

CERTIFICATION OF ENROLLMENT
SUBSTITUTE SENATE BILL 6658

Chapter 276, Laws of 2002

57th Legislature
2002 Regular Session

ENERGY CONSERVATION PROJECTS

EFFECTIVE DATE: 6/13/02

Passed by the Senate February 14, 2002
YEAS 46 NAYS 0

BRAD OWEN
President of the Senate

Passed by the House March 8, 2002
YEAS 96 NAYS 0

FRANK CHOPP
**Speaker of the
House of Representatives**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6658** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK
Secretary

Approved March 29, 2002

FILED

March 29, 2002 - 4:11 p.m.

GARY LOCKE
Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6658

Passed Legislature - 2002 Regular Session

State of Washington

57th Legislature

2002 Regular Session

By Senate Committee on Environment, Energy & Water (originally sponsored by Senators Poulsen, Hale, Regala, Morton, Fraser, Keiser and Rasmussen)

READ FIRST TIME 02/08/2002.

1 AN ACT Relating to clarifying the types of energy conservation
2 projects a public utility may assist its customers in financing;
3 amending RCW 35.92.360 and 54.16.280; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that energy
6 conservation can take many useful and cost-effective forms, and that
7 the types of conservation projects available to utilities and customers
8 evolve with time as technologies are developed and market conditions
9 change. In some cases, electricity conservation projects are most
10 cost-effective when they reduce the total amount of electricity
11 consumed by an individual customer, and in other cases they can be
12 cost-effective by reducing the amount of electricity a customer needs
13 to purchase from an electric utility.

14 The legislature intends to encourage and support a broad array of
15 cost-effective energy conservation by electric utilities and customers
16 alike by clarifying that public utilities may assist in the financing
17 of projects that allow customers to generate their own electricity from
18 renewable resources that do not depend on commercial sources of fuel

1 thereby reducing the amount of electricity a public utility needs to
2 generate or acquire on their customers' behalf.

3 **Sec. 2.** RCW 35.92.360 and 1989 c 268 s 1 are each amended to read
4 as follows:

5 Any city or town engaged in the generation, sale, or distribution
6 of energy is hereby authorized, within limits established by the
7 Constitution of the state of Washington, to assist the owners of
8 structures or equipment in financing the acquisition and installation
9 of materials and equipment, for compensation or otherwise, for the
10 conservation or more efficient use of energy in such structures or
11 equipment pursuant to an energy conservation plan adopted by the city
12 or town if the cost per unit of energy saved or produced by the use of
13 such materials and equipment is less than the cost per unit of energy
14 produced by the next least costly new energy resource which the city or
15 town could acquire to meet future demand. Any financing authorized
16 under this chapter shall only be used for conservation purposes in
17 existing structures, and such financing shall not be used for any
18 purpose which results in a conversion from one energy source to
19 another. For the purposes of this section, "conservation purposes in
20 existing structures" may include projects to allow a municipal electric
21 utility's customers to generate all or a portion of their own
22 electricity through the on-site installation of a distributed
23 electricity generation system that uses as its fuel solar, wind,
24 geothermal, or hydropower, or other renewable resource that is
25 available on-site and not from a commercial source. Such projects
26 shall not be considered "a conversion from one energy source to
27 another" which is limited to the change or substitution of one
28 commercial energy supplier for another commercial energy supplier.
29 Except where otherwise authorized, such assistance shall be limited to:

30 (1) Providing an inspection of the structure or equipment, either
31 directly or through one or more inspectors under contract, to determine
32 and inform the owner of the estimated cost of purchasing and installing
33 conservation materials and equipment for which financial assistance
34 will be approved and the estimated life cycle savings in energy costs
35 that are likely to result from the installation of such materials or
36 equipment;

37 (2) Providing a list of businesses who sell and install such
38 materials and equipment within or in close proximity to the service

1 area of the city or town, each of which businesses shall have requested
2 to be included and shall have the ability to provide the products in a
3 workmanlike manner and to utilize such materials in accordance with the
4 prevailing national standards.

5 (3) Arranging to have approved conservation materials and equipment
6 installed by a private contractor whose bid is acceptable to the owner
7 of the residential structure and verifying such installation; and

8 (4) Arranging or providing financing for the purchase and
9 installation of approved conservation materials and equipment. Such
10 materials and equipment shall be purchased from a private business and
11 shall be installed by a private business or the owner.

12 (5) Pay back shall be in the form of incremental additions to the
13 utility bill, billed either together with use charge or separately.
14 Loans shall not exceed one hundred twenty months in length.

15 **Sec. 3.** RCW 54.16.280 and 1989 c 268 s 2 are each amended to read
16 as follows:

17 Any district is hereby authorized, within limits established by the
18 Constitution of the state of Washington, to assist the owners of
19 structures or equipment in financing the acquisition and installation
20 of materials and equipment, for compensation or otherwise, for the
21 conservation or more efficient use of energy in such structures or
22 equipment pursuant to an energy conservation plan adopted by the
23 district if the cost per unit of energy saved or produced by the use of
24 such materials and equipment is less than the cost per unit of energy
25 produced by the next least costly new energy resource which the
26 district could acquire to meet future demand. Any financing authorized
27 under this chapter shall only be used for conservation purposes in
28 existing structures, and such financing shall not be used for any
29 purpose which results in a conversion from one energy source to
30 another. For the purposes of this section, "conservation purposes in
31 existing structures" may include projects to allow a district's
32 customers to generate all or a portion of their own electricity through
33 the on-site installation of a distributed electricity generation system
34 that uses as its fuel solar, wind, geothermal, or hydropower, or other
35 renewable resource that is available on-site and not from a commercial
36 source. Such projects shall not be considered "a conversion from one
37 energy source to another" which is limited to the change or
38 substitution of one commercial energy supplier for another commercial

1 energy supplier. Except where otherwise authorized, such assistance
2 shall be limited to:

3 (1) Providing an inspection of the structure or equipment, either
4 directly or through one or more inspectors under contract, to determine
5 and inform the owner of the estimated cost of purchasing and installing
6 conservation materials and equipment for which financial assistance
7 will be approved and the estimated life cycle savings in energy costs
8 that are likely to result from the installation of such materials or
9 equipment;

10 (2) Providing a list of businesses who sell and install such
11 materials and equipment within or in close proximity to the service
12 area of the district, each of which businesses shall have requested to
13 be included and shall have the ability to provide the products in a
14 workmanlike manner and to utilize such materials in accordance with the
15 prevailing national standards.

16 (3) Arranging to have approved conservation materials and equipment
17 installed by a private contractor whose bid is acceptable to the owner
18 of the residential structure and verifying such installation; and

19 (4) Arranging or providing financing for the purchase and
20 installation of approved conservation materials and equipment. Such
21 materials and equipment shall be purchased from a private business and
22 shall be installed by a private business or the owner.

23 (5) Pay back shall be in the form of incremental additions to the
24 utility bill, billed either together with use charge or separately.
25 Loans shall not exceed one hundred twenty months in length.

Passed the Senate February 14, 2002.

Passed the House March 8, 2002.

Approved by the Governor March 29, 2002.

Filed in Office of Secretary of State March 29, 2002.