

SSB 5910 - H COMM AMD

By Committee on Appropriations

ADOPTED AND ENGROSSED 3/7/2022

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

3 "NEW SECTION. **Sec. 1.** INTENT AND FINDINGS. (1) The legislature
4 finds that while hydrogen fuel has been used in a variety of
5 applications in the state, the source of hydrogen has been derived
6 from fossil fuel feedstocks, such as natural gas. Hydrogen is an
7 essential building block and energy carrier molecule that is
8 necessary in the production of conventional and renewable fuels and a
9 valuable decarbonization tool when used in sectors such as marine,
10 aviation, steel, aluminum, and cement, as well as surface
11 transportation including heavy-duty vehicles, such as transit,
12 trucking, and drayage equipment. Hydrogen can be a carbon-free fuel
13 with an energy per unit mass that is three to four times greater than
14 jet fuel, whose energy can be extracted either through thermochemical
15 (combustion) or electrochemical (fuel cell) processes. In both cases,
16 the only by-product is water, instead of the greenhouse gases and
17 other conventional and toxic pollutants that are emitted from using
18 fossil fuels.

19 (2) The legislature further finds that the use of renewable
20 hydrogen and hydrogen produced from carbon-free feedstocks through
21 electrolysis is an essential tool to a clean energy ecosystem and
22 emissions reduction for challenging infrastructure needs. Clean
23 hydrogen fuel can be produced or "charged" closer to the generation
24 of the electricity when the electrical supply grid has surplus
25 energy, at times of low electricity use, such as evenings, then made
26 available at times of higher need and convenient locations, such as
27 fueling stations, avoiding the need to build or upgrade larger
28 electrical infrastructure, including distribution systems, to meet
29 higher peak demand for electricity.

30 (3) Therefore, the legislature intends by this act to establish
31 policies and a framework for the state to become a national and
32 global leader in the production and use of these hydrogen fuels. This

1 act will create an office of renewable fuels to: Promote partnerships
2 among industrial, transportation, agriculture, and commercial
3 interests as well as fuel producers, the technology research sector,
4 and public sector agencies; identify barriers to and opportunities
5 for market development; provide greater clarity and certainty in
6 regulatory and siting standards; provide incentives and financial
7 assistance in the deployment of hydrogen fuel infrastructure; support
8 a clean and just energy transition; help create good quality, clean
9 energy jobs; and improve air quality in degraded areas, particularly
10 in communities that have borne disproportionate levels of air
11 pollution from the combustion of fossil fuels.

12 **Part 1**

13 **OFFICE OF RENEWABLE FUELS**

14 NEW SECTION. **Sec. 101.** A new section is added to chapter 43.330
15 RCW to read as follows:

16 The definitions in this section apply throughout sections 102,
17 103, and 104 of this act unless the context clearly requires
18 otherwise.

19 (1) "Department" means the department of commerce.

20 (2) "Green electrolytic hydrogen" means hydrogen produced through
21 electrolysis and does not include hydrogen manufactured using steam
22 reforming or any other conversion technology that produces hydrogen
23 from a fossil fuel feedstock.

24 (3) "Office" means the statewide office of renewable fuels
25 established in section 102 of this act.

26 (4) "Overburdened communities" has the same meaning as defined in
27 RCW 70A.02.010.

28 (5) "Renewable fuel" means fuel produced using renewable
29 resources and includes renewable hydrogen.

30 (6) "Renewable hydrogen" has the same meaning as defined in RCW
31 54.04.190.

32 (7) "Renewable resource" has the same meaning as defined in RCW
33 19.405.020.

34 NEW SECTION. **Sec. 102.** A new section is added to chapter 43.330
35 RCW to read as follows:

36 (1) The statewide office of renewable fuels is established within
37 the department. The office shall report to the director of the

1 department. The office may employ staff as necessary to carry out the
2 office's duties as prescribed by this act, subject to the
3 availability of amounts appropriated for this specific purpose.

