

# FINAL BILL REPORT

## SSB 5678

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Synopsis as Enacted

**Brief Description:** Concerning energy transformation, nonemitting electric generation, and renewable resource project analysis and declaratory orders.

**Sponsors:** Senate Committee on Environment, Energy & Technology (originally sponsored by Senators Short, Carlyle, Frockt and Mullet).

**Senate Committee on Environment, Energy & Technology**  
**Senate Committee on Ways & Means**  
**House Committee on Environment & Energy**

**Background:** Clean Energy Transformation Act. In 2019, the Legislature passed the Clean Energy Transformation Act (CETA), which requires Washington's electric utilities to meet 100 percent of their retail electric load using non-emitting and renewable resources by January 1, 2045. CETA requires electric utilities to eliminate coal-fired resources from their allocation of electricity by December 31, 2025, and make all retail sales of electricity greenhouse gas (GHG) neutral by January 1, 2030.

An electric utility may satisfy up to 20 percent of the GHG neutral standard with an alternative compliance option, such as investing in energy transformation projects. An energy transformation project must:

- provide energy-related goods or services, other than the generation of electricity;
- result in a reduction of fossil fuel consumption and related GHG emissions; and
- provide benefits to electric utility customers.

An energy transformation project may include home weatherization or other energy efficiency measures, support for electrification of the transportation sector, investment in distributed energy resources and grid modernization, and investments in renewable natural gas.

Under CETA, each utility must submit a clean energy implementation plan (CEIP) every four years, beginning January 1, 2022. The CEIP will propose interim targets and

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document how a utility intends to comply with CETA's clean energy and equity requirements and make progress toward the GHG neutral and 100 percent clean electricity standards. The Utilities and Transportation Commission (UTC), after a hearing, must approve, reject, or approve with conditions an investor-owned utility's (IOU) CEIP and interim targets.

An IOU must adopt a ten-year clean energy action plan for implementing CETA at the lowest reasonable cost and at an acceptable resource adequacy standard that identifies the specific actions to be taken by the IOU consistent with its long-range integrated resource plan.

Administrative Procedure Act. The Administrative Procedure Act (APA) establishes the general procedures for agency rulemaking and adjudicatory proceedings. Under the APA, any person may petition an agency for a declaratory order on how a rule, order, or statute applies in specific circumstances.

**Summary:** An IOU may petition the UTC for a declaratory order to determine whether the proposed project meets the GHG neutral and 100 percent clean electricity standards under CETA. The petition for a declaratory order must be in writing and include an accurate description of the project.

If the UTC determines that a project in the declaratory order complies with CETA, an IOU may identify the project in its clean energy action plan and CEIP. However, if an IOU seeks approval of a resource or project for a CEIP or proceeding to set rates and the resource or project substantially deviates from the one described in the declaratory order, the UTC may reevaluate the resource or project for determining compliance under CETA.

The UTC may require an applicant to pay a fee to cover the cost of reviewing the project and preparing a declaratory order.

A declaratory order does not determine the prudence of an energy transformation project, nonemitting electric generation project, or renewable resource project.

The UTC's authority is not preempted from making a determination independent of the declaratory order on whether a project meets the planning and portfolio requirements of an IOU's CEIP. An IOU is not required to seek a declaratory order to determine whether a resource or project is compliant with CETA.

**Votes on Final Passage:**

Senate	49	0
House	97	1

**Effective:** June 9, 2022