

SHB 1010 - H AMD

By Representative Crouse

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

3 "NEW SECTION. **Sec. 1.** It is the intent of the legislature to
4 establish a goal of encouraging the construction and development of
5 renewable energy in the state of Washington to meet increasing
6 demand for affordable and reliable electricity. The legislature
7 finds that it is desirable to shorten the time it takes to bring
8 new electricity generation to market. The legislature recognizes
9 that water is a renewable resource and is an abundant and reliable
10 source of power with potential for growth. The legislature also
11 recognizes that Washington is a leader in the development of
12 renewable energy technologies and the legislature acknowledges that
13 encouraging the development of renewable technologies in meeting
14 increased electricity demand will create jobs for Washington's
15 citizens. The legislature intends that information obtained from
16 integrated resource planning under this chapter will be used to
17 assist in identifying and developing renewable energy to meet
18 electricity demand.

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

22 (1) "Commission" means the Washington state utilities and
23 transportation commission.

24 (2) "Consumer-owned utility" includes a municipal electric
25 utility formed under Title 35 RCW, a public utility district formed
26 under Title 54 RCW, an irrigation district formed under chapter
27 87.03 RCW, a cooperative formed under chapter 23.86 RCW, a mutual
28 corporation or association formed under chapter 24.06 RCW, a port
29 district formed under Title 53 RCW, or a water-sewer district
30 formed under Title 57 RCW, that is engaged in the business of

1 distributing electricity to one or more retail electric customers
2 in the state.

3 (3) "Department" means the department of community, trade, and
4 economic development.

5 (4) "Electric utility" means a consumer-owned or investor-owned
6 utility.

7 (5) "Full requirements customer" means an electric utility that
8 relies on the Bonneville power administration for all power needed
9 to supply its total load requirement other than that served by
10 nondispatchable generating resources totaling no more than six
11 megawatts.

12 (6) "Governing body" means the board of directors, city
13 council, commissioners, or board of any consumer-owned utility.

14 (7) "Integrated resource plan" or "plan" means a plan
15 describing the mix of generating resources and improvements in the
16 efficient generation, transmission, distribution, and use of
17 electricity that will meet current and future needs at the lowest
18 reasonable cost to the utility and its ratepayers.

19 (8) "Investor-owned utility" means a corporation owned by
20 investors that meets the definition in RCW 80.04.010 and is engaged
21 in distributing electricity to more than one retail electric
22 customer in the state.

23 (9) "Renewable resources" means electricity generation
24 facilities fueled by: (a) Water; (b) wind; (c) solar energy; (d)
25 geothermal energy; (e) landfill gas; (f) biomass energy based on
26 animal waste, solid organic fuels from wood, forest, or field
27 residues, dedicated energy crops that do not include wood pieces
28 that have been treated with chemical preservatives such as
29 creosote, pentachlorophenol or copper chrome arsenic, or byproducts
30 of the pulping process and wood manufacturing process, including
31 bark, wood chips, sawdust, and lignin in spent pulping liquors; (g)
32 wave or tidal power; or (h) gas from sewage treatment facilities.

33 NEW SECTION. **Sec. 3.** (1) Every electric utility, except a full
34 requirements customer, must develop an integrated resource plan
35 consistent with the provisions of this section. Such a plan, at a
36 minimum, must include:

1 (a) A range of forecasts of future customer demand which take
2 into account econometric data, customer usage, and changes in
3 technology;

4 (b) An assessment of technically feasible improvements in the
5 efficient generation, transmission, distribution, and use of
6 electricity, including load management and fuel switching, as well
7 as currently employed and new policies and programs needed to
8 obtain the efficiency improvements;

9 (c) An assessment of technically feasible generating
10 technologies including but not limited to renewable resources,
11 cogeneration, power purchases, and thermal resources;

12 (d) An evaluation comparing the cost-effectiveness and
13 availability of generating resources with the cost-effectiveness of
14 improvements in the efficient use of electricity;

15 (e) The integration of the demand forecasts and resource
16 evaluations into a long-range plan describing the mix of resources
17 and efficiency measures that will meet current and future needs at
18 the least cost to the utility and its ratepayers. The resource
19 evaluations conducted under this section may include an
20 identification of all direct costs of a project or resource and
21 identification of economic or financial risks and risk associated
22 with fuel price, fuel availability, hedging, and future
23 environmental regulations, to the utility and its ratepayers;

24 (f) A short-term plan identifying the specific actions to be
25 taken by the utility consistent with the long-range integrated
26 resource plan; and

27 (g) For all plans prepared subsequent to the initial integrated
28 resource plan, a progress report that relates the new plan to the
29 previous plan.

30 (2) An electric utility that is required to develop an
31 integrated resource plan under this section must complete its
32 initial integrated resource plan by December 31, 2006.

33 (3) Integrated resource plans developed under this section must
34 be updated on a regular basis, including, at minimum, in 2008,
35 2014, and 2020. The commission may adopt rules regarding updates
36 to the integrated resource plans of investor-owned utilities.