4 (2) The purpose of the office is to leverage, support, and
5 integrate with other state agencies to:

6 (a) Accelerate comprehensive market development with assistance
7 along the entire life cycle of renewable fuel projects;

8 (b) Support research into and development and deployment of
9 renewable fuel and the production, distribution, and use of renewable
10 and green electrolytic hydrogen and their derivatives, as well as
11 product engineering and manufacturing relating to the production and
12 use of such hydrogen and its derivatives;

13 (c) Drive job creation, improve economic vitality, and support
14 the transition to clean energy;

15 (d) Enhance resiliency by using renewable fuels and green
16 electrolytic hydrogen to support climate change mitigation and
17 adaptations; and

18 (e) Partner with overburdened communities to ensure communities
19 equitably benefit from renewable and clean fuels efforts.

20 NEW SECTION. **Sec. 103.** A new section is added to chapter 43.330
21 RCW to read as follows:

22 (1) The office shall:

23 (a) Coordinate with federally recognized tribes, local
24 government, state agencies, federal agencies, private entities, the
25 state's public four-year institutions of higher education, labor
26 unions, and others to facilitate and promote multi-institution
27 collaborations to drive research, development, and deployment efforts
28 in the production, distribution, and use of renewable fuels
29 including, but not limited to, green electrolytic hydrogen;

30 (b) Review existing renewable fuels and green electrolytic
31 hydrogen initiatives, policies, and public and private investments;

32 (c) Consider funding opportunities that provide for the
33 coordination of public and private funds for the purposes of
34 developing and deploying renewable fuels and green electrolytic
35 hydrogen;

36 (d) Assess opportunities for and barriers to deployment of
37 renewable fuels and green electrolytic hydrogen in hard to
38 decarbonize sectors of the state economy;

1 (e) Request recommendations from the Washington state association
2 of fire marshals regarding fire and other safety standards adopted by
3 the United States department of energy and recognized national and
4 international fire and safety code development authorities regarding
5 renewable fuels and green electrolytic hydrogen;

6 (f) By December 1, 2023, develop a plan and recommendations for
7 consideration by the legislature and governor on renewable fuels and
8 green electrolytic hydrogen policy and public funding including, but
9 not limited to, project permitting, state procurement, and pilot
10 projects; and

11 (g) Encourage new and support existing public-private
12 partnerships to increase coordinated planning and deployment of
13 renewable fuels and green electrolytic hydrogen.

14 (2) The office may take all appropriate steps to seek and apply
15 for federal funds for which the office is eligible, and other grants,
16 and accept donations, and must deposit these funds in the renewable
17 fuels accelerator account created in section 104 of this act.

18 (3) In carrying out its duties, the office must collaborate with
19 the department, the department of ecology, the department of
20 transportation, the utilities and transportation commission, electric
21 utilities in Washington state, the Washington State University
22 extension energy program, and all other relevant state agencies. The
23 office must also consult with and seek to involve federally
24 recognized tribes, project developers, labor and industry trade
25 groups, and other interested parties, in the development of policy
26 analysis and recommended programs or projects.

27 (4) The office may cooperate with other state agencies in
28 compiling data regarding the use of renewable fuels and green
29 electrolytic hydrogen in state operations, including motor vehicle
30 fleets, the state ferry system, and nonroad equipment.

31 NEW SECTION. **Sec. 104.** A new section is added to chapter 43.330
32 RCW to read as follows:

33 The renewable fuels accelerator account is created in the state
34 treasury. Revenues to the account consist of appropriations made by
35 the legislature, federal funds, gifts or grants from the private
36 sector or foundations, and other sources deposited in the account.
37 Moneys in the account may be spent only after appropriation.
38 Expenditures from the account may be used only for purposes
39 designated in sections 102, 103, and 201 of this act. Only the

1 director or the director's designee may authorize expenditures from
2 the account.

