**6253-S2 AMS HOBB S5319.1 - NOT FOR FLOOR USE**

**2SSB 6253** - S AMD **668**

By Senator Hobbs

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  (1) The legislature finds that Washington should continue its leadership in clean energy, climate change mitigation, and economic growth through the development of emerging clean energy technologies.

(2) By putting utilities on a pathway to one hundred percent fossil-free electricity, Washington can build on the state's foundation of hydroelectric generation with clean energy resources. Clean energy creates more jobs per unit of energy produced than fossil fuel sources, so this transition will contribute job growth in Washington while addressing our climate crisis head on.

(3) The legislature declares that Washington can promote energy independence, create high-quality jobs in the clean energy sector, maintain stable and affordable rates for all customers, and protect clean air and water in the Pacific Northwest.

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

(1) "Attorney general" has the same meaning as defined in RCW 19.285.030.

(2) "Auditor" has the same meaning as defined in RCW 19.285.030.

(3) "Coal-fired resource" means a facility that uses coal-fired generating units, or that uses units fired in whole or in part by coal as feedstock, to generate electricity.

(4) "Commission" means the Washington state utilities and transportation commission.

(5) "Conservation" has the same meaning as defined in RCW 19.285.030.

(6) "Consumer-owned utility" has the same meaning as defined in RCW 19.29A.010.

(7) "Customer" has the same meaning as defined in RCW 19.285.030.

(8) "Department" means the department of commerce or its successor.

(9) "Electric utility" has the same meaning as defined in RCW 19.29A.010.

(10) "Fossil fuel" means petroleum products that are intended for combustion, including natural gas, crude oil, petroleum, coal, or coke of any kind, or any form of solid, liquid, or gaseous fuel derived from these products including but not limited to motor vehicle fuel, special fuel, aircraft fuel, marine fuel, still gas, propane, and petroleum residuals such as bunker fuel.

(11) "Fossil fuel generating resource" is an electric generating unit that generates electricity from the combustion or oxidation of fossil fuels.

(12) "Greenhouse gas" means carbon dioxide, methane, nitrogen trifluoride, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons, perfluorocarbons, and other fluorinated greenhouse gases.

(13) "Investor-owned utility" has the same meaning as defined in RCW 19.29A.010.

(14) "Low-income" means household income as defined by the department or commission, provided that the definition may not exceed eighty percent of area median household income, adjusted for household size.

(15) "Market customer" means a nonresidential customer of an electric utility that: (a) Purchases electricity from an entity or entities other than the electric utility with which it is directly interconnected; or (b) generates electricity to meet its own needs.

(16) "Natural gas" means naturally occurring mixtures of hydrocarbon gases and vapors consisting principally of methane, whether in gaseous or liquid form, including methane clathrate.

(17) "Petroleum product" has the same meaning as defined in RCW 82.23A.010.

(18) "Renewable resource" has the same meaning as defined in RCW 19.285.030.

(19) "Rule" means rules adopted by an agency or other entity of Washington state government to carry out the intent and purposes of this chapter.

(20) "Short-term spot market purchase" means: (a) The purchase of energy on the spot market for immediate delivery; or (b) a contract for the purchase of electricity on the spot market that is for a term of one month or less.

(21) "Spot market" means a public financial market in which electricity is bought, sold, or traded for immediate delivery.

(22) "Tier 1 system" means the specific collection of resources and contract purchases that are designated for contract sales by the Bonneville power administration under the tiered rate methodology.

(23) "Peaking plant" means a generating resource powered by fuel other than coal that is operated during an electric utility's peak demand, is operated when baseload generation is not sufficient to meet an electric utility's load, or operated for the purpose of integrating renewable resources.

NEW SECTION. **Sec.**  (1)(a) On or before January 1, 2030, all electric utilities must eliminate from electric rates for Washington customers all costs associated with delivering electricity to Washington customers that is generated from a coal-fired resource. This does not include costs associated with decommissioning and remediation of coal-fired facilities.

(b) The commission may accelerate depreciation schedules for any coal-fired resource owned by investor-owned utilities to a date no later than January 1, 2030.

(2) The commission may not extend the depreciation schedule for any fossil fuel generating resource.

(3) Electric utilities and market customers shall reduce the total number of megawatt hours from fossil fuel generating resources used to serve the utility's load or the market customer's load by the following annual targets:

(a) At least a twenty-five percent reduction from 2017 levels by January 1, 2030;

(b) At least a fifty percent reduction from 2017 levels by January 1, 2035;

(c) At least a seventy-five percent reduction from 2017 levels by January 1, 2040; and

(d) One hundred percent reduction by December 31, 2045, and each year thereafter.

