RCW 80.86.010 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Carbon dioxide equivalent" has the same meaning as provided in RCW 70A.65.010.

(2) "Combined heat and power" has the same meaning as provided in RCW 19.280.020.

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

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

(5) "Cost-effective" means that a project or resource is, or is forecast to:

(a) Be reliable and available within the time it is needed; and

(b) Reduce greenhouse gas emissions and meet or reduce the energy demand or supply an equivalent level of energy service to the intended customers at an estimated long-term incremental system cost no greater than that of the least-cost similarly reliable and available alternative project or resource, or any combination thereof, including the cost of compliance with chapter 70A.65 RCW, based on the forward allowance ceiling price of allowances approved by the department of ecology under RCW 70A.65.160.

(6) "Costs of greenhouse gas emissions" means the costs of greenhouse gas emissions established in RCW 80.28.395 and 80.28.405.

(7) "Delivery system" includes any power line, pipe, equipment, apparatus, mechanism, machinery, instrument, or ancillary facility used by a large combination utility to deliver electricity or gas for ultimate consumption by a customer of the large combination utility.

(8) "Demand flexibility" means the capacity of demand-side loads to change their consumption patterns hourly or on another timescale.

(9) "Electrical company" has the same meaning as provided in RCW 80.04.010.

(10)(a) "Electrification" means the installation of energy efficient electric end-use equipment.

(b) Electrification programs may include weatherization and conservation and efficiency measures.

(11) "Electrification readiness" means upgrades or changes required before the installation of energy efficient electric end-use equipment to prevent heat loss from homes including, but not limited to: Structural repairs, such as roof repairs, preweatherization, weatherization, and electrical panel and wiring upgrades.

(12) "Emissions baseline" means the actual cumulative greenhouse gas emissions of a large combination utility, calculated pursuant to chapter 70A.65 RCW, for the five-year period beginning January 1, 2015, and ending December 31, 2019.

(13) "Emissions reduction period" means one of five periods of five calendar years each, with the five periods beginning on January 1st of calendar years 2030, 2035, 2040, 2045, and 2050, respectively.

(14) "Emissions reduction target" means a targeted reduction of projected cumulative greenhouse gas emissions of a large combination utility approved by the commission for an emissions reduction period that is at least as stringent as the limits established in RCW 70A.45.020.

(15) "Gas company" has the same meaning as provided in RCW 80.04.010.

(16) "Geographically targeted electrification" means the geographically targeted transition of a portion of gas customers of the large combination utility with an intent to electrify loads of such customers and, in conjunction, to reduce capital and operational costs of gas operations of the large combination utility serving such customers.

(17) "Greenhouse gas" has the same meaning as provided in RCW 70A.45.010.

(18) "Highly impacted community" has the same meaning as provided in RCW 19.405.020.

(19) "Integrated system plan" means a plan that the commission may approve, reject, or approve with conditions pursuant to RCW 80.86.020.

(20) "Large combination utility" means a public service company that is both an electrical company and a gas company that serves more than 800,000 retail electric customers and 500,000 retail gas customers in the state of Washington as of June 30, 2024.

(21) "Low-income" has the same meaning as provided in RCW 19.405.020.

(22) "Lowest reasonable cost" means the lowest cost mix of demand-side and supply side resources and decarbonization measures determined through a detailed and consistent analysis of a wide range of commercially available resources and measures. At a minimum, this analysis must consider long-term costs and benefits, market-volatility risks, resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on the large combination utility and its ratepayers, public policies regarding resource preference adopted by Washington state or the federal government, the cost of risks associated with environmental effects including potential spills and emissions of carbon dioxide, and the need for security of supply.

(23) "Multiyear rate plan" means a multiyear rate plan of a large combination utility filed with the commission pursuant to RCW 80.28.425.

(24) "Natural gas" has the same meaning as provided in RCW 19.405.020.

(25) "Nonemitting electric generation" has the same meaning as provided in RCW 19.405.020.

(26) "Nonpipeline alternative" means activities or investments that delay, reduce, or avoid the need to build, upgrade, or repair gas plant, such as pipelines and service lines.

(27) "Overburdened community" has the same meaning as provided in RCW 70A.65.010.

(28) "Overgeneration event" has the same meaning as provided in RCW 19.280.020.

(29) "Renewable resource" has the same meaning as provided in RCW 19.405.020.

(30) "Supply side resource" means, as applicable: (a) Any resource that can provide capacity, electricity, or ancillary services to the large combination utility's electric delivery system; or (b) any resource that can provide conventional or nonconventional gas supplies to the large combination utility's gas delivery system.

