

ESHB 1010 - S COMM AMD

By Committee on Water, Energy & Environment

ADOPTED 03/02/2006

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** It is the intent of the legislature to  
4 ensure an adequate supply of safe, clean, and reliable electricity at  
5 the lowest reasonable cost and risk to the utility and its ratepayers.  
6 To achieve this end, the legislature finds it essential that electric  
7 utilities in Washington develop comprehensive resource plans that  
8 explain the mix of generation and demand-side resources they plan to  
9 use to meet their customers' electricity needs in both the short term  
10 and the long term. The legislature also finds that resource planning  
11 is an important way of maintaining Washington state's commitment to a  
12 vertically integrated utility structure. The legislature further finds  
13 that many utilities in Washington have had a long and successful  
14 history of resource planning and are able to share their expertise with  
15 other utilities. The legislature also finds it essential that the  
16 utility plans be made publicly available and be aggregated and analyzed  
17 at a statewide level so the citizens of the state and their public  
18 officials have confidence that Washington's electricity supply is  
19 adequate.

20 NEW SECTION. **Sec. 2.** The definitions in this section apply  
21 throughout this chapter unless the context clearly requires otherwise.

22 (1) "Commission" means the utilities and transportation commission.

23 (2) "Conservation and efficiency resources" means any reduction in  
24 electric power consumption that results from increases in the  
25 efficiency of energy use, production, transmission, or distribution.

26 (3) "Consumer-owned utility" includes a municipal electric utility  
27 formed under Title 35 RCW, a public utility district formed under Title  
28 54 RCW, an irrigation district formed under chapter 87.03 RCW, a  
29 cooperative formed under chapter 23.86 RCW, a mutual corporation or

1 association formed under chapter 24.06 RCW, a port district formed  
2 under Title 53 RCW, or a water-sewer district formed under Title 57  
3 RCW, that is engaged in the business of distributing electricity to one  
4 or more retail electric customers in the state.

5 (4) "Department" means the department of community, trade, and  
6 economic development.

7 (5) "Electric utility" means a consumer-owned or investor-owned  
8 utility.

9 (6) "Full requirements customer" means an electric utility that  
10 relies on the Bonneville power administration for all power needed to  
11 supply its total load requirement other than that served by  
12 nondispatchable generating resources totaling no more than six  
13 megawatts or renewable resources.

14 (7) "Governing body" means the elected board of directors, city  
15 council, commissioners, or board of any consumer-owned utility.

16 (8) "High efficiency cogeneration" means the sequential production  
17 of electricity and useful thermal energy from a common fuel source,  
18 where, under normal operating conditions, the facility has a useful  
19 thermal energy output of no less than thirty-three percent of the total  
20 energy output.

21 (9) "Integrated resource plan" means an analysis describing the mix  
22 of generating resources and conservation and efficiency resources that  
23 will meet current and projected needs at the lowest reasonable cost to  
24 the utility and its ratepayers and that complies with the requirements  
25 specified in section 3(1) of this act.

26 (10) "Investor-owned utility" means a corporation owned by  
27 investors that meets the definition in RCW 80.04.010 and is engaged in  
28 distributing electricity to more than one retail electric customer in  
29 the state.

30 (11) "Lowest reasonable cost" means the lowest cost mix of  
31 generating resources and conservation and efficiency resources  
32 determined through a detailed and consistent analysis of a wide range  
33 of commercially available resources. At a minimum, this analysis must  
34 consider resource cost, market-volatility risks, demand-side resource  
35 uncertainties, resource dispatchability, resource effect on system  
36 operation, the risks imposed on the utility and its ratepayers, public  
37 policies regarding resource preference adopted by Washington state or

1 the federal government, and the cost of risks associated with  
2 environmental effects including emissions of carbon dioxide.

3 (12) "Plan" means either an "integrated resource plan" or a  
4 "resource plan."

5 (13) "Renewable resources" means electricity generation facilities  
6 fueled by: (a) Water; (b) wind; (c) solar energy; (d) geothermal  
7 energy; (e) landfill gas; (f) biomass energy utilizing animal waste,  
8 solid organic fuels from wood, forest, or field residues or dedicated  
9 energy crops that do not include wood pieces that have been treated  
10 with chemical preservatives such as creosote, pentachlorophenol, or  
11 copper-chrome-arsenic; (g) byproducts of pulping or wood manufacturing  
12 processes, including but not limited to bark, wood chips, sawdust, and  
13 lignin in spent pulping liquors; (h) ocean thermal, wave, or tidal  
14 power; or (i) gas from sewage treatment facilities.

15 (14) "Resource plan" means an assessment that estimates electricity  
16 loads and resources over a defined period of time and complies with the  
17 requirements in section 3(2) of this act.

