

ESHB 1010 - S COMM AMD 404

By Senators Poulsen, Morton

ADOPTED 03/07/2006

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

3 "NEW SECTION. **Sec. 1.** It is the intent of the legislature to
4 encourage the development of new safe, clean, and reliable energy
5 resources to meet demand in Washington for affordable and reliable
6 electricity. To achieve this end, the legislature finds it essential
7 that electric utilities in Washington develop comprehensive resource
8 plans that explain the mix of generation and demand-side resources they
9 plan to use to meet their customers' electricity needs in both the
10 short term and the long term. The legislature intends that information
11 obtained from integrated resource planning under this chapter will be
12 used to assist in identifying and developing new energy generation,
13 conservation and efficiency resources, and related infrastructure to
14 meet the state's electricity needs.

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

17 (1) "Commission" means the utilities and transportation commission.

18 (2) "Conservation and efficiency resources" means any reduction in
19 electric power consumption that results from increases in the
20 efficiency of energy use, production, transmission, or distribution.

21 (3) "Consumer-owned utility" includes a municipal electric utility
22 formed under Title 35 RCW, a public utility district formed under Title
23 54 RCW, an irrigation district formed under chapter 87.03 RCW, a
24 cooperative formed under chapter 23.86 RCW, a mutual corporation or
25 association formed under chapter 24.06 RCW, a port district formed
26 under Title 53 RCW, or a water-sewer district formed under Title 57
27 RCW, that is engaged in the business of distributing electricity to one
28 or more retail electric customers in the state.

- 1 (4) "Department" means the department of community, trade, and
2 economic development.
- 3 (5) "Electric utility" means a consumer-owned or investor-owned
4 utility.
- 5 (6) "Full requirements customer" means an electric utility that
6 relies on the Bonneville power administration for all power needed to
7 supply its total load requirement other than that served by
8 nondispatchable generating resources totaling no more than six
9 megawatts or renewable resources.
- 10 (7) "Governing body" means the elected board of directors, city
11 council, commissioners, or board of any consumer-owned utility.
- 12 (8) "High efficiency cogeneration" means the sequential production
13 of electricity and useful thermal energy from a common fuel source,
14 where, under normal operating conditions, the facility has a useful
15 thermal energy output of no less than thirty-three percent of the total
16 energy output.
- 17 (9) "Integrated resource plan" means an analysis describing the mix
18 of generating resources and conservation and efficiency resources that
19 will meet current and projected needs at the lowest reasonable cost to
20 the utility and its ratepayers and that complies with the requirements
21 specified in section 3(1) of this act.
- 22 (10) "Investor-owned utility" means a corporation owned by
23 investors that meets the definition in RCW 80.04.010 and is engaged in
24 distributing electricity to more than one retail electric customer in
25 the state.
- 26 (11) "Lowest reasonable cost" means the lowest cost mix of
27 generating resources and conservation and efficiency resources
28 determined through a detailed and consistent analysis of a wide range
29 of commercially available resources. At a minimum, this analysis must
30 consider resource cost, market-volatility risks, demand-side resource
31 uncertainties, resource dispatchability, resource effect on system
32 operation, the risks imposed on the utility and its ratepayers, public
33 policies regarding resource preference adopted by Washington state or
34 the federal government, and the cost of risks associated with
35 environmental effects including emissions of carbon dioxide.
- 36 (12) "Plan" means either an "integrated resource plan" or a
37 "resource plan."

1 (13) "Renewable resources" means electricity generation facilities
2 fueled by: (a) Water; (b) wind; (c) solar energy; (d) geothermal
3 energy; (e) landfill gas; (f) biomass energy utilizing animal waste,
4 solid organic fuels from wood, forest, or field residues or dedicated
5 energy crops that do not include wood pieces that have been treated
6 with chemical preservatives such as creosote, pentachlorophenol, or
7 copper-chrome-arsenic; (g) byproducts of pulping or wood manufacturing
8 processes, including but not limited to bark, wood chips, sawdust, and
9 lignin in spent pulping liquors; (h) ocean thermal, wave, or tidal
10 power; or (i) gas from sewage treatment facilities.

11 (14) "Resource plan" means an assessment that estimates electricity
12 loads and resources over a defined period of time and complies with the
13 requirements in section 3(2) of this act.

