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**SUBSTITUTE HOUSE BILL 2297**

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**State of Washington                      62nd Legislature                      2012 Regular Session**

**By** House Technology, Energy & Communications (originally sponsored by Representatives Morris, McCoy, Eddy, Hudgins, Ormsby, and Fitzgibbon)

READ FIRST TIME 01/27/12.

1            AN ACT Relating to establishing an energy efficiency improvement  
2 loan fund; and reenacting and amending RCW 19.29A.090.

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

4            **Sec. 1.** RCW 19.29A.090 and 2002 c 285 s 6 and 2011 c 191 s 1 are  
5 each reenacted and amended to read as follows:

6            (1)(a) Beginning January 1, 2002, each electric utility must  
7 provide to its retail electricity customers a voluntary option to  
8 purchase qualified alternative energy resources in accordance with this  
9 section.

10            (b)(i) Beginning February 1, 2013, each electric utility may: (A)  
11 Establish an energy efficiency improvement loan fund; (B) receive  
12 voluntary contributions from its retail electricity customers that must  
13 be deposited into the energy efficiency improvement loan fund; and (C)  
14 provide retail electricity customers loans for the financing of the  
15 acquisition and installation of energy efficiency improvements.

16            (ii) A utility that elects to establish an energy efficiency  
17 improvement loan fund must include with its retail electric customer's  
18 regular billing statements, at least quarterly, a voluntary option to  
19 make contributions to the loan fund.

1       (iii) Repayment of an energy efficiency improvement loan must be in  
2 the form of incremental additions to the utility bill of the retail  
3 electric customer provided the loan, billed either together with use  
4 charge or separately.

5       (iv) Loan payments received by a utility must be deposited in the  
6 energy efficiency improvement loan fund and used to make future energy  
7 efficiency improvement loans to the utility's retail electricity  
8 customers.

9       (v) Interest charged on an energy efficiency improvement loan may  
10 not be more than market rates at the time the loan is approved.

11       (vi) A utility may contract with the Washington state housing  
12 finance commission or a financial institution as defined under RCW  
13 30.22.040 to manage at cost the loan fund on its behalf.

14       (2) Each electric utility must include with its retail electric  
15 customer's regular billing statements, at least quarterly, a voluntary  
16 option to purchase qualified alternative energy resources. The option  
17 may allow customers to purchase qualified alternative energy resources  
18 at fixed or variable rates and for fixed or variable periods of time,  
19 including but not limited to monthly, quarterly, or annual purchase  
20 agreements. A utility may provide qualified alternative energy  
21 resource options through either: (a) Resources it owns or contracts  
22 for; or (b) the purchase of credits issued by a clearinghouse or other  
23 system by which the utility may secure, for trade or other  
24 consideration, verifiable evidence that a second party has a qualified  
25 alternative energy resource and that the second party agrees to  
26 transfer such evidence exclusively to the benefit of the utility.

27       (3) For the purposes of this section, a "qualified alternative  
28 energy resource" means the electricity produced from generation  
29 facilities that are fueled by: (a) Wind; (b) solar energy; (c)  
30 geothermal energy; (d) landfill gas; (e) wave or tidal action; (f) gas  
31 produced during the treatment of wastewater; (g) qualified hydropower;  
32 or (h) biomass energy based on animal waste or solid organic fuels from  
33 wood, forest, or field residues, or dedicated energy crops that do not  
34 include wood pieces that have been treated with chemical preservatives  
35 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

36       (4) For the purposes of this section, "qualified hydropower" means  
37 the energy produced either: (a) As a result of modernizations or  
38 upgrades made after June 1, 1998, to hydropower facilities operating on

1 May 8, 2001, that have been demonstrated to reduce the mortality of  
2 anadromous fish; or (b) by run of the river or run of the canal  
3 hydropower facilities that are not responsible for obstructing the  
4 passage of anadromous fish.

5 (5) For the purposes of the section, "energy efficiency  
6 improvement" has the same meaning as defined in RCW 43.180.020.

7 (6) For the purposes of subsection (1)(b) of this section,  
8 "electric utility" does not include a cooperative formed under chapter  
9 23.86 RCW.

10 (7) The rates, terms, conditions, and customer notification of each  
11 utility's option or options offered in accordance with this section  
12 must be approved by the governing body of the consumer-owned utility or  
13 by the commission for investor-owned utilities. All costs and benefits  
14 associated with any option offered by an electric utility under this  
15 section must be allocated to the customers who voluntarily choose that  
16 option and may not be shifted to any customers who have not chosen such  
17 option. Utilities may pursue known, lawful aggregated purchasing of  
18 qualified alternative energy resources with other utilities to the  
19 extent aggregated purchasing can reduce the unit cost of qualified  
20 alternative energy resources, and are encouraged to investigate  
21 opportunities to aggregate the purchase of alternative energy resources  
22 by their customers. Aggregated purchases by investor-owned utilities  
23 must comply with any applicable rules or policies adopted by the  
24 commission related to least-cost planning or the acquisition of  
25 renewable resources.

26 ~~((+6))~~ (8) Each consumer-owned utility must report annually to the  
27 department and each investor-owned utility must report annually to the  
28 commission beginning October 1, 2002, until October 1, 2012, describing  
29 the option or options it is offering its customers under the  
30 requirements of this section, the rate of customer participation, the  
31 amount of qualified alternative energy resources purchased by  
32 customers, the amount of utility investments in qualified alternative  
33 energy resources, and the results of pursuing aggregated purchasing  
34 opportunities. The department and the commission together shall report  
35 annually to the legislature, beginning December 1, 2002, until December  
36 1, 2012, with the results of the utility reports.

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