

2SSB 6253 - S AMD 668

By Senator Hobbs

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

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that Washington
4 should continue its leadership in clean energy, climate change
5 mitigation, and economic growth through the development of emerging
6 clean energy technologies.

7 (2) By putting utilities on a pathway to one hundred percent
8 fossil-free electricity, Washington can build on the state's
9 foundation of hydroelectric generation with clean energy resources.
10 Clean energy creates more jobs per unit of energy produced than
11 fossil fuel sources, so this transition will contribute job growth in
12 Washington while addressing our climate crisis head on.

13 (3) The legislature declares that Washington can promote energy
14 independence, create high-quality jobs in the clean energy sector,
15 maintain stable and affordable rates for all customers, and protect
16 clean air and water in the Pacific Northwest.

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

20 (1) "Attorney general" has the same meaning as defined in RCW
21 19.285.030.

22 (2) "Auditor" has the same meaning as defined in RCW 19.285.030.

23 (3) "Coal-fired resource" means a facility that uses coal-fired
24 generating units, or that uses units fired in whole or in part by
25 coal as feedstock, to generate electricity.

26 (4) "Commission" means the Washington state utilities and
27 transportation commission.

28 (5) "Conservation" has the same meaning as defined in RCW
29 19.285.030.

30 (6) "Consumer-owned utility" has the same meaning as defined in
31 RCW 19.29A.010.

- 1 (7) "Customer" has the same meaning as defined in RCW 19.285.030.
- 2 (8) "Department" means the department of commerce or its
3 successor.
- 4 (9) "Electric utility" has the same meaning as defined in RCW
5 19.29A.010.
- 6 (10) "Fossil fuel" means petroleum products that are intended for
7 combustion, including natural gas, crude oil, petroleum, coal, or
8 coke of any kind, or any form of solid, liquid, or gaseous fuel
9 derived from these products including but not limited to motor
10 vehicle fuel, special fuel, aircraft fuel, marine fuel, still gas,
11 propane, and petroleum residuals such as bunker fuel.
- 12 (11) "Fossil fuel generating resource" is an electric generating
13 unit that generates electricity from the combustion or oxidation of
14 fossil fuels.
- 15 (12) "Greenhouse gas" means carbon dioxide, methane, nitrogen
16 trifluoride, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons,
17 perfluorocarbons, and other fluorinated greenhouse gases.
- 18 (13) "Investor-owned utility" has the same meaning as defined in
19 RCW 19.29A.010.
- 20 (14) "Low-income" means household income as defined by the
21 department or commission, provided that the definition may not exceed
22 eighty percent of area median household income, adjusted for
23 household size.
- 24 (15) "Market customer" means a nonresidential customer of an
25 electric utility that: (a) Purchases electricity from an entity or
26 entities other than the electric utility with which it is directly
27 interconnected; or (b) generates electricity to meet its own needs.
- 28 (16) "Natural gas" means naturally occurring mixtures of
29 hydrocarbon gases and vapors consisting principally of methane,
30 whether in gaseous or liquid form, including methane clathrate.
- 31 (17) "Petroleum product" has the same meaning as defined in RCW
32 82.23A.010.
- 33 (18) "Renewable resource" has the same meaning as defined in RCW
34 19.285.030.
- 35 (19) "Rule" means rules adopted by an agency or other entity of
36 Washington state government to carry out the intent and purposes of
37 this chapter.
- 38 (20) "Short-term spot market purchase" means: (a) The purchase of
39 energy on the spot market for immediate delivery; or (b) a contract

1 for the purchase of electricity on the spot market that is for a term
2 of one month or less.

3 (21) "Spot market" means a public financial market in which
4 electricity is bought, sold, or traded for immediate delivery.

5 (22) "Tier 1 system" means the specific collection of resources
6 and contract purchases that are designated for contract sales by the
7 Bonneville power administration under the tiered rate methodology.