3 **Part 2**

4 **FEDERAL FUNDING**

5 NEW SECTION. **Sec. 201.** (1)(a) The legislature finds that the
6 federal infrastructure investment and jobs act, P.L. 117-58, provides
7 \$8,000,000,000 over five years to support the development of regional
8 clean hydrogen hubs. The federal infrastructure investment and jobs
9 act requires the United States secretary of energy to establish a
10 program to fund at least four regional hubs to aid in achieving a
11 hydrogen fuel production carbon intensity standard provided in that
12 legislation; to demonstrate the production, processing, delivery,
13 storage, and end use of hydrogen; and that can be developed into a
14 national network to facilitate a clean hydrogen economy. The federal
15 infrastructure investment and jobs act requires the secretary of
16 energy to select regional hubs that demonstrate a diversity of
17 feedstocks, a diversity of end uses, and a diversity of geographic
18 regions of the country. The federal infrastructure investment and
19 jobs act requires the secretary of energy to solicit proposals for
20 regional hubs by May 15, 2022, and to make selections of the hubs
21 within one year after the deadline for submission of proposals.

22 (b) The legislature further finds that Washington state is
23 strongly positioned to develop a regional clean energy hub meeting
24 the criteria of the federal infrastructure investment and jobs act
25 because the state:

26 (i) Has adopted a state energy strategy that recognizes hydrogen
27 as an integral part of the state's decarbonization pathway;

28 (ii) Has an abundance of low cost, low carbon, reliable
29 electricity as the primary energy resource for production of clean
30 hydrogen;

31 (iii) Already has under construction the nation's first renewable
32 hydrogen electrolyzer and has several hydrogen fueling facilities as
33 well as production facilities in planning and design phases;

34 (iv) Has multiple manufacturers designing, engineering, and
35 manufacturing fuel cell electric engines and zero-emission vehicles,
36 vessels, and airplanes;

37 (v) Has numerous industrial, maritime, and freight shipping
38 concerns that are moving toward cleaner fuels and that would help

1 provide demand for hydrogen, as well as state and local governments
2 currently considering hydrogen uses;

3 (vi) Has a demonstrated track record of building partnerships
4 across the public and private sector to advance clean energy
5 technologies;

6 (vii) Has policies in place supporting and engaging overburdened
7 communities, including the healthy environment for all act, which
8 will facilitate alignment with the justice40 initiative; and

9 (viii) Has policies, including tax incentives, that support high
10 labor standards in clean energy production.

11 (c) The legislature further finds that the state may help to
12 promote and strengthen applications for regional hydrogen hub federal
13 funding through state funding assistance to support a timely and
14 competitive application to the United States department of energy by
15 a public-private partnership entity that leverages private sector
16 leadership and is composed of multiple interests, including public
17 and private project developers, manufacturers and end users, research
18 institutions, academia, government, and communities around the state.

19 (2) Subject to amounts appropriated for this specific purpose,
20 the director of the department of commerce must provide support to a
21 public-private partnership entity as described in subsection (1)(c)
22 of this section, which may include department staff support and
23 direct funding. The entity should:

24 (a) Agree to prepare a timely and responsive application for
25 federal funding to develop a regional clean hydrogen hub in
26 Washington state, consistent with the requirements of the federal
27 application process and the policies and strategy of the state of
28 Washington;

29 (b) Demonstrate meaningful engagement with a range of entities
30 across the state, including federally recognized tribes, labor
31 unions, and communities around the state including overburdened
32 communities, in the development of a hydrogen hub;

33 (c) Include entities that provide training and expand employment
34 opportunities for the hydrogen workforce, including labor
35 organizations, institutions of higher education, community and
36 technical colleges, and vocational institutions; and

37 (d) Include specific commitments, as required by the federal
38 application, from industries, transportation agencies, utilities, and
39 other public and private sector entities to assist in funding the
40 application and to develop plans to either construct infrastructure

1 for or to incorporate, or both, the production, distribution, and end
2 use of renewable hydrogen and green electrolytic hydrogen fuels into
3 their transition to cleaner energy.

4 (3) In addition to the assistance in applying for federal funding
5 provided through subsection (2) of this section, the legislature
6 intends that the state fully support a regional clean energy hub in
7 the state, including further direct financial assistance in
8 developing the hub and the acquisition of hydrogen fuels for state
9 agency and local government uses.