14 NEW SECTION. **Sec. 3.** Each electric utility must develop a plan
15 consistent with this section.

16 (1) Utilities with more than twenty-five thousand customers that
17 are not full requirements customers shall develop or update an
18 integrated resource plan by September 1, 2008. At a minimum, progress
19 reports reflecting changing conditions and the progress of the
20 integrated resource plan must be produced every two years thereafter.
21 An updated integrated resource plan must be developed at least every
22 four years subsequent to the 2008 integrated resource plan. The
23 integrated resource plan, at a minimum, must include:

24 (a) A range of forecasts, for at least the next ten years, of
25 projected customer demand which takes into account econometric data and
26 customer usage;

27 (b) An assessment of commercially available conservation and
28 efficiency resources. Such assessment may include, as appropriate,
29 high efficiency cogeneration, demand response and load management
30 programs, and currently employed and new policies and programs needed
31 to obtain the conservation and efficiency resources;

32 (c) An assessment of commercially available, utility scale
33 renewable and nonrenewable generating technologies;

34 (d) A comparative evaluation of renewable and nonrenewable
35 generating resources, including transmission and distribution delivery
36 costs, and conservation and efficiency resources using "lowest
37 reasonable cost" as a criterion;

1 (e) The integration of the demand forecasts and resource
2 evaluations into a long-range assessment describing the mix of supply
3 side generating resources and conservation and efficiency resources
4 that will meet current and projected needs at the lowest reasonable
5 cost and risk to the utility and its ratepayers; and

6 (f) A short-term plan identifying the specific actions to be taken
7 by the utility consistent with the long-range integrated resource plan.

8 (2) All other utilities may elect to develop a full integrated
9 resource plan as set forth in subsection (1) of this section or, at a
10 minimum, shall develop a resource plan that:

11 (a) Estimates loads for the next five and ten years;

12 (b) Enumerates the resources that will be maintained and/or
13 acquired to serve those loads; and

14 (c) Explains why the resources in (b) of this subsection were
15 chosen and, if the resources chosen are not renewable resources or
16 conservation and efficiency resources, why such a decision was made.

17 (3) An electric utility that is required to develop a resource plan
18 under this section must complete its initial plan by September 1, 2008.

19 (4) Resource plans developed under this section must be updated on
20 a regular basis, at a minimum on intervals of two years.

21 (5) Plans shall not be a basis to bring legal action against
22 electric utilities.

23 (6) Each electric utility shall publish its final plan either as
24 part of an annual report or as a separate document available to the
25 public. The report may be in an electronic form.

26 NEW SECTION. **Sec. 4.** (1) Investor-owned utilities shall submit
27 integrated resource plans to the commission. The commission shall
28 establish by rule the requirements for preparation and submission of
29 integrated resource plans.

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

33 NEW SECTION. **Sec. 5.** (1) The governing body of a consumer-owned
34 utility that develops a plan under this chapter shall encourage
35 participation of its consumers in development of the plans and progress

1 reports and approve the plans and progress reports after it has
2 provided public notice and hearing.

3 (2) Each consumer-owned utility shall transmit a copy of its plan
4 to the department by September 1, 2008, and transmit subsequent
5 progress reports or plans to the department at least every two years
6 thereafter. The department shall develop, in consultation with
7 utilities, a common cover sheet that summarizes the essential data in
8 their plans or progress reports.

9 (3) Consumer-owned utilities may develop plans of a similar type
10 jointly with other consumer-owned utilities. Data and assessments
11 included in joint reports must be identifiable to each individual
12 utility.

13 (4) To minimize duplication of effort and maximize efficient use of
14 utility resources, in developing their plans under section 3 of this
15 act, consumer-owned utilities are encouraged to use resource planning
16 concepts, techniques, and information provided to and by organizations
17 such as the United States department of energy, the Northwest planning
18 and conservation council, Pacific Northwest utility conference
19 committee, and other state, regional, national, and international
20 entities, and, for the 2008 plan, as appropriate, are encouraged to use
21 and be consistent with relevant determinations required under Title
22 XII - Electricity; Subtitle E, Sections 1251 - 1254 of the federal
23 energy policy act of 2005.

24 NEW SECTION. **Sec. 6.** The department shall review the plans of
25 consumer-owned utilities and investor-owned utilities, and data
26 available from other state, regional, and national sources, and prepare
27 an electronic report to the legislature aggregating the data and
28 assessing the overall adequacy of Washington's electricity supply. The
29 report shall include a statewide summary of utility load forecasts,
30 load/resource balance, and utility plans for the development of thermal
31 generation, renewable resources, and conservation and efficiency
32 resources. The commission shall provide the department with data
33 summarizing the plans of investor-owned utilities for use in the
34 department's statewide summary. The department may submit its report
35 within the biennial report required under RCW 43.21F.045.

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

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3 On page 1, line 1 of the title, after "Relating to" strike the
4 remainder of the title and insert "electric utility planning; and
5 adding a new chapter to Title 19 RCW."

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