8 (23) "Peaking plant" means a generating resource powered by fuel
9 other than coal that is operated during an electric utility's peak
10 demand, is operated when baseload generation is not sufficient to
11 meet an electric utility's load, or operated for the purpose of
12 integrating renewable resources.

13 NEW SECTION. **Sec. 3.** (1)(a) On or before January 1, 2030, all
14 electric utilities must eliminate from electric rates for Washington
15 customers all costs associated with delivering electricity to
16 Washington customers that is generated from a coal-fired resource.
17 This does not include costs associated with decommissioning and
18 remediation of coal-fired facilities.

19 (b) The commission may accelerate depreciation schedules for any
20 coal-fired resource owned by investor-owned utilities to a date no
21 later than January 1, 2030.

22 (2) The commission may not extend the depreciation schedule for
23 any fossil fuel generating resource.

24 (3) Electric utilities and market customers shall reduce the
25 total number of megawatt hours from fossil fuel generating resources
26 used to serve the utility's load or the market customer's load by the
27 following annual targets:

28 (a) At least a twenty-five percent reduction from 2017 levels by
29 January 1, 2030;

30 (b) At least a fifty percent reduction from 2017 levels by
31 January 1, 2035;

32 (c) At least a seventy-five percent reduction from 2017 levels by
33 January 1, 2040; and

34 (d) One hundred percent reduction by December 31, 2045, and each
35 year thereafter.

36 (4) Electric utilities and market customers shall prioritize
37 conservation measures or investments, reductions in demand, and
38 demand management; and to the maximum extent practical must seek to:

1 (a) Achieve the targets in subsection (3) of this section at the
2 lowest possible costs;

3 (b) Avoid the imposition of the administrative penalty in section
4 4(1)(a) of this act; and

5 (c) In the construction of new resources:

6 (i) Maximize the creation of family wage jobs, insofar as doing
7 so is consistent with (a) of this subsection; and

8 (ii) Rely upon renewable resources.

9 (5) Any tradable certificate of proof of conservation, renewable
10 resource, carbon reduction compliance mechanism, or other
11 environmental attribute associated with the portion of any resource
12 or resources used to meet the requirements of this section must be
13 retired for the purposes of this section and cannot be sold,
14 transferred, or used for other purposes, except for an electric
15 utility's own compliance with the renewable energy requirements under
16 chapter 19.285 RCW.

17 (6) Hydroelectric generation may not include new physical
18 construction of a currently nonexistent facility except for a pumped
19 storage facility or installation of generation capacity at existing
20 unpowered dams, levies, and irrigation canals that does not conflict
21 with existing state or federal fish recovery plans and complies with
22 all local, state, and federal laws and regulations. Existing
23 hydroelectric generation may replace component parts of the
24 generation facility to maintain operational function, such as
25 replacing a diversion dam, modifying diversion and tail race
26 facilities, and making other upgrades. Such improvements may expand
27 the facilities capacity in accordance with federal laws and
28 regulations.

29 NEW SECTION. **Sec. 4.** (1)(a) An electric utility or market
30 customer shall pay an administrative penalty to the department for
31 fossil fuel megawatt hours in excess of targets established in
32 section 3(3) of this act consistent with RCW 19.285.060.

33 (b) Prior to December 31, 2045, the following resources are not
34 subject to the administrative penalty in (a) of this subsection:

35 (i) An electric utility's allocation of Bonneville power
36 administration tier 1 power, pursuant to the utility's tier 1
37 contract with the Bonneville power administration, or subsequent
38 contract;

1 (ii) Generation resources owned as of the effective date of this
2 section by an electric utility or market customer and used by that
3 utility or market customer to meet the needs of its customers or its
4 load, until the generation resources are at the end of the facility's
5 useful life, are retired, or cease operations;

6 (iii) Contracts from generation resources qualifying under
7 (b)(ii) of this subsection consumed by utilities or market customers
8 who do not otherwise own generating resources;

9 (iv) Short-term spot market purchases;

10 (v) Peaking plants acquired or contracted by a market customer or
11 electric utility after the effective date of this section; and

12 (vi) Electricity generation from any natural gas-fired generation
13 facility where the total amount of natural gas generation acquired
14 from all additions does not exceed five percent of the electric
15 utility's retail load or a market customer's load for each year.

