

CERTIFICATION OF ENROLLMENT  
ENGROSSED SUBSTITUTE HOUSE BILL 2522

57th Legislature  
2002 Regular Session

Passed by the House March 12, 2002  
Yeas 97 Nays 0

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**Speaker of the House of Representatives**

Passed by the Senate March 7, 2002  
Yeas 49 Nays 0

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**President of the Senate**

Approved

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2522** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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ENGROSSED SUBSTITUTE HOUSE BILL 2522

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AS AMENDED BY THE SENATE

Passed Legislature - 2002 Regular Session

State of Washington                      57th Legislature                      2002 Regular Session

By House Committee on State Government (originally sponsored by Representatives Sullivan, Romero, Lovick, Murray, Upthegrove, Miloscia, Chase, Rockefeller, Lantz, Simpson, Kagi, McIntire, Wood, Santos, Linville and Edwards)

Read first time 02/07/2002. Referred to Committee on .

1            AN ACT Relating to the purchasing of clean technologies; amending  
2 RCW 43.19.1905, 43.19.570, 43.19.637, and 19.29A.090; adding a new  
3 section to chapter 39.35B RCW; and creating a new section.

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

5            **Sec. 1.** RCW 43.19.1905 and 1995 c 269 s 1402 are each amended to  
6 read as follows:

7            The director of general administration shall establish overall  
8 state policy for compliance by all state agencies, including  
9 educational institutions, regarding the following purchasing and  
10 material control functions:

11            (1) Development of a state commodity coding system, including  
12 common stock numbers for items maintained in stores for reissue;

13            (2) Determination where consolidations, closures, or additions of  
14 stores operated by state agencies and educational institutions should  
15 be initiated;

16            (3) Institution of standard criteria for determination of when and  
17 where an item in the state supply system should be stocked;

18            (4) Establishment of stock levels to be maintained in state stores,  
19 and formulation of standards for replenishment of stock;

- 1 (5) Formulation of an overall distribution and redistribution  
2 system for stock items which establishes sources of supply support for  
3 all agencies, including interagency supply support;
- 4 (6) Determination of what function data processing equipment,  
5 including remote terminals, shall perform in statewide purchasing and  
6 material control for improvement of service and promotion of economy;
- 7 (7) Standardization of records and forms used statewide for supply  
8 system activities involving purchasing, receiving, inspecting, storing,  
9 requisitioning, and issuing functions, including a standard  
10 notification form for state agencies to report cost-effective direct  
11 purchases, which shall at least identify the price of the goods as  
12 available through the division of purchasing, the price of the goods as  
13 available from the alternative source, the total savings, and the  
14 signature of the notifying agency's director or the director's  
15 designee;
- 16 (8) Screening of supplies, material, and equipment excess to the  
17 requirements of one agency for overall state need before sale as  
18 surplus;
- 19 (9) Establishment of warehouse operation and storage standards to  
20 achieve uniform, effective, and economical stores operations;
- 21 (10) Establishment of time limit standards for the issuing of  
22 material in store and for processing requisitions requiring purchase;
- 23 (11) Formulation of criteria for determining when centralized  
24 rather than decentralized purchasing shall be used to obtain maximum  
25 benefit of volume buying of identical or similar items, including  
26 procurement from federal supply sources;
- 27 (12) Development of criteria for use of leased, rather than state  
28 owned, warehouse space based on relative cost and accessibility;
- 29 (13) Institution of standard criteria for purchase and placement of  
30 state furnished materials, carpeting, furniture, fixtures, and nonfixed  
31 equipment, in newly constructed or renovated state buildings;
- 32 (14) Determination of how transportation costs incurred by the  
33 state for materials, supplies, services, and equipment can be reduced  
34 by improved freight and traffic coordination and control;
- 35 (15) Establishment of a formal certification program for state  
36 employees who are authorized to perform purchasing functions as agents  
37 for the state under the provisions of chapter 43.19 RCW;

1 (16) Development of performance measures for the reduction of total  
2 overall expense for material, supplies, equipment, and services used  
3 each biennium by the state;

4 (17) Establishment of a standard system for all state organizations  
5 to record and report dollar savings and cost avoidance which are  
6 attributable to the establishment and implementation of improved  
7 purchasing and material control procedures;

8 (18) Development of procedures for mutual and voluntary cooperation  
9 between state agencies, including educational institutions, and  
10 political subdivisions for exchange of purchasing and material control  
11 services;

12 (19) Resolution of all other purchasing and material matters which  
13 require the establishment of overall statewide policy for effective and  
14 economical supply management;

15 (20) Development of guidelines and criteria for the purchase of  
16 vehicles, high gas mileage vehicles, alternate vehicle fuels and  
17 systems, equipment, and materials that reduce overall energy-related  
18 costs and energy use by the state, including investigations into all  
19 opportunities to aggregate the purchasing of clean technologies by  
20 state and local governments, and including the requirement that new  
21 passenger vehicles purchased by the state meet the minimum standards  
22 for passenger automobile fuel economy established by the United States  
23 secretary of transportation pursuant to the energy policy and  
24 conservation act (15 U.S.C. Sec. 2002).