(31) "System cost" means actual direct costs or an estimate of all direct costs of a project or resource over its effective life including, if applicable: The costs of transmission and distribution to the customers; waste disposal costs; permitting, siting, mitigation, and end-of-cycle decommissioning and remediation costs;

fuel costs, including projected increases; resource integration and balancing costs; and such quantifiable environmental costs and benefits and other energy and nonenergy benefits as are directly attributable to the project or resource, including flexibility, resilience, reliability, greenhouse gas emissions reductions, and air quality.

(32) "Vulnerable populations" has the same meaning as provided in RCW 19.405.020. [2024 c 351 s 2.]

Findings—Intent—2024 c 351: "(1) The legislature finds that the state's gas and electrical companies face transformational change brought on by new technology, emerging opportunities for customers, and state clean energy laws. Chapter 19.405 RCW, the Washington clean energy transformation act, and chapter 70A.65 RCW, the Washington climate commitment act, require these companies to find innovative and creative solutions to equitably serve their customers, provide clean energy, reduce emissions, and keep rates fair, just, reasonable, and sufficient.

(2) Gas companies that serve over 500,000 gas customers in Washington state, which are also electrical companies, or large combination utilities, play an important role in providing affordable and reliable heating and other energy services, and in leading the implementation of state climate policies. As the state transitions to cleaner sources of energy, large combination utilities are an important partner in helping their customers make smart energy choices, including actively supporting the replacement of fossil fuel-based space and water heating equipment and other fossil fuel-based equipment with high-efficiency nonemitting equipment. Programs to accelerate the adoption of efficient, nonemitting appliances have the potential to allow large combination utilities to optimize the use of energy infrastructure, improve the management of energy loads, better manage the integration of variable renewable energy resources, reduce greenhouse gas emissions from the buildings sector, mitigate the environmental impacts of utility operations and power purchases, and improve health outcomes for occupants. Legislative clarity is important for utilities to offer programs and services, including incentives, in the decarbonization of homes and buildings for their customers.

(3) In order to meet the statewide greenhouse gas limits in the energy sectors of the economy, more resources must be directed toward achieving decarbonization of residential and commercial heating loads and other loads that are served with fossil fuels, while continuing to protect all customers, but especially low-income customers, vulnerable populations, highly impacted communities, and overburdened communities. The legislature finds that regulatory innovation may be needed to remove barriers that large combination utilities may face to meet the state's public policy objectives and expectations. The enactment of chapter 188, Laws of 2021 (Engrossed Substitute Senate Bill No. 5295) began that regulatory transition from traditional cost-of-service regulation, with investor-owned gas and electrical companies using forward-looking multiyear rate plans and taking steps toward performance-based regulation. These steps are intended to provide certainty and stability to both customers and to investor-owned gas and electrical companies, aligning public policy objectives with investments, safety, and reliability.

(4) The legislature finds that as Washington transitions to 100 percent clean electricity and as the state implements the Washington climate commitment act, switching from fossil fuel-based heating equipment and other fossil fuel-based appliances to high-efficiency nonemitting equipment will reduce climate impacts and fuel price risks for customers in the long term. This new paradigm requires a thoughtful transition to decarbonize the energy system to ensure that all customers benefit from the transition, that customers are protected, are not subject to sudden price shocks, and continue to receive needed energy services, with an equitable allocation of benefits and burdens. This transition will require careful and integrated planning by and between utilities, the commission, and customers, as well as new regulatory tools.

(5) It is the intent of the legislature to require large combination utilities to decarbonize their systems by: (a) Prioritizing efficient and cost-effective measures to transition customers off of the direct use of fossil fuels at the lowest reasonable cost to customers; (b) investing in the energy supply, storage, delivery, and demand-side resources that will be needed to serve any increase in electrical demand affordably and reliably; (c) maintaining safety and reliability as the gas system undergoes transformational changes; (d) integrating zero-carbon and carbon-neutral fuels to serve high heat and industrial loads where electrification may not be technically feasible; (e) managing peak demand of the electric system; and (f) ensuring an equitable distribution of benefits to, and reduction of burdens for, vulnerable populations, highly impacted communities, and overburdened communities that have historically been underserved by utility energy efficiency programs, and may be disproportionately impacted by rising fuel and equipment costs or experience high energy burden.

(6) It is the intent of the legislature to support this transition by adopting requirements for large combination utilities to conduct integrated system planning to develop specific actions supporting gas system decarbonization and electrification, and reduction in the gas rate base.

(7) It is the intent of the legislature to encourage a robust competitive wholesale market for generation, storage, and demand-side resources to serve the state's electrical companies, other electric utilities, and end-users that secure their own power supply." [2024 c 351 s 1.]

Effective date—2024 c 351: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 28, 2024]." [2024 c 351 s 22.]