

---

HOUSE BILL 1126

---

State of Washington

66th Legislature

2019 Regular Session

By Representatives Morris, Ryu, Wylie, Kloba, and Young

Prefiled 01/11/19. Read first time 01/14/19. Referred to Committee on Environment & Energy.

1 AN ACT Relating to enabling electric utilities to prepare for the  
2 distributed energy future; and adding a new section to chapter 19.280  
3 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 19.280  
6 RCW to read as follows:

7 (1) The legislature finds that the proliferation of distributed  
8 energy resources across the distribution system is rapidly  
9 transforming the relationships between electric utilities and their  
10 retail electric customers. The legislature finds that distributed  
11 energy resources planning processes will vary from one utility to  
12 another based on the unique characteristics of each system. However,  
13 distributed energy resources planning processes may allow electric  
14 utilities to better anticipate both the positive and negative impacts  
15 of this transformation by: Illuminating the interdependencies among  
16 customer-sited energy and capacity resources; identifying and  
17 quantifying customer values that are not represented in volumetric  
18 electricity rates; reducing, deferring, or eliminating unnecessary  
19 and costly transmission and distribution capital expenditures;  
20 maximizing system benefits for all retail electric customers; and  
21 identifying opportunities for improving access to transformative

1 technologies for low-income and other underrepresented customer  
2 populations.

3 (2) Therefore, it is the policy of the state of Washington that  
4 any distributed energy resources planning process engaged in by an  
5 electric utility in the state should accomplish the following:

6 (a) Identify the data gaps that impede a robust planning process  
7 as well as any upgrades, such as but not limited to advanced metering  
8 and grid monitoring equipment, enhanced planning simulation tools,  
9 and potential cooperative efforts with other utilities in developing  
10 tools needed to obtain data that would allow the electric utility to  
11 quantify the locational and temporal value of resources on the  
12 distribution system;

13 (b) Propose monitoring, control, and metering upgrades that are  
14 supported by a business case identifying how those upgrades will be  
15 leveraged to provide net benefits for customers;

16 (c) Identify potential programs and tariffs to fairly compensate  
17 customers for the value of their distributed energy resources, which  
18 may both produce and consume electricity and capacity from the  
19 distribution system individually or in groups, and ensure their  
20 optimal usage, including programs targeted at low-income customers;

21 (d) Forecast, using probabilistic models if available, the growth  
22 of distributed energy resources on the utility's distribution system;

23 (e) Provide, at a minimum, a ten-year plan for distribution  
24 system investments and an analysis of nonwires alternatives for major  
25 transmission and distribution investments. This plan should include a  
26 process whereby near-term assumptions, as well as any pilots or  
27 procurements initiated in accordance with subsection (3) of this  
28 section, regularly inform and adjust the long-term projections of the  
29 plan. The goal of the plan should be to provide the most affordable  
30 investments for all customers and avoid reactive expenditures to  
31 accommodate unanticipated growth in distributed energy resources. An  
32 analysis that fairly considers wire-based and nonwires alternatives  
33 on equal terms is foundational to achieving this goal. The electric  
34 utility should be financially indifferent to the technology that is  
35 used to meet a particular resource need. The distribution system  
36 investment planning process should utilize a transparent approach  
37 that involves opportunities for stakeholder input and feedback;

38 (f) Include the distributed energy resources identified in the  
39 plan in the electric utility's integrated resource plan developed  
40 under this chapter. Distribution system plans should be used as

1 inputs to the integrated resource planning process. Distributed  
2 energy resources may be used to meet system needs when they are not  
3 needed to meet a local distribution need. Including select  
4 distributed energy resources in the integrated resource planning  
5 process allows those resources to displace or delay system resources  
6 in the integrated resource plan;

7 (g) Include a high level discussion of how the electric utility  
8 is adapting cybersecurity and data privacy practices to the changing  
9 distribution system and the internet of things, including an  
10 assessment of the costs associated with ensuring customer privacy;  
11 and

12 (h) Include a discussion of lessons learned from the planning  
13 cycle and identify process and data improvements planned for the next  
14 cycle.

15 (3) To ensure that procurement decisions are based on current  
16 cost and performance data for distributed energy resources, a utility  
17 should procure the distributed energy resource needs identified in  
18 any distributed energy resources plan through a process that is  
19 price-based and technology neutral. Electric utilities should  
20 consider using competitive procurements tailored to meet a specific  
21 need, which may increase the utility's ability to identify the lowest  
22 cost and most efficient means of meeting distribution system needs.  
23 If the projected cost of a procurement is more than the calculated  
24 system net benefit of the identified distributed energy resources,  
25 the governing body, in the case of a consumer-owned utility, or the  
26 commission, in the case of an investor-owned utility, may approve a  
27 pilot process by which the electric utility will gain a better  
28 understanding of the costs and benefits of a distributed energy  
29 resource or resources.

30 (4) By January 1, 2023, the legislature shall conduct an initial  
31 review of the state's policy pertaining to distributed energy  
32 resources planning under this chapter. By January 1, 2026, and every  
33 four years thereafter, the legislature shall conduct a full review of  
34 the policy and determine how many electric utilities in the state  
35 have engaged in or are engaging in a distributed energy resources  
36 planning process, whether the process has met the eight goals  
37 specified under subsection (2) of this section, and whether these  
38 goals need to be expanded or amended.

--- END ---