
ENGROSSED SUBSTITUTE HOUSE BILL 1010

State of Washington

59th Legislature

2006 Regular Session

By House Committee on Technology, Energy & Communications
(originally sponsored by Representatives Morris, Hudgins, Morrell,
Linville, B. Sullivan, McCoy and Chase)

READ FIRST TIME 02/28/05.

1 AN ACT Relating to energy efficiency and renewable energy; and
2 adding a new chapter to Title 19 RCW.

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

4 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
5 establish a goal of encouraging the construction and development of new
6 energy resources in the state of Washington to meet increasing demand
7 for affordable and reliable electricity. Since electricity supply may
8 lag behind electricity demand, the result may be a sharp increase in
9 electricity prices. The legislature finds that it is desirable to
10 shorten the time it takes to bring new electricity generation to
11 market. The legislature also recognizes the resulting infrastructure
12 to get new electricity generation to market may not be available, which
13 may also lead to more expensive electricity prices. The legislature
14 intends that information obtained from integrated resource planning
15 under this chapter will be used to assist in identifying and developing
16 new energy generation and related infrastructure to meet growing
17 electricity demand.

1 NEW SECTION. **Sec. 2.** The definitions in this section apply
2 throughout this chapter unless the context clearly requires otherwise.

3 (1) "Commission" means the Washington state utilities and
4 transportation commission.

5 (2) "Consumer-owned utility" includes a municipal electric utility
6 formed under Title 35 RCW, a public utility district formed under Title
7 54 RCW, an irrigation district formed under chapter 87.03 RCW, a
8 cooperative formed under chapter 23.86 RCW, or a mutual corporation or
9 association formed under chapter 24.06 RCW, that is engaged in the
10 business of distributing electricity to one or more retail electric
11 customers in the state.

12 (3) "Department" means the department of community, trade, and
13 economic development.

14 (4) "Electric utility" means a consumer-owned or investor-owned
15 utility.

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

18 (6) "Integrated resource plan" means a plan describing the mix of
19 generating resources and improvements in the efficient generation,
20 transmission, distribution, and use of electricity that will meet
21 current and future needs at the lowest reasonable cost to the utility
22 and its ratepayers and that complies with the requirements specified in
23 section 3(1) of this act.

24 (7) "Resource plan" means a plan that estimates electricity loads
25 and resources over a defined period of time and complies with the
26 requirements in section 3(2) of this act.

27 (8) "Plan" means either an integrated resource plan or a resource
28 plan.

29 (9) "Investor-owned utility" means a corporation owned by investors
30 that meets the definition of electrical company in RCW 80.04.010 and is
31 engaged in distributing electricity to more than one retail electric
32 customer in the state.

33 (10)(a) "Renewable energy" means resources whose common
34 characteristic is that they are nondepletable or are naturally
35 replenishable existing or emerging nonfossil fuel energy sources or
36 technologies, and shall include but not be limited to the following:

37 (i) Solar photovoltaic or solar thermal electric energy;

38 (ii) Wind energy;

1 (iii) Ocean thermal, wave, or tidal energy;
2 (iv) Fuel cells;
3 (v) Landfill gas;
4 (vi) Incremental gains in energy production from capital and
5 operational improvements in hydroelectric generating facilities;
6 (vii) Run of river hydropower generation;
7 (viii) Hydroelectric generation that does not impede the flow in
8 naturally flowing water;
9 (ix) Advanced biomass power conversion technologies, such as
10 gasification using such biomass fuels as wood, agricultural, or food
11 wastes, energy crops, biogas, biodiesel, or organic refuse-derived
12 fuel;
13 (x) Biomass energy using animal waste, solid organic fuels from
14 wood, forest, or field residues, dedicated energy crops that do not
15 include wood pieces that have been treated with chemical preservatives
16 such as creosote, pentachlorophenol, or copper-chrome-arsenic; and
17 (xi) Lignin in spent pulping liquors.
18 (b) The following technologies or fuels shall not be considered
19 renewable energy supplies: Coal, oil, nuclear power, or fuel gases,
20 excluding fuel gases that are used in a combined heat and power plant
21 designed to produce both heat and electricity from a single heat
22 source.
23 (11) "Full requirements customer" means an electric utility that
24 relies on the Bonneville power administration for all power needed to
25 supply its total load requirement other than that served by
26 nondispatchable generating resources totaling no more than six
27 megawatts or renewable resources.
28 (12) "Lowest reasonable cost" means the lowest cost mix of
29 resources determined through a detailed and consistent analysis of a
30 wide range of commercially available sources. At a minimum, this
31 analysis must consider resource cost, market-volatility risks,
32 demand-side resource uncertainties, resource dispatchability, resource
33 effect on system operation, the risks imposed on ratepayers, public
34 policies regarding resource preference adopted by Washington state or
35 the federal government and the cost of risks associated with
36 environmental effects including emissions of carbon dioxide.
37 (13) "Conservation" means any reduction in electric power

1 consumption that results from increases in the efficiency of energy
2 use, production, or delivery.

