

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE HOUSE BILL 1010

Chapter 195, Laws of 2006

59th Legislature
2006 Regular Session

ELECTRIC UTILITY PLANNING

EFFECTIVE DATE: 6/7/06

Passed by the House March 8, 2006
Yeas 98 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 7, 2006
Yeas 46 Nays 0

BRAD OWEN

President of the Senate

Approved March 24, 2006.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1010** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

March 24, 2006 - 1:57 p.m.

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1010

AS AMENDED BY THE SENATE

Passed Legislature - 2006 Regular Session

State of Washington 59th Legislature 2006 Regular Session

By House Committee on Technology, Energy & Communications
(originally sponsored by Representatives Morris, Hudgins, Morrell,
Linville, B. Sullivan, McCoy and Chase)

READ FIRST TIME 02/28/05.

1 AN ACT Relating to electric utility planning; and adding a new
2 chapter to Title 19 RCW.

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

4 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
5 encourage the development of new safe, clean, and reliable energy
6 resources to meet demand in Washington for affordable and reliable
7 electricity. To achieve this end, the legislature finds it essential
8 that electric utilities in Washington develop comprehensive resource
9 plans that explain the mix of generation and demand-side resources they
10 plan to use to meet their customers' electricity needs in both the
11 short term and the long term. The legislature intends that information
12 obtained from integrated resource planning under this chapter will be
13 used to assist in identifying and developing new energy generation,
14 conservation and efficiency resources, and related infrastructure to
15 meet the state's electricity needs.

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

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

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

4 (3) "Consumer-owned utility" includes a municipal electric utility
5 formed under Title 35 RCW, a public utility district formed under Title
6 54 RCW, an irrigation district formed under chapter 87.03 RCW, a
7 cooperative formed under chapter 23.86 RCW, a mutual corporation or
8 association formed under chapter 24.06 RCW, a port district formed
9 under Title 53 RCW, or a water-sewer district formed under Title 57
10 RCW, that is engaged in the business of distributing electricity to one
11 or more retail electric customers in the state.

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

14 (5) "Electric utility" means a consumer-owned or investor-owned
15 utility.

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

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

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

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

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

37 (11) "Lowest reasonable cost" means the lowest cost mix of
38 generating resources and conservation and efficiency resources

1 determined through a detailed and consistent analysis of a wide range
2 of commercially available resources. At a minimum, this analysis must
3 consider resource cost, market-volatility risks, demand-side resource
4 uncertainties, resource dispatchability, resource effect on system
5 operation, the risks imposed on the utility and its ratepayers, public
6 policies regarding resource preference adopted by Washington state or
7 the federal government, and the cost of risks associated with
8 environmental effects including emissions of carbon dioxide.

9 (12) "Plan" means either an "integrated resource plan" or a
10 "resource plan."

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

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

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

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

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

1 (b) An assessment of commercially available conservation and
2 efficiency resources. Such assessment may include, as appropriate,
3 high efficiency cogeneration, demand response and load management
4 programs, and currently employed and new policies and programs needed
5 to obtain the conservation and efficiency resources;

6 (c) An assessment of commercially available, utility scale
7 renewable and nonrenewable generating technologies;

8 (d) A comparative evaluation of renewable and nonrenewable
9 generating resources, including transmission and distribution delivery
10 costs, and conservation and efficiency resources using "lowest
11 reasonable cost" as a criterion;

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

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

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

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

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

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

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

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

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

34 (6) Each electric utility shall publish its final plan either as
35 part of an annual report or as a separate document available to the
36 public. The report may be in an electronic form.

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

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

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

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

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

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

34 NEW SECTION. **Sec. 6.** The department shall review the plans of
35 consumer-owned utilities and investor-owned utilities, and data
36 available from other state, regional, and national sources, and prepare

1 an electronic report to the legislature aggregating the data and
2 assessing the overall adequacy of Washington's electricity supply. The
3 report shall include a statewide summary of utility load forecasts,
4 load/resource balance, and utility plans for the development of thermal
5 generation, renewable resources, and conservation and efficiency
6 resources. The commission shall provide the department with data
7 summarizing the plans of investor-owned utilities for use in the
8 department's statewide summary. The department may submit its report
9 within the biennial report required under RCW 43.21F.045.

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

Passed by the House March 8, 2006.

Passed by the Senate March 7, 2006.

Approved by the Governor March 24, 2006.

Filed in Office of Secretary of State March 24, 2006.