16 (2)(a) For an investor-owned utility, the commission shall
17 determine compliance with the provisions of this chapter and assess
18 charges as provided in subsection (1) of this section.

19 (b) For a consumer-owned utility, the department is responsible
20 for assessing charges as provided in subsection (1) of this section.
21 The auditor shall determine compliance with the provisions of this
22 chapter and the attorney general is responsible for enforcing
23 compliance.

24 (c) For a market customer, the auditor shall determine compliance
25 with this chapter and the attorney general is responsible for
26 enforcing compliance, except that the commission shall determine
27 compliance with section 3 of this act for a market customer of an
28 investor-owned utility.

29 (3)(a) By June 1, 2020, and annually thereafter, each electric
30 utility and market customer shall report to the department on
31 progress towards the reduction in the total number of megawatt hours
32 from fossil fuel generating resources under section 3 of this act.

33 (b) Each investor-owned utility shall also report all information
34 required in (a) of this subsection to the commission.

35 (c) All electric utilities shall also make reports required in
36 this section available to its customers and each market customer
37 shall make all information required in this subsection available to
38 the attorney general.

39 (4) Moneys collected from electric utilities and market customers
40 pursuant to subsection (1)(a) of this section must be expended by the

1 department to assist electric utilities and market customers in
2 eliminating future payments of the pollution mitigation charge in the
3 following manner:

4 (a) One-third of revenue must be expended on projects that reduce
5 energy spending by low-income electricity customers, with priority
6 for distributed generation and conservation projects in excess of
7 existing requirements; and

8 (b) The remaining funds must be expended for projects that assist
9 electric utilities and market customers in meeting the carbon
10 reduction requirements in section 3 of this act including, but not
11 limited to: (i) Smart grid and grid modernization projects; and (ii)
12 research and deployment of renewable resources with capacity factors
13 above fifty percent.

14 NEW SECTION. **Sec. 5.** (1) The legislature finds and declares all
15 of the following:

16 (a) There is insufficient information available to fully realize
17 the potential of solar photovoltaic energy generation to serve low-
18 income customers, including those in disadvantaged communities.

19 (b) There is insufficient understanding of the barriers to access
20 for low-income customers to all forms of renewable energy being
21 generated in the state.

22 (c) There is insufficient understanding of the barriers to access
23 for low-income customers to energy efficiency investments.

24 (d) There is insufficient understanding of the barriers to access
25 for low-income customers to zero emission and near-zero emission
26 transportation options.

27 (2) By January 1, 2019, the department of commerce, with input
28 from relevant state agencies and the public, shall conduct and
29 complete a study on both of the following:

30 (a) Barriers to, and opportunities for, solar photovoltaic energy
31 generation as well as barriers to, and opportunities for, access to
32 other renewable energy by low-income customers; and

33 (b) Barriers to contracting opportunities for local small
34 businesses in disadvantaged communities.

35 (3) By January 1, 2019, the department of commerce, with input
36 from relevant state agencies and the public, shall develop and
37 publish a study on barriers for low-income customers to energy
38 efficiency and weatherization investments, including those in
39 disadvantaged communities, as well as recommendations on how to

1 increase access to energy efficiency and weatherization investments
2 to low-income customers.

3 (4) By January 1, 2019, the department of commerce, with input
4 from relevant state agencies and the public, shall develop and
5 publish a study on barriers for low-income customers to zero emission
6 and near-zero emission transportation options, including those in
7 disadvantaged communities, as well as recommendations on how to
8 increase access to zero emission and near-zero emission
9 transportation options to low-income customers, including those in
10 disadvantaged communities.