10 **Part 3**

11 **VALUATION OF PROPERTY RELATED TO RENEWABLE ENERGY**

12 NEW SECTION. **Sec. 301.** A new section is added to chapter 84.40
13 RCW to read as follows:

14 (1) It is the policy of this state to promote the development of
15 renewable energy projects to support the state's renewable energy
16 goals.

17 (2) The department must publish guidance, in cooperation with
18 industry stakeholders, to advise county assessors when appraising
19 renewable energy facilities for determining true and fair value, in
20 accordance with RCW 84.40.030. This guidance must include a cost-
21 based appraisal method, and the development of industry-specific
22 valuation tables for the following types of renewable energy
23 property:

24 (a) A cost-based appraisal method and industry-specific valuation
25 tables for equipment used to generate solar power must be published
26 by January 1, 2023, for property taxes levied for collection in
27 calendar year 2024;

28 (b) A cost-based appraisal method and industry-specific valuation
29 tables for equipment used to generate wind power must be published by
30 January 1, 2023, for property taxes levied for collection in calendar
31 year 2024; and

32 (c) A cost-based appraisal method and industry-specific valuation
33 tables for equipment used to store electricity must be published by
34 January 1, 2024, for property taxes levied for collection in calendar
35 year 2025.

36 (3) County assessors must refer to this guidance, including cost-
37 based appraisal method and industry-specific valuation tables, when
38 valuing renewable energy property but may also consider one or more

1 additional valuation methods in determining the true and fair value
2 of a property when there is a compelling reason to do so.

3 (4) For the purposes of this section, "renewable energy property"
4 means property that uses solar or wind energy as the sole fuel source
5 for the generation of at least one megawatt of nameplate capacity,
6 alternating current, and all other equipment and materials that
7 comprise the property, including equipment used to store electricity
8 from the property to be released at a later time. "Renewable energy
9 property" does not include any equipment or materials attached to a
10 single-family residential building.

11 **Part 4**

12 **EXPANDING THE PRODUCTION, DISTRIBUTION, AND USE OF HYDROGEN NOT**
13 **PRODUCED FROM A FOSSIL FUEL FEEDSTOCK**

14 **Sec. 401.** RCW 82.08.816 and 2019 c 287 s 11 are each amended to
15 read as follows:

16 (1) The tax imposed by RCW 82.08.020 does not apply to:

17 (a) The sale of batteries or fuel cells for electric vehicles,
18 including batteries or fuel cells sold as a component of an electric
19 bus at the time of the vehicle's sale;

20 (b) The sale of or charge made for labor and services rendered in
21 respect to installing, repairing, altering, or improving electric
22 vehicle batteries or fuel cells;

23 (c) The sale of or charge made for labor and services rendered in
24 respect to installing, constructing, repairing, or improving battery
25 or fuel cell electric vehicle infrastructure, including hydrogen
26 fueling stations;

27 (d) The sale of tangible personal property that will become a
28 component of battery or fuel cell electric vehicle infrastructure
29 during the course of installing, constructing, repairing, or
30 improving battery or fuel cell electric vehicle infrastructure; and

31 (e) The sale of zero emissions buses.

32 (2) Sellers may make tax exempt sales under this section only if
33 the buyer provides the seller with an exemption certificate in a form
34 and manner prescribed by the department. The seller must retain a
35 copy of the certificate for the seller's files.

36 (3) On the last day of January, April, July, and October of each
37 year, the state treasurer, based upon information provided by the
38 department, must transfer from the multimodal transportation account

1 to the general fund a sum equal to the dollar amount that would
2 otherwise have been deposited into the general fund during the prior
3 calendar quarter but for the exemption provided in this section.
4 Information provided by the department to the state treasurer must be
5 based on the best available data, except that the department may
6 provide estimates of taxes exempted under this section until such
7 time as retailers are able to report such exempted amounts on their
8 tax returns.

9 (4) The definitions in this subsection apply throughout this
10 section unless the context clearly requires otherwise.