25 **Sec. 2.** RCW 43.19.570 and 1989 c 113 s 1 are each amended to read  
26 as follows:

27 (1) The department shall direct and be responsible for the  
28 acquisition, operation, maintenance, storage, repair, and replacement  
29 of state motor vehicles under its control. The department shall  
30 utilize state facilities available for the maintenance, repair, and  
31 storage of such motor vehicles, and may provide directly or by contract  
32 for the maintenance, repair, and servicing of all motor vehicles, and  
33 other property related thereto and under its control.

34 (2) The department may arrange, by agreement with agencies, for the  
35 utilization by one of the storage, repair, or maintenance facilities of  
36 another, with such provision for charges and credits as may be agreed  
37 upon. The department may acquire and maintain storage, repair, and

1 maintenance facilities for the motor vehicles under its control from  
2 such funds as may be appropriated by the legislature.

3 (3)(a) The legislature finds that a clean environment is important  
4 and that global warming effects may be offset by decreasing the  
5 emissions of harmful compounds from motor vehicles. The legislature  
6 further finds that the state is in a position to set an example of  
7 large scale use of alternative fuels in motor vehicles and other clean  
8 technologies.

9 (b) The department shall consider the use of state vehicles to  
10 conduct field tests on alternative fuels in areas where air pollution  
11 constraints may be eased by these optional fuels. These fuels should  
12 include but are not limited to gas-powered and electric-powered  
13 vehicles.

14 (c) For planned purchases of vehicles using alternative fuels, the  
15 department and other state agencies shall explore opportunities to  
16 purchase these vehicles together with the federal government, agencies  
17 of other states, other Washington state agencies, local governments, or  
18 private organizations for less cost. All state agencies must  
19 investigate and determine whether or not they can make clean  
20 technologies more cost-effective by combining their purchasing power  
21 before completing a planned vehicle purchase.

22 **Sec. 3.** RCW 43.19.637 and 1991 c 199 s 213 are each amended to  
23 read as follows:

24 (1) At least thirty percent of all new vehicles purchased through  
25 a state contract shall be clean-fuel vehicles.

26 (2) The percentage of clean-fuel vehicles purchased through a state  
27 contract shall increase at the rate of five percent each year.

28 (3) In meeting the procurement requirement established in this  
29 section, preference shall be given to vehicles designed to operate  
30 exclusively on clean fuels. In the event that vehicles designed to  
31 operate exclusively on clean fuels are not available or would not meet  
32 the operational requirements for which a vehicle is to be procured,  
33 conventionally powered vehicles may be converted to clean fuel or dual  
34 fuel use to meet the requirements of this section.

35 (4) Fuel purchased through a state contract shall be a clean fuel  
36 when the fuel is purchased for the operation of a clean-fuel vehicle.

37 (5)(a) Weight classes are established by the following motor  
38 vehicle types:

1 (i) Passenger cars;  
2 (ii) Light duty trucks, trucks with a gross vehicle weight rating  
3 by the vehicle manufacturer of less than eight thousand five hundred  
4 pounds;

5 (iii) Heavy duty trucks, trucks with a gross vehicle weight rating  
6 by the vehicle manufacturer of eight thousand five hundred pounds or  
7 more.

8 (b) This subsection does not place an obligation upon the state or  
9 its political subdivisions to purchase vehicles in any number or weight  
10 class other than to meet the percent procurement requirement.

11 (6) The provisions for purchasing clean-fuel vehicles under  
12 subsections (1) and (2) of this section are intended as minimum levels.  
13 The department should seek to increase the purchasing levels of clean-  
14 fuel vehicles above the minimum. The department must also investigate  
15 all opportunities to aggregate their purchasing with local governments  
16 to determine whether or not they can lower their costs and make it  
17 cost-efficient to increase the percentage of clean-fuel or high gas  
18 mileage vehicles in both the state and local fleets.

19 (7) For the purposes of this section, "clean fuels" and "clean-fuel  
20 vehicles" shall be those fuels and vehicles meeting the specifications  
21 provided for in RCW 70.120.210.

22 NEW SECTION. Sec. 4. A new section is added to chapter 39.35B RCW  
23 to read as follows:

24 (1) The department of general administration, in cooperation with  
25 public agencies, shall investigate opportunities to aggregate the  
26 purchase of clean technologies with other public agencies to determine  
27 whether or not combined purchasing can reduce the unit cost of clean  
28 technologies.

29 (2) State agencies that are retail electric customers shall  
30 investigate opportunities to aggregate the purchase of electricity  
31 produced from generation resources that are fueled by wind or solar  
32 energy for their facilities located within a single utility's service  
33 area, to determine whether or not combined purchasing can reduce the  
34 unit cost of those resources.

