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**SUBSTITUTE SENATE BILL 6658**

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**State of Washington 57th Legislature**

**2002 Regular Session**

**By** Senate Committee on Environment, Energy & Water (originally sponsored by Senators Poulsen, Hale, Regala, Morton, Fraser, Keiser and Rasmussen)

READ FIRST TIME 02/08/2002.

1 AN ACT Relating to clarifying the types of energy conservation  
2 projects a public utility may assist its customers in financing;  
3 amending RCW 35.92.360 and 54.16.280; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that energy  
6 conservation can take many useful and cost-effective forms, and that  
7 the types of conservation projects available to utilities and customers  
8 evolve with time as technologies are developed and market conditions  
9 change. In some cases, electricity conservation projects are most  
10 cost-effective when they reduce the total amount of electricity  
11 consumed by an individual customer, and in other cases they can be  
12 cost-effective by reducing the amount of electricity a customer needs  
13 to purchase from an electric utility.

14 The legislature intends to encourage and support a broad array of  
15 cost-effective energy conservation by electric utilities and customers  
16 alike by clarifying that public utilities may assist in the financing  
17 of projects that allow customers to generate their own electricity from  
18 renewable resources that do not depend on commercial sources of fuel

1 thereby reducing the amount of electricity a public utility needs to  
2 generate or acquire on their customers' behalf.

3 **Sec. 2.** RCW 35.92.360 and 1989 c 268 s 1 are each amended to read  
4 as follows:

5 Any city or town engaged in the generation, sale, or distribution  
6 of energy is hereby authorized, within limits established by the  
7 Constitution of the state of Washington, to assist the owners of  
8 structures or equipment in financing the acquisition and installation  
9 of materials and equipment, for compensation or otherwise, for the  
10 conservation or more efficient use of energy in such structures or  
11 equipment pursuant to an energy conservation plan adopted by the city  
12 or town if the cost per unit of energy saved or produced by the use of  
13 such materials and equipment is less than the cost per unit of energy  
14 produced by the next least costly new energy resource which the city or  
15 town could acquire to meet future demand. Any financing authorized  
16 under this chapter shall only be used for conservation purposes in  
17 existing structures, and such financing shall not be used for any  
18 purpose which results in a conversion from one energy source to  
19 another. For the purposes of this section, "conservation purposes in  
20 existing structures" may include projects to allow a municipal electric  
21 utility's customers to generate all or a portion of their own  
22 electricity through the on-site installation of a distributed  
23 electricity generation system that uses as its fuel solar, wind,  
24 geothermal, or hydropower, or other renewable resource that is  
25 available on-site and not from a commercial source. Such projects  
26 shall not be considered "a conversion from one energy source to  
27 another" which is limited to the change or substitution of one  
28 commercial energy supplier for another commercial energy supplier.  
29 Except where otherwise authorized, such assistance shall be limited to:

30 (1) Providing an inspection of the structure or equipment, either  
31 directly or through one or more inspectors under contract, to determine  
32 and inform the owner of the estimated cost of purchasing and installing  
33 conservation materials and equipment for which financial assistance  
34 will be approved and the estimated life cycle savings in energy costs  
35 that are likely to result from the installation of such materials or  
36 equipment;

37 (2) Providing a list of businesses who sell and install such  
38 materials and equipment within or in close proximity to the service

1 area of the city or town, each of which businesses shall have requested  
2 to be included and shall have the ability to provide the products in a  
3 workmanlike manner and to utilize such materials in accordance with the  
4 prevailing national standards.

5 (3) Arranging to have approved conservation materials and equipment  
6 installed by a private contractor whose bid is acceptable to the owner  
7 of the residential structure and verifying such installation; and

8 (4) Arranging or providing financing for the purchase and  
9 installation of approved conservation materials and equipment. Such  
10 materials and equipment shall be purchased from a private business and  
11 shall be installed by a private business or the owner.

12 (5) Pay back shall be in the form of incremental additions to the  
13 utility bill, billed either together with use charge or separately.  
14 Loans shall not exceed one hundred twenty months in length.

15 **Sec. 3.** RCW 54.16.280 and 1989 c 268 s 2 are each amended to read  
16 as follows:

17 Any district is hereby authorized, within limits established by the  
18 Constitution of the state of Washington, to assist the owners of  
19 structures or equipment in financing the acquisition and installation  
20 of materials and equipment, for compensation or otherwise, for the  
21 conservation or more efficient use of energy in such structures or  
22 equipment pursuant to an energy conservation plan adopted by the  
23 district if the cost per unit of energy saved or produced by the use of  
24 such materials and equipment is less than the cost per unit of energy  
25 produced by the next least costly new energy resource which the  
26 district could acquire to meet future demand. Any financing authorized  
27 under this chapter shall only be used for conservation purposes in  
28 existing structures, and such financing shall not be used for any  
29 purpose which results in a conversion from one energy source to  
30 another. For the purposes of this section, "conservation purposes in  
31 existing structures" may include projects to allow a district's  
32 customers to generate all or a portion of their own electricity through  
33 the on-site installation of a distributed electricity generation system  
34 that uses as its fuel solar, wind, geothermal, or hydropower, or other  
35 renewable resource that is available on-site and not from a commercial  
36 source. Such projects shall not be considered "a conversion from one  
37 energy source to another" which is limited to the change or  
38 substitution of one commercial energy supplier for another commercial

1 energy supplier. Except where otherwise authorized, such assistance  
2 shall be limited to:

3 (1) Providing an inspection of the structure or equipment, either  
4 directly or through one or more inspectors under contract, to determine  
5 and inform the owner of the estimated cost of purchasing and installing  
6 conservation materials and equipment for which financial assistance  
7 will be approved and the estimated life cycle savings in energy costs  
8 that are likely to result from the installation of such materials or  
9 equipment;

10 (2) Providing a list of businesses who sell and install such  
11 materials and equipment within or in close proximity to the service  
12 area of the district, each of which businesses shall have requested to  
13 be included and shall have the ability to provide the products in a  
14 workmanlike manner and to utilize such materials in accordance with the  
15 prevailing national standards.

16 (3) Arranging to have approved conservation materials and equipment  
17 installed by a private contractor whose bid is acceptable to the owner  
18 of the residential structure and verifying such installation; and

19 (4) Arranging or providing financing for the purchase and  
20 installation of approved conservation materials and equipment. Such  
21 materials and equipment shall be purchased from a private business and  
22 shall be installed by a private business or the owner.

23 (5) Pay back shall be in the form of incremental additions to the  
24 utility bill, billed either together with use charge or separately.  
25 Loans shall not exceed one hundred twenty months in length.

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