
HOUSE BILL 2351

State of Washington 59th Legislature 2006 Regular Session

By Representatives Morris, Hudgins, Murray, Takko, B. Sullivan,
Morrell, Ericks, Sells, O'Brien and Green

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Committee on Technology, Energy & Communications.

1 AN ACT Relating to including renewable energy in the mix of energy
2 resources; adding a new chapter to Title 19 RCW; and providing for
3 submission of this act to a vote of the people.

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

5 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
6 establish a goal of encouraging the construction and development of
7 renewable energy in the state of Washington to meet increasing demands
8 for affordable and reliable electricity. Since electricity supply may
9 lag behind electricity demand, the result may be a sharp increase in
10 electricity prices. The legislature finds that it is desirable to
11 shorten the time it takes to bring new electricity generation to
12 market. Washington is a leader in the development of renewable energy
13 technologies and the legislature acknowledges that encouraging the
14 development of renewable technologies in meeting increased electricity
15 demand will create jobs for Washington's citizens.

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

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

3 (2) "Consumer-owned utility" includes a municipal electric utility
4 formed under Title 35 RCW, a public utility district formed under Title
5 54 RCW, an irrigation district formed under chapter 87.03 RCW, a
6 cooperative formed under chapter 23.86 RCW, a mutual corporation or
7 association formed under chapter 24.06 RCW, a port district formed
8 under Title 53 RCW, or a water-sewer district formed under Title 57
9 RCW, that is engaged in the business of distributing electricity to one
10 or more retail electric customers in the state.

11 (3) "Cost-effective" has the same meaning as in RCW 80.52.030.

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

14 (5) "Distributed generation" means either an electricity generation
15 system that uses as its fuel an eligible renewable resource or a fuel
16 cell as defined in RCW 43.19.651, and: (a) Is available on-site and
17 not from a commercial source; and (b) has a generating capacity of not
18 more than one hundred kilowatts.

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

21 (7) "Eligible renewable resources" means:

22 (a) Electricity generation facilities powered by a renewable
23 resource, including only those hydroprojects that use the natural
24 gravity induced by the flow of the river to produce electricity and do
25 not require the construction of an impounding dam with a large
26 reservoir that commenced operation after April 1, 1999, and that are
27 located in the Pacific Northwest; and

28 (b) Additional power generation achieved, above original design
29 specifications, at hydroelectric facilities, irrigation pipes, and
30 canals operating on April 1, 1999, that are located in the Pacific
31 Northwest, and do not result in any new water diversions.

32 (8) "Full-requirements customer" means a utility that relies on the
33 Bonneville power administration for all of the power needed to supply
34 its total load requirement other than that served by nondispatchable
35 generating resources totaling no more than six megawatts.

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

1 (10) "Integrated resource plan" or "plan" means a plan describing
2 the mix of generating resources and improvements in the efficient use
3 of electricity that will meet current and future needs at the lowest
4 reasonable cost to the utility and its ratepayers.

5 (11) "Investor-owned utility" means a corporation owned by
6 investors that meets the definition in RCW 80.04.010 and is engaged in
7 distributing electricity to more than one retail electric customer in
8 the state.

9 (12) "Renewable energy credit" means a tradable certificate of
10 proof of one megawatt hour of electricity generated from a renewable
11 resource that: (a)(i) Is located in the Pacific Northwest and
12 commenced operation after December 1, 2001; or (ii) is located in the
13 United States portion of the western region as defined by the western
14 electricity coordinating council or its successor entity and commenced
15 operation after July 1, 2003; (b) is not powered by fresh water; and
16 (c) is verified by the renewable energy credit trading system selected
17 by the department.

18 (13) "Renewable resources" means electricity generation facilities
19 fueled by: (a) Water; (b) wind; (c) solar energy; (d) geothermal
20 energy; (e) landfill gas; (f) biomass energy based on animal waste or
21 solid organic fuels from wood, forest, or field residues, or dedicated
22 energy crops that do not include wood pieces that have been treated
23 with chemical preservatives such as creosote, pentachlorophenol, or
24 copper-chrome-arsenic; (g) wave or tidal power; or (h) gas from sewage
25 treatment facilities.

26 (14) "Retail load" means the amount of kilowatt hours of
27 electricity delivered by an electric utility to its Washington retail
28 customers.