11 (a) "Battery charging station" means an electrical component
12 assembly or cluster of component assemblies designed specifically to
13 charge batteries within electric vehicles, which meet or exceed any
14 standards, codes, and regulations set forth by chapter 19.28 RCW and
15 consistent with rules adopted under RCW 19.27.540.

16 (b) "Battery exchange station" means a fully automated facility
17 that will enable an electric vehicle with a swappable battery to
18 enter a drive lane and exchange the depleted battery with a fully
19 charged battery through a fully automated process, which meets or
20 exceeds any standards, codes, and regulations set forth by chapter
21 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

22 (c) "Electric vehicle infrastructure" means structures,
23 machinery, and equipment necessary and integral to support a battery
24 or fuel cell electric vehicle, including battery charging stations,
25 rapid charging stations, battery exchange stations, fueling stations
26 that provide hydrogen for fuel cell electric vehicles, green
27 electrolytic hydrogen production facilities, and renewable hydrogen
28 production facilities.

29 (d) "Green electrolytic hydrogen" means hydrogen produced through
30 electrolysis, and does not include hydrogen manufactured using steam
31 reforming or any other conversion technology that produces hydrogen
32 from a fossil fuel feedstock.

33 (e) "Rapid charging station" means an industrial grade electrical
34 outlet that allows for faster recharging of electric vehicle
35 batteries through higher power levels, which meets or exceeds any
36 standards, codes, and regulations set forth by chapter 19.28 RCW and
37 consistent with rules adopted under RCW 19.27.540.

38 ((-e)) (f) "Renewable hydrogen" means hydrogen produced using
39 renewable resources both as the source for hydrogen and the source
40 for the energy input into the production process.

1 (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;
2 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
3 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
4 (viii) biodiesel fuel that is not derived from crops raised on land
5 cleared from old growth or first growth forests; or (ix) biomass
6 energy.

7 (~~(g)~~) (h) "Zero emissions bus" means a bus that emits no
8 exhaust gas from the onboard source of power, other than water vapor.

9 (5) This section expires July 1, 2025.

10 **Sec. 402.** RCW 82.12.816 and 2019 c 287 s 12 are each amended to
11 read as follows:

12 (1) The tax imposed by RCW 82.12.020 does not apply to the use
13 of:

14 (a) Electric vehicle batteries or fuel cells, including batteries
15 or fuel cells sold as a component of an electric bus at the time of
16 the vehicle's sale;

17 (b) Labor and services rendered in respect to installing,
18 repairing, altering, or improving electric vehicle batteries or fuel
19 cells;

20 (c) Tangible personal property that will become a component of
21 battery or fuel cell electric vehicle infrastructure during the
22 course of installing, constructing, repairing, or improving battery
23 or fuel cell electric vehicle infrastructure; and

24 (d) Zero emissions buses.

25 (2) The definitions in this subsection apply throughout this
26 section unless the context clearly requires otherwise.

27 (a) "Battery charging station" means an electrical component
28 assembly or cluster of component assemblies designed specifically to
29 charge batteries within electric vehicles, which meet or exceed any
30 standards, codes, and regulations set forth by chapter 19.28 RCW and
31 consistent with rules adopted under RCW 19.27.540.

32 (b) "Battery exchange station" means a fully automated facility
33 that will enable an electric vehicle with a swappable battery to
34 enter a drive lane and exchange the depleted battery with a fully
35 charged battery through a fully automated process, which meets or
36 exceeds any standards, codes, and regulations set forth by chapter
37 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

38 (c) "Electric vehicle infrastructure" means structures,
39 machinery, and equipment necessary and integral to support a battery

1 or fuel cell electric vehicle, including battery charging stations,
2 rapid charging stations, battery exchange stations, fueling stations
3 that provide hydrogen for fuel cell electric vehicles, green
4 electrolytic hydrogen production facilities, and renewable hydrogen
5 production facilities.

6 (d) "Green electrolytic hydrogen" means hydrogen produced through
7 electrolysis, and does not include hydrogen manufactured using steam
8 reforming or any other conversion technology that produces hydrogen
9 from a fossil fuel feedstock.