18 NEW SECTION. **Sec. 3.** Each electric utility must develop a plan  
19 consistent with this section.

20 (1) Utilities with more than twenty-five thousand customers that  
21 are not full requirements customers shall develop or update an  
22 integrated resource plan by September 1, 2008. At a minimum, progress  
23 reports reflecting changing conditions and the progress of the  
24 integrated resource plan must be produced every two years thereafter.  
25 An updated integrated resource plan must be developed at least every  
26 four years subsequent to the 2008 integrated resource plan. The  
27 integrated resource plan, at a minimum, must include:

28 (a) A range of forecasts, for at least the next ten years, of  
29 projected customer demand which takes into account econometric data and  
30 customer usage;

31 (b) An assessment of commercially available conservation and  
32 efficiency resources. Such assessment may include, as appropriate,  
33 high efficiency cogeneration, demand response and load management  
34 programs, and currently employed and new policies and programs needed  
35 to obtain the conservation and efficiency resources;

36 (c) An assessment of a commercially available, utility scale  
37 renewable and nonrenewable generating technologies;

1 (d) A comparative evaluation of renewable and nonrenewable  
2 generating resources, including transmission and distribution delivery  
3 costs, and conservation and efficiency resources using "lowest  
4 reasonable cost" as a criterion;

5 (e) The integration of the demand forecasts and resource  
6 evaluations into a long-range assessment describing the mix of supply  
7 side generating resources and conservation and efficiency resources  
8 that will meet current and projected needs at the lowest reasonable  
9 cost and risk to the utility and its ratepayers; and

10 (f) A short-term plan identifying the specific actions to be taken  
11 by the utility consistent with the long-range integrated resource plan.

12 (2) All other utilities may elect to develop a full integrated  
13 resource plan as set forth in subsection (1) of this section or, at a  
14 minimum, shall develop a resource plan that:

15 (a) Estimates loads for the next five and ten years;

16 (b) Enumerates the resources that will be maintained and/or  
17 acquired to serve those loads; and

18 (c) Explains why the resources in (b) of this subsection were  
19 chosen and, if the resources chosen are not renewable resources or  
20 conservation and efficiency resources, why such a decision was made.

21 (3) An electric utility that is required to develop a resource plan  
22 under this section must complete its initial plan by September 1, 2008.

23 (4) Resource plans developed under this section must be updated on  
24 a regular basis, at a minimum on intervals of two years.

25 (5) Plans shall not be a basis to bring legal action against  
26 electric utilities.

27 (6) Each electric utility shall publish a final integrated resource  
28 plan either as part of an annual report or as a separate document  
29 available to the public.

30 NEW SECTION. **Sec. 4.** (1) Investor-owned utilities shall submit  
31 integrated resource plans to the commission. The commission shall  
32 establish by rule the requirements for preparation and submission of  
33 integrated resource plans.

34 (2) The commission may adopt additional rules as necessary to  
35 clarify the requirements of section 3 of this act as they apply to  
36 investor-owned utilities.

1        NEW SECTION.    **Sec. 5.**    (1) The governing body of a consumer-owned  
2 utility that develops a plan under this chapter shall encourage  
3 participation of its consumers in development of the plans and progress  
4 reports and approve the plans and progress reports after it has  
5 provided public notice and hearing.

6        (2) Each consumer-owned utility shall transmit a copy of its plan  
7 to the department by September 1, 2008, and transmit subsequent  
8 progress reports or plans to the department at least every two years  
9 thereafter.    The department shall develop, in consultation with  
10 utilities, a common cover sheet that summarizes the essential data in  
11 their plans or progress reports.

12        (3) Consumer-owned utilities may develop plans of a similar type  
13 jointly with other consumer-owned utilities.    Data and assessments  
14 included in joint reports must be identifiable to each individual  
15 utility.

16        (4) To minimize duplication of effort and maximize efficient use of  
17 utility resources, in developing their plans under section 3 of this  
18 act, consumer-owned utilities are encouraged to use resource planning  
19 concepts, techniques, and information provided to and by organizations  
20 such as the United States department of energy, the Northwest planning  
21 and conservation council, Pacific Northwest utility conference  
22 committee, and other state, regional, national, and international  
23 entities, and, for the 2008 plan, as appropriate, are encouraged to use  
24 and be consistent with relevant determinations required under Title  
25 XII - Electricity; Subtitle E, Sections 1251 - 1254 of the federal  
26 energy policy act of 2005.

27        NEW SECTION.    **Sec. 6.**    The department shall review the plans of  
28 consumer-owned utilities and investor-owned utilities, and data  
29 available from other state, regional, and national sources, and prepare  
30 a report to the legislature aggregating the data and assessing the  
31 overall adequacy of Washington's electricity supply.    The report shall  
32 include a statewide summary of utility load forecasts, load/resource  
33 balance, and utility plans for the development of thermal generation,  
34 renewable resources, and conservation and efficiency resources.    The  
35 commission shall provide the department with data summarizing the plans  
36 of investor-owned utilities for use in the department's statewide

1 summary. The department shall submit its report within the biennial  
2 report required under RCW 43.21F.045.

3 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute  
4 a new chapter in Title 19 RCW."

**ESHB 1010** - S COMM AMD

By Committee on Water, Energy & Environment

**ADOPTED 03/02/2006**

5 On page 1, line 1 of the title, after "Relating to" strike the  
6 remainder of the title and insert "electric utility planning; and  
7 adding a new chapter to Title 19 RCW."

**--- END ---**