37 NEW SECTION. **Sec. 4.** (1) Before a full requirements customer
38 acquires any generation resource that would disqualify it as a full

1 requirements customer, as determined by the Bonneville power
2 administration, the full requirements customer must develop an
3 initial integrated resource plan consistent with the provisions of
4 this section. Such a plan, at a minimum, must include:

5 (a) An identification of technically feasible generating
6 technologies, including but not limited to renewable resources,
7 cogeneration, power purchases, and thermal resources, that will
8 meet its current and future needs at the least cost to the utility
9 and its ratepayers;

10 (b) The integration of demand forecasts and resource
11 evaluations into a long-range plan describing the mix of resources
12 and efficiency measures that will meet current and future needs at
13 the lowest cost to the utility and its ratepayers; and

14 (c) A short-term plan identifying the specific actions to be
15 taken by the utility consistent with its initial integrated
16 resource plan. The resource evaluations conducted under this
17 section may include an identification of all direct costs of a
18 project or resource and identification of economic or financial
19 risks and risk associated with fuel price, fuel availability,
20 hedging, and future environmental regulations, to the utility and
21 its ratepayers.

22 (2) A consumer-owned utility that develops a plan pursuant to
23 this section shall prepare a progress report every two years that
24 describes how the utility's actions compare to the initial plan.
25 This progress report must include a forecast of the utility's load
26 growth over twenty years.

27 NEW SECTION. **Sec. 5.** (1) Investor-owned utilities shall
28 submit integrated resource plans to the commission. The commission
29 shall establish by rule the requirements for preparation and
30 submission of integrated resource plans.

31 (2) The commission may adopt additional rules as necessary to
32 clarify the requirements of section 3 of this act as they apply to
33 investor-owned utilities.

34 (3) Integrated resource plans developed by investor-owned
35 utilities are a guideline only and are not to be used for
36 ratemaking purposes.

1 NEW SECTION. **Sec. 6.** (1) The governing body of a
2 consumer-owned utility that develops an integrated resource plan
3 under this chapter shall approve the integrated resource plan only
4 after the consumer-owned utility has provided public notice and
5 hearing on the proposed plan. Upon approval of its governing
6 board, each consumer-owned utility shall publish a final integrated
7 resource plan either as part of an annual report or as a separate
8 document available to the public.

9 (2) Each consumer-owned utility required to develop an
10 integrated resource plan shall transmit a copy of its integrated
11 resource plan to the department by December 31, 2006, and transmit
12 subsequent plans to the department in 2008, 2014, and 2020.

13 (3) A full requirements customer that is required to develop an
14 integrated resource plan under section 4 of this chapter shall
15 transmit a copy of its integrated resource plan to the department
16 within sixty days of its approval by the governing board. Progress
17 reports developed by consumer-owned utilities pursuant to section
18 4 of this chapter shall be published and transmitted to the
19 department within sixty days of its completion.

20 (4) Consumer-owned utilities may develop integrated resource
21 plans jointly with other consumer-owned utilities. Data and
22 assessments included in joint reports must be identifiable to each
23 individual utility.

24 NEW SECTION. **Sec. 7.** The department shall review the
25 integrated resource plans of consumer-owned utilities and prepare
26 a report to the legislature assessing the utilities' conformance
27 with this section. The report shall include a statewide summary of
28 utility load forecasts, load/resource balance, and utility plans
29 for the development of thermal generation, renewable resources, and
30 efficiency resources. The commission shall provide the department
31 with data summarizing activities of investor-owned utilities for
32 use in the department's statewide summary. The department shall
33 submit the initial report by December 1, 2007, and subsequent
34 reports on December 1, 2009, December 1, 2015, and December 1,
35 2021. Where appropriate, the department may include reports
36 required by this section within the biennial report required under
37 RCW 43.21F.045.

1 NEW SECTION. **Sec. 8.** Integrated resource plans shall not be a
2 basis for customers to bring legal action against electric
3 utilities.

4 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act
5 constitute a new chapter in Title 19 RCW."

EFFECT: (1) Revises the elements required in a full integrated resource plan, including providing that an electric utility must describe the mix of resources that will meet current and future needs at least cost instead of lowest reasonable cost.

(2) Provides an exemption from integrated resource planning requirements for electric utilities that are full requirements customers of the Bonneville Power Association. Before a full requirements customer acquires additional resources that would disqualify it as a full requirements customer, that utility must develop a modified integrated resource plan with fewer elements than a full integrated resource plan. Consumer-owned utilities that develop modified plans under this requirement must submit the plans to the Department of Community, Trade, and Economic Development within sixty days of approval by the governing board of the consumer-owned utility. Consumer-owned utilities that develop modified plans must also prepare and submit progress reports every two years that describe how the utility's actions compare to the initial plan and a forecast of the utility's load growth over twenty years.

(3) Provides that consumer-owned utilities must provide public notice and hearing on proposed integrated resource plans instead of publishing a work schedule for preparation of the plan.

(4) Clarifies that integrated resource plans must be developed by December 31, 2006, and updated at minimum, in 2008, 2014, and 2020 instead of in 2009, 2014, and 2019 but the commission may adopt rules regarding updates to the integrated resource plans of investor-owned utilities.

(5) Expands the definition of renewable resources to include byproducts of the pulping process and wood manufacturing process.