10 (e) "Rapid charging station" means an industrial grade electrical
11 outlet that allows for faster recharging of electric vehicle
12 batteries through higher power levels, which meets or exceeds any
13 standards, codes, and regulations set forth by chapter 19.28 RCW and
14 consistent with rules adopted under RCW 19.27.540.

15 (~~(e)~~) (f) "Renewable hydrogen" means hydrogen produced using
16 renewable resources both as the source for hydrogen and the source
17 for the energy input into the production process.

18 (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;
19 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
20 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
21 (viii) biodiesel fuel that is not derived from crops raised on land
22 cleared from old growth or first growth forests; or (ix) biomass
23 energy.

24 (~~(g)~~) (h) "Zero emissions bus" means a bus that emits no
25 exhaust gas from the onboard source of power, other than water vapor.

26 (3) On the last day of January, April, July, and October of each
27 year, the state treasurer, based upon information provided by the
28 department, must transfer from the multimodal transportation account
29 to the general fund a sum equal to the dollar amount that would
30 otherwise have been deposited into the general fund during the prior
31 calendar quarter but for the exemption provided in this section.
32 Information provided by the department to the state treasurer must be
33 based on the best available data, except that the department may
34 provide estimates of taxes exempted under this section until such
35 time as retailers are able to report such exempted amounts on their
36 tax returns.

37 (4) This section expires July 1, 2025.

38 **Sec. 403.** RCW 82.29A.125 and 2019 c 287 s 14 are each amended to
39 read as follows:

1 (1) Leasehold excise tax may not be imposed on leases to tenants
2 of public lands for purposes of installing, maintaining, and
3 operating electric vehicle infrastructure.

4 (2) The definitions in this subsection apply throughout this
5 section unless the context clearly requires otherwise.

6 (a) "Battery charging station" means an electrical component
7 assembly or cluster of component assemblies designed specifically to
8 charge batteries within electric vehicles, which meet or exceed any
9 standards, codes, and regulations set forth by chapter 19.28 RCW and
10 consistent with rules adopted under RCW 19.27.540.

11 (b) "Battery exchange station" means a fully automated facility
12 that will enable an electric vehicle with a swappable battery to
13 enter a drive lane and exchange the depleted battery with a fully
14 charged battery through a fully automated process, which meets or
15 exceeds any standards, codes, and regulations set forth by chapter
16 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

17 (c) "Electric vehicle infrastructure" means structures,
18 machinery, and equipment necessary and integral to support an
19 electric vehicle, including battery charging stations, rapid charging
20 stations, battery exchange stations, fueling stations that provide
21 hydrogen for fuel cell electric vehicles, green electrolytic hydrogen
22 production facilities, and renewable hydrogen production facilities.

23 (d) "Green electrolytic hydrogen" means hydrogen produced through
24 electrolysis, and does not include hydrogen manufactured using steam
25 reforming or any other conversion technology that produces hydrogen
26 from a fossil fuel feedstock.

27 (e) "Rapid charging station" means an industrial grade electrical
28 outlet that allows for faster recharging of electric vehicle
29 batteries through higher power levels, which meets or exceeds any
30 standards, codes, and regulations set forth by chapter 19.28 RCW and
31 consistent with rules adopted under RCW 19.27.540.

32 (~~(e)~~) (f) "Renewable hydrogen" means hydrogen produced using
33 renewable resources both as the source for hydrogen and the source
34 for energy input into the production process.

35 (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;
36 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
37 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
38 (viii) biodiesel fuel that is not derived from crops raised on land
39 cleared from old growth or first growth forests; or (ix) biomass
40 energy.

1 (3) This section expires July 1, 2025.