11 (5) By January 1, 2019, the department of commerce, with input
12 from relevant state agencies and the public, shall develop and
13 publish a study on the impact of chapter . . . , Laws of 2018 (this
14 act) on utility rates as it affects individuals of varying income
15 levels, ethnic backgrounds, and racial backgrounds.

16 (6) The definitions in RCW 19.285.030 apply throughout this
17 section.

18 (7) This section expires July 1, 2019.

19 NEW SECTION. **Sec. 6.** The commission, in the case of investor-
20 owned utilities, and the department, in the case of consumer-owned
21 utilities, shall adopt rules to implement this act.

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

24 NEW SECTION. **Sec. 8.** (1) This act expires upon the occurrence
25 of any of the following occurring prior to January 1, 2019:

26 (a) A law is enacted to place a charge, tax, regulatory limit, or
27 standard upon the emission of greenhouse gases that is imposed
28 broadly upon those persons subject to the administrative penalty
29 imposed in section 3 of this act;

30 (b) RCW 19.285.040 is amended to increase the renewable energy
31 targets in existence as of the effective date of this section or a
32 new law is enacted to similar effect;

33 (c) Any law is enacted that restricts the electricity generation
34 fuel source for meeting new or additional loads of an electric
35 utility beyond the requirements of this act; or

1 (d) Any law is enacted that places a cap on the level of carbon
2 emissions within the state, such as cap-and-trade or cap-and-invest
3 beyond the requirements of this act.

4 (2) The department of commerce must provide written notice of the
5 expiration date of this act to affected parties, the chief clerk of
6 the house of representatives, the secretary of the senate, the office
7 of the code reviser, and others as deemed appropriate by the
8 department.

9 NEW SECTION. **Sec. 9.** If any provision of this act or its
10 application to any person or circumstance is held invalid, the
11 remainder of the act or the application of the provision to other
12 persons or circumstances is not affected."

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13 On page 1, beginning on line 2 of the title, after "standard;"
14 strike the remainder of the title and insert "adding a new chapter to
15 Title 19 RCW; creating a new section; prescribing penalties;
16 providing an expiration date; and providing a contingent expiration
17 date."

EFFECT: Clarifies that electric utilities must eliminate all
costs associated with delivering electricity that is generated from a
coal-fired resource to customers that are in Washington.

Clarifies that no new hydroelectric generation facility may be
constructed except for a pumped storage facility that complies with
existing laws and regulations. Specifies that component parts of
existing hydroelectric generation may be replaced to maintain
operational function, such as replacing a diversion dam and other
upgrades, and may expand the facilities' capacity in accordance with
federal laws and regulations.

Requires electric utilities and market customers to demonstrate
that they have achieved all feasible conservation measures or
investments, reductions in demand, and demand management prior to
making new investments to meet projected demand.

Requires that to the maximum extent feasible, construction of new
resources shall maximize the creation of family wage jobs and rely on
renewable resources.

Replaces the pollution mitigation charge with an administrative
penalty that is consistent with penalties under the Energy
Independence Act (EIA).

Allows the use of specific resources prior to December 31, 2045,
such as:

-BPA tier 1 power;

-Existing generation resources owned by an electric utility or market customers and used in contracts for short-term spot market purchases and peaking plants; and

-Electricity generation from a natural gas-fired generation facility where the total amount does not exceed 5 percent of the electric utility's retail load or market customer's load for each year.

Expires the act if any of the following new laws are enacted prior to January 1, 2019: A charge, tax, regulatory limit, or standard on GHG emissions is imposed on those subject to the administrative penalty; the renewable energy targets are increased under the EIA; electricity generation fuel sources for meeting new or additional loads are restricted; or a cap is placed on the level of carbon emissions.

Removes the definition of clean resources and emission.

Adds definitions for short-term spot market purchase; spot market; tier 1 system, and peaking plant.

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