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**SUBSTITUTE HOUSE BILL 2897**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** House Technology & Economic Development (originally sponsored by Representatives Morris and Tarleton)

AN ACT Relating to electric utility plans for distributed energy resources and transportation electrification; adding a new section to chapter 35.92 RCW; adding a new section to chapter 54.16 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature finds that:

(1) Programs for electrification of transportation have the potential to allow electric utilities to optimize the use of electric distribution grid infrastructure, improve the management of electric loads, and better manage the integration of variable renewable energy resources. The legislature finds that, depending upon each utility's unique circumstances, electrification of transportation programs may provide cost-effective energy efficiency or defer capital investment needed to accommodate unmanaged variable electricity supply and demand. Electrification of transportation may result in cost savings and system benefits for all ratepayers.

(2) State policy can achieve the greatest return on investment in reducing greenhouse gas emissions and improving air quality by expediting the transition to alternative fuel vehicles, including electric vehicles. Potential benefits associated with electrification of transportation include the monetization of environmental attributes associated with carbon reduction in the transportation sector.

(3) Under RCW 80.28.360, the utilities and transportation commission is authorized to allow an incentive rate of return on investment for electric vehicle supply equipment that is deployed by electrical companies for the system benefit of ratepayers. Similar legislative clarity is important for consumer-owned utilities to offer incentive programs and services in the electrification of transportation for its customers. It is the intent of the legislature to achieve parity among all electric utilities, so each utility, depending on its unique circumstances, can determine its appropriate role in the development of electrification of transportation infrastructure.

NEW SECTION. **Sec.**  A new section is added to chapter 35.92 RCW to read as follows:

(1)(a) The governing authority of an electric utility formed under this chapter may adopt a transportation electrification plan that, at a minimum, establishes a finding that utility outreach and investment in the electrification of transportation infrastructure is: (i) Cost-effective, as determined using a methodology that assesses both the expected system benefits and expected costs to ratepayers served by the utility on the intra-distribution system; and (ii) within the limits established by the Constitution of the state of Washington.

(b)(i) In order to develop a transportation electrification plan, the governing authority must first engage in a planning process that accomplishes the goals for distributed energy resources planning recommended in the report published on December 31, 2017, by the Washington utilities and transportation commission on current practices in distributed energy resources planning.

(ii) For a utility that elects to support public high-powered fast charging for electric vehicles exclusively, the planning process required under (b)(i) of this subsection may focus on identifying and targeting appropriate circuits on the utility's distribution system for siting electric vehicle charging infrastructure of fifty kilowatts and above, or other increments of the utility's distribution system.

(2) In adopting a transportation electrification plan under subsection (1)(a) of this section, the governing authority may consider some or all of the following: (a) The applicability of multiple options for electrification of transportation across all customer classes; (b) the impact of electrification on the utility's distribution load, and whether demand response or other load management opportunities, including direct load control and dynamic pricing, are operationally appropriate; (c) system reliability and distribution system efficiencies; (d) interoperability concerns, including the interoperability of hardware and software systems in electrification of transportation proposals; and (e) overall customer experience.

(3) The governing authority of an electric utility formed under this chapter may, upon making a cost-effectiveness determination in accordance with subsection (1)(a) of this section, offer programs in the electrification of transportation for its customers, including advertising programs to promote the utility's or third-party services, incentives, or rebates.

(4) For the purposes of this section, "system benefit" means a situation where system-wide financial, reliability, and quality benefits of the electrification of transportation are conferred equally among all ratepayers on the intra-distribution system.

NEW SECTION. **Sec.**  A new section is added to chapter 54.16 RCW to read as follows:

(1)(a) The commission of a public utility district may adopt a transportation electrification plan that, at a minimum, establishes a finding that district outreach and investment in the electrification of transportation infrastructure is: (i) Cost-effective, as determined using a methodology that assesses both the expected system benefits and expected costs to ratepayers served by the district on the intra-distribution system; and (ii) within the limits established by the Constitution of the state of Washington.

(b)(i) In order to develop a transportation electrification plan, the commission of a public utility district must first engage in a planning process that accomplishes the goals for distributed energy resources planning recommended in the report published on December 31, 2017, by the Washington utilities and transportation commission on current practices in distributed energy resources planning.

(ii) For a public utility district that elects to support public high-powered fast charging for electric vehicles exclusively, the planning process required under (b)(i) of this subsection may focus on identifying and targeting appropriate circuits on the district's distribution system for siting electric vehicle charging infrastructure of fifty kilowatts and above, or other increments of the district's distribution system.

(2) In adopting a transportation electrification plan under subsection (1)(a) of this section, the commission may consider some or all of the following: (a) The applicability of multiple options for electrification of transportation across all customer classes; (b) the impact of electrification on the district's distribution load, and whether demand response or other load management opportunities, including direct load control and dynamic pricing, are operationally appropriate; (c) system reliability and distribution system efficiencies; (d) interoperability concerns, including the interoperability of hardware and software systems in electrification of transportation proposals; and (e) overall customer experience.

(3) The commission of a public utility district may, upon making a cost-effectiveness determination in accordance with subsection (1)(a) of this section, offer programs in the electrification of transportation for its customers, including advertising programs to promote the district's or third-party services, incentives, or rebates.

(4) For the purposes of this section, "system benefit" means a situation where system-wide financial, reliability, and quality benefits of the electrification of transportation are conferred equally among all ratepayers on the intra-distribution system.

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