2 **Sec. 404.** RCW 54.04.190 and 2019 c 24 s 1 are each amended to
3 read as follows:

4 (1) In addition to any other authority provided by law, public
5 utility districts are authorized to produce and distribute biodiesel,
6 ethanol, and ethanol blend fuels, including entering into crop
7 purchase contracts for a dedicated energy crop for the purpose of
8 generating electricity or producing biodiesel produced from
9 Washington feedstocks, cellulosic ethanol, and cellulosic ethanol
10 blend fuels for use in internal operations of the electric utility
11 and for sale or distribution.

12 (2) In addition to any other authority provided by law:

13 (a) Public utility districts are authorized to produce renewable
14 natural gas, green electrolytic hydrogen, and renewable hydrogen and
15 utilize the renewable natural gas, green electrolytic hydrogen, or
16 renewable hydrogen they produce for internal operations.

17 (b) Public utility districts may sell renewable natural gas, green electrolytic hydrogen, or renewable hydrogen that is delivered
18 into a gas transmission pipeline located in the state of Washington
19 or delivered in pressurized containers:

20 (i) At wholesale;

21 (ii) To an end-use customer; or

22 (iii) If delivered in a pressurized container, or if the end-use
23 customer takes delivery of the renewable natural gas, green
24 electrolytic hydrogen, or renewable hydrogen through a pipeline, and
25 the end-use customer is an eligible purchaser of natural gas from
26 sellers other than the gas company from which that end-use customer
27 takes transportation service and:
28

29 (A) When the sale is made to an end-use customer in the state of
30 Washington, the sale is made pursuant to a transportation tariff
31 approved by the Washington utilities and transportation commission;
32 or

33 (B) When the sale to an end-use customer is made outside of the
34 state of Washington, the sale is made pursuant to a transportation
35 tariff approved by the state agency which regulates retail sales of
36 natural gas.

37 (c) Public utility districts may sell renewable natural gas, green electrolytic hydrogen, or renewable hydrogen at wholesale or to
38 an end-use customer through a pipeline directly from renewable
39

1 natural gas, green electrolytic hydrogen, or renewable hydrogen
2 production facilities to facilities that compress, liquefy, or
3 dispense compressed natural gas, liquefied natural gas, green
4 electrolytic hydrogen, or renewable hydrogen fuel for end use as a
5 transportation fuel.

6 (d) Public utility districts may sell green electrolytic hydrogen
7 or renewable hydrogen at wholesale or to an end-use customer in
8 pressurized containers directly from green electrolytic hydrogen or
9 renewable hydrogen production facilities to facilities that utilize
10 green electrolytic hydrogen or renewable hydrogen as a nonutility
11 related input for a manufacturing process.

12 (3) Except as provided in subsection (2)(b)(iii) of this section,
13 nothing in this section authorizes a public utility district to sell
14 renewable natural gas, green electrolytic hydrogen, or renewable
15 hydrogen delivered by pipeline to an end-use customer of a gas
16 company.

17 (4)(a) Except as provided in this subsection (4), nothing in this
18 section authorizes a public utility district to own or operate
19 natural gas distribution pipeline systems used to serve retail
20 customers.

21 (b) For the purposes of subsection (2)(b) of this section, public
22 utility districts are authorized to own and operate interconnection
23 pipelines that connect renewable natural gas, green electrolytic
24 hydrogen, or renewable hydrogen production facilities to gas
25 transmission pipelines.

26 (c) For the purposes of subsection (2)(c) of this section, public
27 utility districts may own and/or operate pipelines to supply, and/or
28 compressed natural gas, liquefied natural gas, green electrolytic
29 hydrogen, or renewable hydrogen facilities to provide, renewable
30 natural gas, green electrolytic hydrogen, or renewable hydrogen for
31 end use as a transportation fuel if all such pipelines and facilities
32 are located in the county in which the public utility district is
33 authorized to provide utility service.

34 (5) Exercise of the authorities granted under this section to
35 public utility districts does not subject them to the jurisdiction of
36 the utilities and transportation commission, except that public
37 utility districts are subject only to administration and enforcement
38 by the commission of state and federal requirements related to
39 pipeline safety and fees payable to the commission that are
40 applicable to such administration and enforcement.

1 (6) The definitions in this subsection apply throughout this
2 section unless the context clearly requires otherwise.