3 NEW SECTION. **Sec. 3.** (1) Except as otherwise provided under this
4 section, utilities with more than twenty-five thousand customers that
5 are not full requirements customers must develop an integrated resource
6 plan consistent with the provisions of this section by July 31, 2007.
7 Such a plan, at a minimum, must include:

8 (a) A range of forecasts of future customer demand using methods
9 that examine the effect of economic forces on the consumption of
10 electricity and that address changes in the number, type, and
11 efficiency of electrical end-uses;

12 (b) An assessment of technically feasible and commercially
13 available efficiency improvements in the generation, delivery, and use
14 of electricity, including load management and fuel switching, as well
15 as currently employed and new policies and programs needed to obtain
16 the efficiency improvements;

17 (c) An assessment of technically feasible and commercially
18 available utility scale generating technologies including but not
19 limited to renewable resources, cogeneration, power purchases, and
20 thermal resources;

21 (d) An assessment of transmission system capability and
22 reliability, to the extent such information can be provided consistent
23 with applicable laws;

24 (e) An evaluation comparing the cost-effectiveness of generating
25 resources with the cost-effectiveness of efficiency improvements in the
26 delivery and use of electricity;

27 (f) The integration of the demand forecasts and resource
28 evaluations into a long-range integrated resource plan describing the
29 mix of resources and efficiency measures that will meet current and
30 future needs at the lowest reasonable cost to the utility and
31 ratepayers;

32 (g) A short-term plan outlining the specific actions to be taken by
33 the utility consistent with the long-range integrated resource plan;
34 and

35 (h) For all plans subsequent to the initial integrated resource
36 plan, a progress report that relates the new plan to the previous plan.

1 (2) All other utilities may elect to develop an integrated resource
2 plan as set forth in subsection (1) of this section or, at a minimum,
3 shall develop by July 31, 2007, a resource plan that:

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

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

7 (c) Explains why the resources in (b) of this subsection were
8 chosen and, if the resources chosen are not renewable resources or
9 conservation, why such a decision was made.

10 (3) In development of a resource plan under subsection (2) of this
11 section, a utility may use data submitted to federal power marketing
12 agencies that is equivalent to the data required in this subsection.

13 (4) Plans developed under this section must be updated on a regular
14 basis, at a minimum of intervals of three years.

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

17 NEW SECTION. **Sec. 4.** (1) Investor-owned utilities shall submit
18 integrated resource plans to the commission. The commission shall
19 establish by rule the requirements for preparation and submission of
20 integrated resource plans.

21 (2) The commission may adopt additional rules as necessary to
22 clarify the requirements of section 3 of this act as they apply to
23 investor-owned utilities.

24 NEW SECTION. **Sec. 5.** (1) Before conducting or contracting for
25 work under this chapter, the governing body of each utility shall
26 approve a work plan that includes public comment opportunities. Only
27 after complying with its adopted work plan may a governing body approve
28 a proposed plan. Upon approval of its governing board, each
29 consumer-owned utility required to develop a plan shall publish a final
30 plan either as part of an annual report or as a separate document
31 available to the public.

32 (2) Each consumer-owned utility required to develop a plan shall
33 transmit a copy of its plan to the department by December 31, 2007, and
34 transmit subsequent plans to the department at least every three years
35 thereafter. The department shall develop, in consultation with

1 utilities, a common cover sheet that summarizes the essential data in
2 their plans.

3 (3) Consumer-owned utilities may develop plans jointly with other
4 consumer-owned utilities. Data and assessments included in joint
5 reports must be identifiable to each individual utility.

6 (4) Consumer-owned utilities are encouraged to use resource
7 planning concepts, techniques, and information provided to and by other
8 state, regional, national, and binational entities in developing their
9 plans.

10 NEW SECTION. **Sec. 6.** The department shall review the plans of
11 consumer and investor-owned utilities and prepare an electronic report
12 to the legislature that aggregates the data submitted by all utilities,
13 summarizes at a statewide level the resource choices and dates
14 specified in the plans. The commission shall provide the department
15 with data summarizing the plans of investor-owned utilities for use in
16 the department's statewide summary. Individual utility plans will be
17 provided to the legislature. The report shall include a statewide
18 summary of utility load forecasts, load/resource balance, and utility
19 plans for the development of thermal generation, renewable resources,
20 and efficiency resources. The department shall submit the initial
21 report by June 30, 2008, and subsequent reports every three years
22 thereafter. Where appropriate, the department may include reports
23 required by this section within the biennial report required under RCW
24 43.21F.045.

25 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute
26 a new chapter in Title 19 RCW.

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