
SECOND SUBSTITUTE SENATE BILL 6253

State of Washington

65th Legislature

2018 Regular Session

By Senate Ways & Means (originally sponsored by Senators Ranker, Carlyle, Palumbo, Keiser, Llias, Frockt, Kuderer, Chase, Hunt, and Saldaña)

READ FIRST TIME 02/06/18.

1 AN ACT Relating to establishing a clean, efficient, renewable
2 energy standard; adding a new chapter to Title 19 RCW; creating a new
3 section; prescribing penalties; and providing an expiration date.

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

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

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

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

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

4 (1) "Attorney general" has the same meaning as defined in RCW
5 19.285.030.

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

7 (3) "Clean resources" means electricity from a generation
8 facility powered by a fuel whose conversion to electricity produces
9 no emissions.

10 (4) "Coal-fired resource" means a facility that uses coal-fired
11 generating units, or that uses units fired in whole or in part by
12 coal as feedstock, to generate electricity.

13 (5) "Commission" means the Washington state utilities and
14 transportation commission.

15 (6) "Conservation" has the same meaning as defined in RCW
16 19.285.030.

17 (7) "Consumer-owned utility" has the same meaning as defined in
18 RCW 19.29A.010.

19 (8) "Customer" has the same meaning as defined in RCW 19.285.030.

20 (9) "Department" means the department of commerce or its
21 successor.

22 (10) "Electric utility" has the same meaning as defined in RCW
23 19.29A.010.

24 (11) "Emission" has the same meaning as provided in RCW
25 70.94.030.

26 (12) "Fossil fuel" means petroleum products that are intended for
27 combustion, including natural gas, crude oil, petroleum, coal, or
28 coke of any kind, or any form of solid, liquid, or gaseous fuel
29 derived from these products including but not limited to motor
30 vehicle fuel, special fuel, aircraft fuel, marine fuel, still gas,
31 propane, and petroleum residuals such as bunker fuel.

32 (13) "Fossil fuel generating resource" is an electric generating
33 unit that generates electricity from the combustion or oxidation of
34 fossil fuels.

35 (14) "Investor-owned utility" has the same meaning as defined in
36 RCW 19.29A.010.

37 (15) "Low-income" means household income as defined by the
38 department or commission, provided that the definition may not exceed
39 eighty percent of area median household income, adjusted for
40 household size.

1 (16) "Market customer" means a nonresidential customer of an
2 electric utility that: (a) Purchases electricity from an entity or
3 entities other than the electric utility with which it is directly
4 interconnected; or (b) generates electricity to meet its own needs.

5 (17) "Natural gas" means naturally occurring mixtures of
6 hydrocarbon gases and vapors consisting principally of methane,
7 whether in gaseous or liquid form, including methane clathrate.

8 (18) "Petroleum product" has the same meaning as defined in RCW
9 82.23A.010.

10 (19) "Renewable resource" has the same meaning as defined in RCW
11 19.285.030.

12 (20) "Rule" means rules adopted by an agency or other entity of
13 Washington state government to carry out the intent and purposes of
14 this chapter.

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

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

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

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

35 (4) Electric utilities and market customers shall seek to achieve
36 the targets in subsection (3) of this section at the lowest possible
37 costs, to the maximum extent practicable avoid the imposition of the
38 pollution mitigation charge in section 4(1)(a) of this act, and rely
39 on renewable resources or clean resources.

1 (5) Any tradable certificate of proof of conservation, renewable
2 resource, carbon reduction compliance mechanism, or other
3 environmental attribute associated with the portion of any resource
4 or resources used to meet the requirements of this section must be
5 retired for the purposes of this section and cannot be sold,
6 transferred, or used for other purposes, except for an electric
7 utility's own compliance with the renewable energy requirements under
8 chapter 19.285 RCW.

9 (6) Hydroelectric generation may not include new diversions, new
10 impoundments, new bypass reaches, or expansion of existing reservoirs
11 constructed after the effective date of this section unless the
12 diversions, bypass reaches, or reservoir expansions are necessary for
13 the operation of a pumped storage facility that: (a) Does not
14 conflict with existing state or federal fish recovery plans; and (b)
15 complies with all local, state, and federal laws and regulations.

16 NEW SECTION. **Sec. 4.** (1)(a) An electric utility or market
17 customer shall pay a pollution mitigation charge to the department
18 for fossil fuel megawatt hours in excess of limits established in
19 section 3(3) of this act. This charge must be set per megawatt hour
20 and increase according to the schedule below:

Year	Level	Annual escalation
2030	Fifty dollars/MWh	None
2040	Seventy-five dollars/MWh	None
2045	One hundred dollars/MWh	Two percent

21
22
23
24
25
26
27
28
29 (b) All dollar amounts set forth in (a) of this subsection are in
30 2018 dollars. Beginning on the effective date of this section, this
31 charge must be adjusted annually according to the rate of change of
32 the inflation indicator, gross domestic product-implicit price
33 deflator, as published by the bureau of economic analysis of the
34 United States department of commerce or its successor.

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

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

6 (c) For a market customer, the auditor shall determine compliance
7 with this chapter and the attorney general is responsible for
8 enforcing compliance, except that the commission shall determine
9 compliance with section 3 of this act for a market customer of an
10 investor-owned utility.

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

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

17 (c) All electric utilities shall also make reports required in
18 this section available to its customers and each market customer
19 shall make all information required in this subsection available to
20 the attorney general.

21 (4) Moneys collected from electric utilities and market customers
22 pursuant to subsection (1)(a) of this section must be expended by the
23 department to assist electric utilities and market customers in
24 eliminating future payments of the pollution mitigation charge in the
25 following manner:

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

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

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

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

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

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

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

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

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

18 (b) Barriers to contracting opportunities for local small
19 businesses in disadvantaged communities.

20 (3) By January 1, 2019, the department of commerce, with input
21 from relevant state agencies and the public, shall develop and
22 publish a study on barriers for low-income customers to energy
23 efficiency and weatherization investments, including those in
24 disadvantaged communities, as well as recommendations on how to
25 increase access to energy efficiency and weatherization investments
26 to low-income customers.

27 (4) By January 1, 2019, the department of commerce, with input
28 from relevant state agencies and the public, shall develop and
29 publish a study on barriers for low-income customers to zero emission
30 and near-zero emission transportation options, including those in
31 disadvantaged communities, as well as recommendations on how to
32 increase access to zero emission and near-zero emission
33 transportation options to low-income customers, including those in
34 disadvantaged communities.

35 (5) 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 the impact of chapter . . . , Laws of 2018 (this
38 act) on utility rates as it affects individuals of varying income
39 levels, ethnic backgrounds, and racial backgrounds.

1 (6) The definitions in RCW 19.285.030 apply throughout this
2 section.

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

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

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

9 NEW SECTION. **Sec. 8.** 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.

--- END ---