H-3466.1

HOUSE BILL 2347

State of Washington 65th Legislature 2018 Regular Session

By Representatives Smith, Haler, and Young

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AN ACT Relating to requiring electric utilities to provide reports on the lowest cost, lowest risk options for a transition to a zero-carbon electric grid; amending RCW 19.280.030; reenacting and amending RCW 19.280.020; and creating a new section.

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

NEW SECTION. **Sec. 1.** The legislature finds that the public and policymakers would benefit from periodically updated disclosures from each utility on the costs, risks, and benefits of deep decarbonization for the utility that serves them. The legislature finds such disclosures would provide information that would improve public dialogue on how to best achieve deep decarbonization of our economy at the lowest cost to ratepayers. Therefore, the legislature intends to update the requirements of the integrated resource planning process to inform lawmakers and the public about the long-term strategies of the state's electric utilities.

Sec. 2. RCW 19.280.020 and 2015 3rd sp.s. c 19 s 8 are each reenacted and amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Combined heat and power" means the sequential production of electricity and useful thermal energy from a common fuel source where, under normal operating conditions, the facility has a useful thermal energy output of no less than thirty-three percent of the total energy output.

(2) "Commission" means the utilities and transportation commission.

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

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

(5) "Department" means the department of commerce.

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

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

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

(9) "Greenhouse gas" includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

(10) "Integrated resource plan" means an analysis describing the mix of generating resources, conservation, methods, technologies, and resources to integrate renewable resources and, where applicable, address overgeneration events, and efficiency resources that will meet current and projected needs at the lowest reasonable cost to the utility and its ratepayers and that complies with the requirements specified in RCW 19.280.030(1).

((~~(10)~~)) (11) "Investor-owned utility" means a corporation owned by investors that meets the definition in RCW 80.04.010 and is

engaged in distributing electricity to more than one retail electric customer in the state.

((~~(11)~~)) (12) "Lowest reasonable cost" means the lowest cost mix of generating resources and conservation and efficiency resources determined through a detailed and consistent analysis of a wide range of commercially available resources. At a minimum, this analysis must consider resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on the utility and its ratepayers, public policies regarding resource preference adopted by Washington state or the federal government, and the cost of risks associated with environmental effects including emissions of carbon dioxide.

((~~(12)~~)) (13) "Overgeneration event" means an event within an operating period of a balancing authority when the electricity supply, including generation from intermittent renewable resources, exceeds the demand for electricity for that utility's energy delivery obligations and when there is a negatively priced regional market.

((~~(13)~~)) (14) "Plan" means either an "integrated resource plan" or a "resource plan."

((~~(14)~~)) (15) "Renewable resources" means electricity generation facilities fueled by: (a) Water; (b) wind; (c) solar energy; (d) geothermal energy; (e) landfill gas; (f) biomass energy utilizing animal waste, solid or liquid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; (g) by-products of pulping or wood manufacturing processes, including but not limited to bark, wood chips, sawdust, and lignin in spent pulping liquors; (h) ocean thermal, wave, or tidal power; or (i) gas from sewage treatment facilities.

((~~(15)~~)) (16) "Resource plan" means an assessment that estimates electricity loads and resources over a defined period of time and complies with the requirements in RCW 19.280.030(2).

(17) "Zero-carbon resources" means electricity generation facilities that do not emit greenhouse gases as a direct byproduct of operating the facility.

Sec. 3. RCW 19.280.030 and 2015 3rd sp.s. c 19 s 9 are each amended to read as follows:

Each electric utility must develop a plan consistent with this section.

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

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

(b) An assessment of commercially available conservation and efficiency resources. Such assessment may include, as appropriate, opportunities for development of combined heat and power as an energy and capacity resource, demand response and load management programs, and currently employed and new policies and programs needed to obtain the conservation and efficiency resources;

(c) An assessment of commercially available, utility scale renewable and nonrenewable generating technologies including a comparison of the benefits and risks of purchasing power or building new resources;

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

(e) An assessment of methods, commercially available technologies, or facilities for integrating renewable resources, and addressing overgeneration events, if applicable to the utility's resource portfolio;

(f) The integration of the demand forecasts and resource evaluations into a long-range assessment describing the mix of supply side generating resources and conservation and efficiency resources that will meet current and projected needs, including mitigating overgeneration events, at the lowest reasonable cost and risk to the utility and its ratepayers; and

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

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

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

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

(c) Explains why the resources in (b) of this subsection were chosen and, if the resources chosen are not: (i) Renewable resources; (ii) methods, commercially available technologies, or facilities for integrating renewable resources, including addressing any overgeneration event; or (iii) conservation and efficiency resources, why such a decision was made.

(3) Assessments for demand side resources included in an integrated resource plan may include combined heat and power systems as one of the measures in a conservation supply curve. The value of recoverable waste heat resulting from combined heat and power must be reflected in analyses of cost-effectiveness under this subsection.

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

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

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

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

(8)(a) Each resource plan or integrated resource plan developed under this section must include an assessment of the prospective reliability, resource adequacy, and rate impacts of the electric utility's lowest reasonable cost and least-risk pathways to achieving the following two scenarios:

(i) Meeting one hundred percent of its retail electric load with zero-carbon resources by the year 2028; and

(ii) Meeting one hundred percent of its retail electric load with zero-carbon resources by the year 2035.

(b) The assessment under (a) of this subsection must include:

(i) A description of prospective impacts to each customer rate class. For the class of residential customers, rate impacts must be expressed as incremental cost per year to the average annual

electricity bill. A rate impact must be assessed for each year in which a cost is expected to occur and cumulatively for the entire time period that will elapse before the electric utility estimates that it will achieve the scenarios under (a)(i) and (ii) of this subsection;

(ii) A calculation of the total incremental cost of achieving the scenarios under (a)(i) and (ii) of this subsection assuming no direct price on the greenhouse gas emissions attributable to the generation of electricity; and

(iii) A calculation of the total incremental cost of achieving the scenarios under (a)(i) and (ii) of this subsection assuming a direct price of twenty-five dollars per metric ton on the greenhouse gas emissions attributable to the generation of electricity.

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