35 (3) No public agency is required under this section to purchase  
36 clean technologies at prohibitive costs.

37 (4)(a) "Electric utility" shall have the same meaning as provided  
38 under RCW 19.29A.010.

1 (b) "Clean technology" includes, but may not be limited to,  
2 alternative fueled hybrid-electric and fuel cell vehicles, and  
3 distributive power generation.

4 (c) "Distributive power generation" means the generation of  
5 electricity from an integrated or stand-alone power plant that  
6 generates electricity from wind energy, solar energy, or fuel cells.

7 (d) "Retail electric customer" shall have the same meaning as  
8 provided under RCW 19.29A.010.

9 (e) "Facility" means any building owned or leased by a public  
10 agency.

11 NEW SECTION. **Sec. 5.** In preparing the biennial energy report  
12 required under RCW 43.21F.045(2)(h) to be transmitted to the governor  
13 and the legislature by December 1, 2002, the department of community,  
14 trade, and economic development must include the following information:

15 (1) The percentage of clean-fuel vehicles purchased in 2001 through  
16 a state contract pursuant to RCW 43.19.637; and

17 (2) The results of efforts by the department of general  
18 administration and other state agencies to aggregate purchasing of  
19 clean technologies.

20 **Sec. 6.** RCW 19.29A.090 and 2001 c 214 s 28 are each amended to  
21 read as follows:

22 (1) Beginning January 1, 2002, each electric utility must provide  
23 to its retail electricity customers a voluntary option to purchase  
24 qualified alternative energy resources in accordance with this section.

25 (2) Each electric utility must include with its retail electric  
26 customer's regular billing statements, at least quarterly, a voluntary  
27 option to purchase qualified alternative energy resources. The option  
28 may allow customers to purchase qualified alternative energy resources  
29 at fixed or variable rates and for fixed or variable periods of time,  
30 including but not limited to monthly, quarterly, or annual purchase  
31 agreements. A utility may provide qualified alternative energy  
32 resource options through either: (a) Resources it owns or contracts  
33 for; or (b) the purchase of credits issued by a clearinghouse or other  
34 system by which the utility may secure, for trade or other  
35 consideration, verifiable evidence that a second party has a qualified  
36 alternative energy resource and that the second party agrees to  
37 transfer such evidence exclusively to the benefit of the utility.

1 (3) For the purposes of this section, a "qualified alternative  
2 energy resource" means the electricity produced from generation  
3 facilities that are fueled by: (a) Wind; (b) solar energy; (c)  
4 geothermal energy; (d) landfill gas; (e) wave or tidal action; (f) gas  
5 produced during the treatment of wastewater; (g) qualified hydropower;  
6 or (h) biomass energy based on solid organic fuels from wood, forest,  
7 or field residues, or dedicated energy crops that do not include wood  
8 pieces that have been treated with chemical preservatives such as  
9 creosote, pentachlorophenol, or copper-chrome-arsenic.

10 (4) For the purposes of this section, "qualified hydropower" means  
11 the energy produced either: (a) As a result of modernizations or  
12 upgrades made after June 1, 1998, to hydropower facilities operating on  
13 May 8, 2001, that have been demonstrated to reduce the mortality of  
14 anadromous fish; or (b) by run of the river or run of the canal  
15 hydropower facilities that are not responsible for obstructing the  
16 passage of anadromous fish.

17 (5) The rates, terms, conditions, and customer notification of each  
18 utility's option or options offered in accordance with this section  
19 must be approved by the governing body of the consumer-owned utility or  
20 by the commission for investor-owned utilities. All costs and benefits  
21 associated with any option offered by an electric utility under this  
22 section must be allocated to the customers who voluntarily choose that  
23 option and may not be shifted to any customers who have not chosen such  
24 option. Utilities may pursue known, lawful aggregated purchasing of  
25 qualified alternative energy resources with other utilities to the  
26 extent aggregated purchasing can reduce the unit cost of qualified  
27 alternative energy resources, and are encouraged to investigate  
28 opportunities to aggregate the purchase of alternative energy resources  
29 by their customers. Aggregated purchases by investor-owned utilities  
30 must comply with any applicable rules or policies adopted by the  
31 commission related to least-cost planning or the acquisition of  
32 renewable resources.

33 (6) Each consumer-owned utility must report annually to the  
34 department and each investor-owned utility must report annually to the  
35 commission beginning October 1, 2002, until October 1, 2012, describing  
36 the option or options it is offering its customers under the  
37 requirements of this section, the rate of customer participation, the  
38 amount of qualified alternative energy resources purchased by  
39 customers, ((and)) the amount of utility investments in qualified

1 alternative energy resources, and the results of pursuing aggregated  
2 purchasing opportunities. The department and the commission together  
3 shall report annually to the legislature, beginning December 1, 2002,  
4 until December 1, 2012, with the results of the utility reports.

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