
HOUSE BILL 2897

State of Washington

65th Legislature

2018 Regular Session

By Representatives Morris and Tarleton

Read first time 01/22/18. Referred to Committee on Technology & Economic Development.

1 AN ACT Relating to electric utility plans for distributed energy
2 resources and transportation electrification; adding a new section to
3 chapter 35.92 RCW; adding a new section to chapter 54.16 RCW; and
4 creating a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that:

7 (1) Programs for electrification of transportation have the
8 potential to allow electric utilities to optimize the use of electric
9 distribution grid infrastructure, improve the management of electric
10 loads, and better manage the integration of variable renewable energy
11 resources. The legislature finds that, depending upon each utility's
12 unique circumstances, electrification of transportation programs may
13 provide cost-effective energy efficiency or defer capital investment
14 needed to accommodate unmanaged variable electricity supply and
15 demand. Electrification of transportation may result in cost savings
16 and system benefits for all ratepayers.

17 (2) State policy can achieve the greatest return on investment in
18 reducing greenhouse gas emissions and improving air quality by
19 expediting the transition to alternative fuel vehicles, including
20 electric vehicles. Potential benefits associated with electrification
21 of transportation include the monetization of environmental

1 attributes associated with carbon reduction in the transportation
2 sector.

3 (3) Under RCW 80.28.360, the utilities and transportation
4 commission is authorized to allow an incentive rate of return on
5 investment for electric vehicle supply equipment that is deployed by
6 electrical companies for the system benefit of ratepayers. Similar
7 legislative clarity is important for consumer-owned utilities to
8 offer incentive programs and services in the electrification of
9 transportation for its customers. It is the intent of the legislature
10 to achieve parity among all electric utilities, so each utility,
11 depending on its unique circumstances, can determine its appropriate
12 role in the development of electrification of transportation
13 infrastructure.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 35.92
15 RCW to read as follows:

16 (1)(a) The governing authority of an electric utility formed
17 under this chapter may adopt a transportation electrification plan
18 that, at a minimum, establishes a finding that utility outreach and
19 investment in the electrification of transportation infrastructure
20 is: (i) Cost-effective, as determined using a methodology that
21 assesses both the expected system benefits and expected costs to
22 ratepayers served by the utility on the intra-distribution system;
23 and (ii) within the limits established by the Constitution of the
24 state of Washington.

25 (b) In order to develop a transportation electrification plan,
26 the governing authority must first engage in a distributed energy
27 resources planning process that accomplishes the following:

28 (i) Identifies the data gaps that impede a robust planning
29 process as well as any upgrades, such as but not limited to advanced
30 metering and grid monitoring equipment, needed to obtain data that
31 would allow the electric utility to quantify the locational and
32 temporal value of resources on the distribution system;

33 (ii) Proposes monitoring and metering upgrades that are supported
34 by a business case identifying how those upgrades will be leveraged
35 to provide net benefits for customers;

36 (iii) Identifies potential programs and tariffs to fairly
37 compensate customers for the value of their distributed energy
38 resources, which may both produce and consume electricity and
39 capacity from the distribution system individually or in groups, and

1 ensure their optimal usage, including programs targeted at low-income
2 customers;

3 (iv) Forecasts, using probabilistic models, the growth of
4 distributed energy resources on the utility's distribution system;

5 (v) Provides, at a minimum, a ten-year plan for distribution
6 system investments and an analysis of nonwires alternatives for major
7 investments. This plan should include a process whereby near-term
8 assumptions regularly inform and adjust the long-term projections of
9 the plan. The goal of the plan should be to provide the most
10 affordable investments for all customers and avoid reactive
11 expenditures to accommodate unanticipated growth in distributed
12 energy resources. An analysis that fairly considers wire-based and
13 nonwires alternatives on equal terms is foundational to achieving
14 this goal. The electric utility should be indifferent to the
15 technology that is used to meet a particular resource need. The
16 distribution system investment planning process should utilize a
17 transparent approach that involves opportunities for stakeholder
18 input and feedback;

19 (vi) Competitively procures the distributed energy resources
20 needs identified in the plan through detailed requests for proposals
21 that identify the specific needs at each identified location.
22 Competitive procurements that are tailored to solve specific needs,
23 rather than to procure a specific resource, increase an electric
24 utility's ability to identify the lowest cost, most efficient means
25 of meeting distribution system needs. If the projected cost of a
26 procurement is more than the calculated system net benefit, the
27 electric utility should then establish a pilot process that mimics
28 the efficiencies of a competitive procurement;

29 (vii) Includes the distributed energy resources identified in the
30 plan in the electric utility's integrated resource plan developed
31 under this chapter. Distribution system plans should be used as
32 inputs to the integrated resource planning process. Distributed
33 energy resources may be used to meet system needs when they are not
34 needed to meet a local distribution need. Including select
35 distributed energy resources in the integrated resource planning
36 process allows those resources to displace or delay system resources
37 in the integrated resource plan;

38 (viii) Includes a high level discussion of how the electric
39 utility is adapting cybersecurity and data privacy practices to the

1 changing distribution system and the internet of things, including an
2 assessment of the costs associated with ensuring customer privacy;

3 (ix) Includes a discussion of lessons learned from the planning
4 cycle and identify process and data improvements planned for the next
5 cycle.