(4) Electric utilities and market customers shall prioritize conservation measures or investments, reductions in demand, and demand management; and to the maximum extent practical must seek to:

(a) Achieve the targets in subsection (3) of this section at the lowest possible costs;

(b) Avoid the imposition of the administrative penalty in section 4(1)(a) of this act; and

(c) In the construction of new resources:

(i) Maximize the creation of family wage jobs, insofar as doing so is consistent with (a) of this subsection; and

(ii) Rely upon renewable resources.

(5) Any tradable certificate of proof of conservation, renewable resource, carbon reduction compliance mechanism, or other environmental attribute associated with the portion of any resource or resources used to meet the requirements of this section must be retired for the purposes of this section and cannot be sold, transferred, or used for other purposes, except for an electric utility's own compliance with the renewable energy requirements under chapter 19.285 RCW.

(6) Hydroelectric generation may not include new physical construction of a currently nonexisting facility except for a pumped storage facility or installation of generation capacity at existing unpowered dams, levies, and irrigation canals that does not conflict with existing state or federal fish recovery plans and complies with all local, state, and federal laws and regulations. Existing hydroelectric generation may replace component parts of the generation facility to maintain operational function, such as replacing a diversion dam, modifying diversion and tail race facilities, and making other upgrades. Such improvements may expand the facilities capacity in accordance with federal laws and regulations.

NEW SECTION. **Sec.**  (1)(a) An electric utility or market customer shall pay an administrative penalty to the department for fossil fuel megawatt hours in excess of targets established in section 3(3) of this act consistent with RCW 19.285.060.

(b) Prior to December 31, 2045, the following resources are not subject to the administrative penalty in (a) of this subsection:

(i) An electric utility's allocation of Bonneville power administration tier 1 power, pursuant to the utility's tier 1 contract with the Bonneville power administration, or subsequent contract;

(ii) Generation resources owned as of the effective date of this section by an electric utility or market customer and used by that utility or market customer to meet the needs of its customers or its load, until the generation resources are at the end of the facility's useful life, are retired, or cease operations;

(iii) Contracts from generation resources qualifying under (b)(ii) of this subsection consumed by utilities or market customers who do not otherwise own generating resources;

(iv) Short-term spot market purchases;

(v) Peaking plants acquired or contracted by a market customer or electric utility after the effective date of this section; and

(vi) Electricity generation from any natural gas-fired generation facility where the total amount of natural gas generation acquired from all additions does not exceed five percent of the electric utility's retail load or a market customer's load for each year.

(2)(a) For an investor-owned utility, the commission shall determine compliance with the provisions of this chapter and assess charges as provided in subsection (1) of this section.

(b) For a consumer-owned utility, the department is responsible for assessing charges as provided in subsection (1) of this section. The auditor shall determine compliance with the provisions of this chapter and the attorney general is responsible for enforcing compliance.

(c) For a market customer, the auditor shall determine compliance with this chapter and the attorney general is responsible for enforcing compliance, except that the commission shall determine compliance with section 3 of this act for a market customer of an investor-owned utility.

(3)(a) By June 1, 2020, and annually thereafter, each electric utility and market customer shall report to the department on progress towards the reduction in the total number of megawatt hours from fossil fuel generating resources under section 3 of this act.

(b) Each investor-owned utility shall also report all information required in (a) of this subsection to the commission.

(c) All electric utilities shall also make reports required in this section available to its customers and each market customer shall make all information required in this subsection available to the attorney general.

(4) Moneys collected from electric utilities and market customers pursuant to subsection (1)(a) of this section must be expended by the department to assist electric utilities and market customers in eliminating future payments of the pollution mitigation charge in the following manner:

(a) One-third of revenue must be expended on projects that reduce energy spending by low-income electricity customers, with priority for distributed generation and conservation projects in excess of existing requirements; and

(b) The remaining funds must be expended for projects that assist electric utilities and market customers in meeting the carbon reduction requirements in section 3 of this act including, but not limited to: (i) Smart grid and grid modernization projects; and (ii) research and deployment of renewable resources with capacity factors above fifty percent.

NEW SECTION. **Sec.**  (1) The legislature finds and declares all of the following:

(a) There is insufficient information available to fully realize the potential of solar photovoltaic energy generation to serve low-income customers, including those in disadvantaged communities.

(b) There is insufficient understanding of the barriers to access for low-income customers to all forms of renewable energy being generated in the state.

