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**SENATE BILL 5426**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Senators Ericksen and Benton

AN ACT Relating to using liquefied natural gas as fuel in the ferry system; adding new sections to chapter 47.60 RCW; and providing an expiration date.

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

NEW SECTION. **Sec.**  A new section is added to chapter 47.60 RCW to read as follows:

(1) By the effective date of this section, the department must issue a request for proposals consistent with RCW 47.20.780 for a design-build finance contract to fully convert the existing diesel-powered Issaquah class fleet to vessels capable of being powered by liquefied natural gas. To encourage cost saving ideas, the department must limit prescribing design elements in the proposal to those approved or required by the United States coast guard or those otherwise essential to provide clear direction to bidders.

(2) The successful bidder must be able to: Offer detailed design services, attain coast guard approval regarding vessel safety and any other requirements pertaining to design, acquire engines with liquefied natural gas as a fuel source, provide public outreach and education regarding the conversion of vessels to liquefied natural gas, perform all conversion work, and supply dependable and suitable quantities of liquefied natural gas.

(3) Consistent with RCW 47.56.030(2)(c), the legislature finds that the performance needs of the department in converting to liquefied natural gas are for engines with the lowest life-cycle costs, and the department must weigh this criteria as a priority when evaluating the proposals. The evaluation process must also provide additional credit for proposals that include alternative financing arrangements, such as a delayed payment plan based on fuel savings.

(4) To the extent allowable under current law, the bidder awarded the design-build finance contract for converting the Issaquah fleet to liquefied natural gas must be given bidding preferences in any future liquefied natural gas-related ferry proposals or projects.

(5) The department must continue all necessary work with appropriate agencies of the state and federal government to (a) amend the state's current alternative security plan to account for the use of liquefied natural gas as a propulsion fuel in the ferry fleet and (b) continue public outreach efforts.

NEW SECTION. **Sec.**  A new section is added to chapter 47.60 RCW to read as follows:

(1) To the greatest extent practicable, the department must use liquefied natural gas that is sourced from biogas including, but not limited to, waste gases derived from landfills, wastewater treatment plants, and dairy and farm waste, to fuel ferries that are powered by liquefied natural gas.

(2) If at any time the cost of liquefied natural gas that is sourced from biogas exceeds the cost of nonrenewable liquefied natural gas, the added cost may not be borne by ferry fares and must be reimbursed by the general fund.

(3)(a) On November 25th of each year, the department must notify the state treasurer of the difference between the total cost paid for liquefied natural gas that is sourced from biogas that was used to power ferries and the cost that would have been paid for nonrenewable liquefied natural gas during the preceding fiscal year.

(b) On the last day of December of each year, the state treasurer must transfer a sum equal to the dollar amount provided by the department in (a) of this subsection from the general fund to the Puget Sound ferry operations account.

NEW SECTION. **Sec.**  Section 2 of this act expires ten years after the effective date of this section.

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