6 (2) In adopting a transportation electrification plan under
7 subsection (1)(a) of this section, the governing authority may
8 consider some or all of the following: (a) The applicability of
9 multiple options for electrification of transportation across all
10 customer classes; (b) the impact of electrification on the utility's
11 distribution load, and whether demand response or other load
12 management opportunities, including direct load control and dynamic
13 pricing, are operationally appropriate; (c) system reliability and
14 distribution system efficiencies; (d) interoperability concerns,
15 including the interoperability of hardware and software systems in
16 electrification of transportation proposals; and (e) overall customer
17 experience.

18 (3) The governing authority of an electric utility formed under
19 this chapter may, upon making a cost-effectiveness determination in
20 accordance with subsection (1)(a) of this section, offer programs in
21 the electrification of transportation for its customers, including
22 advertising programs to promote the utility's or third-party
23 services, incentives, or rebates.

24 (4) For the purposes of this section, "system benefit" means a
25 situation where system-wide financial, reliability, and quality
26 benefits of the electrification of transportation are conferred
27 equally among all ratepayers on the intra-distribution system.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 54.16
29 RCW to read as follows:

30 (1)(a) The commission of a public utility district may adopt a
31 transportation electrification plan that, at a minimum, establishes a
32 finding that district outreach and investment in the electrification
33 of transportation infrastructure is: (i) Cost-effective, as
34 determined using a methodology that assesses both the expected system
35 benefits and expected costs to ratepayers served by the district on
36 the intra-distribution system; and (ii) within the limits established
37 by the Constitution of the state of Washington.

38 (b) In order to develop a transportation electrification plan,
39 the commission of a public utility district must first engage in a

1 distributed energy resources planning process that accomplishes the
2 following:

3 (i) Identifies the data gaps that impede a robust planning
4 process as well as any upgrades, such as but not limited to advanced
5 metering and grid monitoring equipment, needed to obtain data that
6 would allow the district to quantify the locational and temporal
7 value of resources on the distribution system;

8 (ii) Proposes monitoring and metering upgrades that are supported
9 by a business case identifying how those upgrades will be leveraged
10 to provide net benefits for customers;

11 (iii) Identifies potential programs and tariffs to fairly
12 compensate customers for the value of their distributed energy
13 resources, which may both produce and consume electricity and
14 capacity from the distribution system individually or in groups, and
15 ensure their optimal usage, including programs targeted at low-income
16 customers;

17 (iv) Forecasts, using probabilistic models, the growth of
18 distributed energy resources on the district's distribution system;

19 (v) Provides, at a minimum, a ten-year plan for distribution
20 system investments and an analysis of nonwires alternatives for major
21 investments. This plan should include a process whereby near-term
22 assumptions regularly inform and adjust the long-term projections of
23 the plan. The goal of the plan should be to provide the most
24 affordable investments for all customers and avoid reactive
25 expenditures to accommodate unanticipated growth in distributed
26 energy resources. An analysis that fairly considers wire-based and
27 nonwires alternatives on equal terms is foundational to achieving
28 this goal. The district should be indifferent to the technology that
29 is used to meet a particular resource need. The distribution system
30 investment planning process should utilize a transparent approach
31 that involves opportunities for stakeholder input and feedback;

32 (vi) Competitively procures the distributed energy resources
33 needs identified in the plan through detailed requests for proposals
34 that identify the specific needs at each identified location.
35 Competitive procurements that are tailored to solve specific needs,
36 rather than to procure a specific resource, increase a public utility
37 district's ability to identify the lowest cost, most efficient means
38 of meeting distribution system needs. If the projected cost of a
39 procurement is more than the calculated system net benefit, the

1 district should then establish a pilot process that mimics the
2 efficiencies of a competitive procurement;

3 (vii) Includes the distributed energy resources identified in the
4 plan in the public utility district's integrated resource plan
5 developed under this chapter. Distribution system plans should be
6 used as inputs to the integrated resource planning process.
7 Distributed energy resources may be used to meet system needs when
8 they are not needed to meet a local distribution need. Including
9 select distributed energy resources in the integrated resource
10 planning process allows those resources to displace or delay system
11 resources in the integrated resource plan;

12 (viii) Includes a high level discussion of how the public utility
13 district is adapting cybersecurity and data privacy practices to the
14 changing distribution system and the internet of things, including an
15 assessment of the costs associated with ensuring customer privacy;

16 (ix) Includes a discussion of lessons learned from the planning
17 cycle and identify process and data improvements planned for the next
18 cycle.

19 (2) In adopting a transportation electrification plan under
20 subsection (1)(a) of this section, the commission may consider some
21 or all of the following: (a) The applicability of multiple options
22 for electrification of transportation across all customer classes;
23 (b) the impact of electrification on the district's distribution
24 load, and whether demand response or other load management
25 opportunities, including direct load control and dynamic pricing, are
26 operationally appropriate; (c) system reliability and distribution
27 system efficiencies; (d) interoperability concerns, including the
28 interoperability of hardware and software systems in electrification
29 of transportation proposals; and (e) overall customer experience.

30 (3) The commission of a public utility district may, upon making
31 a cost-effectiveness determination in accordance with subsection
32 (1)(a) of this section, offer programs in the electrification of
33 transportation for its customers, including advertising programs to
34 promote the district's or third-party services, incentives, or
35 rebates.

36 (4) For the purposes of this section, "system benefit" means a
37 situation where system-wide financial, reliability, and quality

1 benefits of the electrification of transportation are conferred
2 equally among all ratepayers on the intra-distribution system.

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