(c) There is insufficient understanding of the barriers to access for low-income customers to energy efficiency investments.

(d) There is insufficient understanding of the barriers to access for low-income customers to zero emission and near-zero emission transportation options.

(2) By January 1, 2019, the department of commerce, with input from relevant state agencies and the public, shall conduct and complete a study on both of the following:

(a) Barriers to, and opportunities for, solar photovoltaic energy generation as well as barriers to, and opportunities for, access to other renewable energy by low-income customers; and

(b) Barriers to contracting opportunities for local small businesses in disadvantaged communities.

(3) By January 1, 2019, the department of commerce, with input from relevant state agencies and the public, shall develop and publish a study on barriers for low-income customers to energy efficiency and weatherization investments, including those in disadvantaged communities, as well as recommendations on how to increase access to energy efficiency and weatherization investments to low-income customers.

(4) By January 1, 2019, the department of commerce, with input from relevant state agencies and the public, shall develop and publish a study on barriers for low-income customers to zero emission and near-zero emission transportation options, including those in disadvantaged communities, as well as recommendations on how to increase access to zero emission and near-zero emission transportation options to low-income customers, including those in disadvantaged communities.

(5) By January 1, 2019, the department of commerce, with input from relevant state agencies and the public, shall develop and publish a study on the impact of chapter . . ., Laws of 2018 (this act) on utility rates as it affects individuals of varying income levels, ethnic backgrounds, and racial backgrounds.

(6) The definitions in RCW 19.285.030 apply throughout this section.

(7) This section expires July 1, 2019.

NEW SECTION. **Sec.**  The commission, in the case of investor-owned utilities, and the department, in the case of consumer-owned utilities, shall adopt rules to implement this act.

NEW SECTION. **Sec.**  Sections 1 through 4 and 6 of this act constitute a new chapter in Title 19 RCW.

NEW SECTION. **Sec.**  (1) This act expires upon the occurrence of any of the following occurring prior to January 1, 2019:

(a) A law is enacted to place a charge, tax, regulatory limit, or standard upon the emission of greenhouse gases that is imposed broadly upon those persons subject to the administrative penalty imposed in section 3 of this act;

(b) RCW 19.285.040 is amended to increase the renewable energy targets in existence as of the effective date of this section or a new law is enacted to similar effect;

(c) Any law is enacted that restricts the electricity generation fuel source for meeting new or additional loads of an electric utility beyond the requirements of this act; or

(d) Any law is enacted that places a cap on the level of carbon emissions within the state, such as cap-and-trade or cap-and-invest beyond the requirements of this act.

(2) The department of commerce must provide written notice of the expiration date of this act to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the department.

NEW SECTION. **Sec.**  If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected."

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On page 1, beginning on line 2 of the title, after "standard;" strike the remainder of the title and insert "adding a new chapter to Title 19 RCW; creating a new section; prescribing penalties; providing an expiration date; and providing a contingent expiration date."

EFFECT: Clarifies that electric utilities must eliminate all costs associated with delivering electricity that is generated from a coal-fired resource to customers that are in Washington.

Clarifies that no new hydroelectric generation facility may be constructed except for a pumped storage facility that complies with existing laws and regulations. Specifies that component parts of existing hydroelectric generation may be replaced to maintain operational function, such as replacing a diversion dam and other upgrades, and may expand the facilities' capacity in accordance with federal laws and regulations.

Requires electric utilities and market customers to demonstrate that they have achieved all feasible conservation measures or investments, reductions in demand, and demand management prior to making new investments to meet projected demand.

Requires that to the maximum extent feasible, construction of new resources shall maximize the creation of family wage jobs and rely on renewable resources.

Replaces the pollution mitigation charge with an administrative penalty that is consistent with penalties under the Energy Independence Act (EIA).

Allows the use of specific resources prior to December 31, 2045, such as:

-BPA tier 1 power;

-Existing generation resources owned by an electric utility or market customers and used in contracts for short-term spot market purchases and peaking plants; and

-Electricity generation from a natural gas-fired generation facility where the total amount does not exceed 5 percent of the electric utility's retail load or market customer's load for each year.

Expires the act if any of the following new laws are enacted prior to January 1, 2019: A charge, tax, regulatory limit, or standard on GHG emissions is imposed on those subject to the administrative penalty; the renewable energy targets are increased under the EIA; electricity generation fuel sources for meeting new or additional loads are restricted; or a cap is placed on the level of carbon emissions.

Removes the definition of clean resources and emission.

Adds definitions for short-term spot marker purchase; spot market; tier 1 system, and peaking plant.