fuel input. The reduction in load due to high-efficiency
16 cogeneration shall be: (i) Calculated as the (~~((ratio of the fuel~~
17 ~~chargeable to power heat rate of the cogeneration facility compared to~~
18 ~~the heat rate on a new and clean basis of a best commercially available~~
19 ~~technology combined cycle natural gas fired combustion turbine))~~
20 difference between the overall thermal conversion efficiency of the
21 cogeneration facility and the average overall thermal conversion
22 efficiency of cogeneration facilities operating in Washington that are
23 not high efficiency; and (ii) counted towards meeting the biennial
24 conservation target in the same manner as other conservation savings.

25 (d) The commission may determine if a conservation program
26 implemented by an investor-owned utility is cost-effective based on the
27 commission's policies and practice.

28 (e) The commission may rely on its standard practice for review and
29 approval of investor-owned utility conservation targets.

30 (2)(a) Each qualifying utility shall use eligible renewable
31 resources or acquire equivalent renewable energy credits, or a
32 combination of both, to meet the following annual targets:

33 (i) At least three percent of its load by January 1, 2012, and each
34 year thereafter through December 31, 2015;

35 (ii) At least nine percent of its load by January 1, 2016, and each
36 year thereafter through December 31, 2019; and

37 (iii) At least fifteen percent of its load by January 1, 2020, and
38 each year thereafter.

1 (b) A qualifying utility may count distributed generation at double
2 the facility's electrical output if the utility: (i) Owns or has
3 contracted for the distributed generation and the associated renewable
4 energy credits; or (ii) has contracted to purchase the associated
5 renewable energy credits.

6 (c) In meeting the annual targets in (a) of this subsection, a
7 qualifying utility shall calculate its annual load based on the average
8 of the utility's load for the previous two years.

9 (d) A qualifying utility shall be considered in compliance with an
10 annual target in (a) of this subsection if: (i) The utility's weather-
11 adjusted load for the previous three years on average did not increase
12 over that time period; (ii) after December 7, 2006, the utility did not
13 commence or renew ownership or incremental purchases of electricity
14 from resources other than renewable resources other than on a daily
15 spot price basis and the electricity is not offset by equivalent
16 renewable energy credits; and (iii) the utility invested at least one
17 percent of its total annual retail revenue requirement that year on
18 eligible renewable resources, renewable energy credits, or a
19 combination of both.

20 (e) The requirements of this section may be met for any given year
21 with renewable energy credits produced during that year, the preceding
22 year, or the subsequent year. Each renewable energy credit may be used
23 only once to meet the requirements of this section.

24 (f) In complying with the targets established in (a) of this
25 subsection, a qualifying utility may not count:

26 (i) Eligible renewable resources or distributed generation where
27 the associated renewable energy credits are owned by a separate entity;
28 or

29 (ii) Eligible renewable resources or renewable energy credits
30 obtained for and used in an optional pricing program such as the
31 program established in RCW 19.29A.090.

32 (g) Where fossil and combustible renewable resources are cofired in
33 one generating unit located in the Pacific Northwest where the cofiring
34 commenced after March 31, 1999, the unit shall be considered to produce
35 eligible renewable resources in direct proportion to the percentage of
36 the total heat value represented by the heat value of the renewable
37 resources.

1 (h)(i) A qualifying utility that acquires an eligible renewable
2 resource or renewable energy credit may count that acquisition at one
3 and two-tenths times its base value:

4 (A) Where the eligible renewable resource comes from a facility
5 that commenced operation after December 31, 2005; and

6 (B) Where the developer of the facility used apprenticeship
7 programs approved by the council during facility construction.

8 (ii) The council shall establish minimum levels of labor hours to
9 be met through apprenticeship programs to qualify for this extra
10 credit.

11 (i) A qualifying utility shall be considered in compliance with an
12 annual target in (a) of this subsection if events beyond the reasonable
13 control of the utility that could not have been reasonably anticipated
14 or ameliorated prevented it from meeting the renewable energy target.
15 Such events include weather-related damage, mechanical failure,
16 strikes, lockouts, and actions of a governmental authority that
17 adversely affect the generation, transmission, or distribution of an
18 eligible renewable resource under contract to a qualifying utility.

19 (3) Utilities that become qualifying utilities after December 31,
20 2006, shall meet the requirements in this section on a time frame
21 comparable in length to that provided for qualifying utilities as of
22 December 7, 2006.

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