3 (a) "Green electrolytic hydrogen" means hydrogen produced through
4 electrolysis, and does not include hydrogen manufactured using steam
5 reforming or any other conversion technology that produces hydrogen
6 from a fossil fuel feedstock.

7 (b) "Renewable natural gas" means a gas consisting largely of
8 methane and other hydrocarbons derived from the decomposition of
9 organic material in landfills, wastewater treatment facilities, and
10 anaerobic digesters.

11 (~~(b)~~) (c) "Renewable hydrogen" means hydrogen produced using
12 renewable resources both as the source for the hydrogen and the
13 source for the energy input into the production process.

14 (~~(e)~~) (d) "Renewable resource" means: (i) Water; (ii) wind;
15 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
16 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
17 (viii) biodiesel fuel that is not derived from crops raised on land
18 cleared from old growth or first growth forests; or (ix) biomass
19 energy.

20 (~~(d)~~) (e) "Gas company" has the same meaning as in RCW
21 80.04.010.

22 **Sec. 405.** RCW 35.92.050 and 2002 c 102 s 3 are each amended to
23 read as follows:

24 A city or town may also construct, condemn and purchase,
25 purchase, acquire, add to, alter, maintain, and operate works,
26 plants, facilities for the purpose of furnishing the city or town and
27 its inhabitants, and any other persons, with gas, electricity, green
28 electrolytic hydrogen as defined in RCW 54.04.190, renewable hydrogen
29 as defined in RCW 54.04.190, and other means of power and facilities
30 for lighting, including streetlights as an integral utility service
31 incorporated within general rates, heating, fuel, and power purposes,
32 public and private, with full authority to regulate and control the
33 use, distribution, and price thereof, together with the right to
34 handle and sell or lease, any meters, lamps, motors, transformers,
35 and equipment or accessories of any kind, necessary and convenient
36 for the use, distribution, and sale thereof; authorize the
37 construction of such plant or plants by others for the same purpose,
38 and purchase gas, electricity, or power from either within or without
39 the city or town for its own use and for the purpose of selling to

1 its inhabitants and to other persons doing business within the city
2 or town and regulate and control the use and price thereof.

3 **Part 5**
4 **MISCELLANEOUS**

5 NEW SECTION. **Sec. 501.** Sections 104 and 201 of this act are
6 necessary for the immediate preservation of the public peace, health,
7 or safety, or support of the state government and its existing public
8 institutions, and take effect immediately.

9 NEW SECTION. **Sec. 502.** 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.

13 NEW SECTION. **Sec. 503.** If specific funding for the purposes of
14 this act, referencing this act by bill or chapter number, is not
15 provided by June 30, 2022, in the omnibus appropriations act, this
16 act is null and void.

17 **Part 6**
18 **GAS COMPANY NOTICE**

19 NEW SECTION. **Sec. 601.** A new section is added to chapter 80.28
20 RCW to read as follows:

21 (1) A gas company must file a notice with the utilities and
22 transportation commission prior to replacing natural gas with
23 renewable hydrogen or green electrolytic hydrogen to serve customers.
24 The notice must establish that the company has received all necessary
25 siting and permitting approvals. The notice must also include a
26 description of the following:

27 (a) Whether the use of clean electricity to produce hydrogen is
28 consistent with the company's most recent integrated resource plan;

29 (b) Potential impacts to electrical grid reliability, including
30 resource adequacy, resulting from renewable hydrogen and green
31 electrolytic hydrogen production and deployment; and

32 (c) Standards, including safety standards, for blending of green
33 electrolytic hydrogen and renewable hydrogen into natural gas
34 distribution infrastructure.

1 (2) The commission shall consider the recommendations made by the
2 department of commerce through its work outlined in section
3 103(1)(d), the information contained in the notice, and additional
4 relevant data and analyses when making a determination on a company's
5 request for approval of any tariff related to the use of green
6 electrolytic hydrogen or renewable hydrogen as a replacement for
7 natural gas."

8 Correct the title.

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