29 NEW SECTION. **Sec. 3.** By December 1, 2007, the department shall
30 establish a statewide renewable energy goal based on the integrated
31 resource plans developed under sections 4 through 7 of this act. The
32 department shall update this goal in 2009, 2013, and 2019 based on the
33 integrated resource plans developed under sections 4 through 7 of this
34 act. An electric utility may contribute toward meeting the statewide
35 goal by increasing the mix of resources it uses to serve its Washington
36 customers to include a greater percentage of eligible renewable
37 resources.

1 NEW SECTION. **Sec. 4.** Each electric utility must develop an
2 integrated resource plan consistent with the provisions of this
3 section. Such a plan shall be updated on a regular basis and, at a
4 minimum, must include:

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

9 (2) An assessment of technically feasible improvements in the
10 efficient use of electricity, including load management and fuel
11 switching, as well as currently employed and new policies and programs
12 needed to obtain the efficiency improvements;

13 (3) An assessment of technically feasible generating technologies
14 including but not limited to renewable resources, cogeneration, power
15 purchases, and thermal resources;

16 (4) An evaluation comparing the cost-effectiveness of generating
17 resources with the cost-effectiveness of improvements in the efficient
18 use of electricity;

19 (5) The integration of the demand forecasts and resource
20 evaluations into a long-range integrated resource plan describing the
21 mix of resources and efficiency measures that will meet current and
22 future needs at the lowest reasonable cost, including an assessment of
23 risk associated with fuel price, fuel availability, hedging, and future
24 environmental regulations, to the utility and its ratepayers;

25 (6) A short-term plan outlining the specific actions to be taken by
26 the utility consistent with the long-range integrated resource plan;
27 and

28 (7) For all plans subsequent to the initial integrated resource
29 plan, a progress report that relates the new plan to the previous plan.

30 NEW SECTION. **Sec. 5.** (1) Investor-owned utilities shall submit
31 integrated resource plans to the commission. The commission shall
32 establish by rule the requirements for preparation and submission of
33 integrated resource plans.

34 (2) The commission may adopt additional rules as necessary to
35 clarify the requirements of section 4 of this act as they apply to
36 investor-owned utilities.

1 NEW SECTION. **Sec. 6.** (1) Each consumer-owned utility shall
2 develop and publish a work schedule for the preparation of an
3 integrated resource plan. The work schedule shall set forth the
4 proposed content of the integrated resource plan, the proposed schedule
5 of preparation, and provisions for public involvement in the
6 preparation and review of the plan. The governing body of each utility
7 shall approve an integrated resource plan only after it has provided
8 public notice and hearing on the proposed plan. Upon approval of its
9 governing board, each consumer-owned utility shall publish a final
10 integrated resource plan either as part of an annual report or as a
11 separate document available to the public.

12 (2) Each consumer-owned utility shall transmit a copy of its
13 integrated resource plan to the department by July 31, 2007, and
14 transmit subsequent plans every two years thereafter.

15 (3) Consumer-owned utilities may develop integrated resource plans
16 jointly with other consumer-owned utilities. Data and assessments
17 included in joint reports must be identifiable to each individual
18 utility.

19 NEW SECTION. **Sec. 7.** The department shall review the integrated
20 resource plans of investor-owned and consumer-owned utilities and
21 prepare a report to the legislature. The report shall include a
22 statewide summary of utility load forecasts, load/resource balance, and
23 utility plans for the development of thermal generation, renewable
24 resources, and efficiency resources. The commission shall provide the
25 department with data summarizing activities of investor-owned utilities
26 for use in the department's statewide summary. The department shall
27 submit the initial report by December 1, 2007, and subsequent reports
28 every two years thereafter. Where appropriate, the department may
29 include reports required by this section within the biennial report
30 required under RCW 43.21F.045.

31 NEW SECTION. **Sec. 8.** (1) The renewable energy target for electric
32 utilities is as follows:

33 (a) By January 1, 2011, and each year thereafter through December
34 31, 2015, the percentage of annual retail load represented by eligible
35 renewable resources or equivalent renewable energy credits, or a

1 combination of both, equal to the statewide renewable energy goal
2 percentage established by the department in 2009 under section 3 of
3 this act.

4 (b) By January 1, 2016, and each year thereafter through December
5 31, 2020, the percentage of annual retail load represented by eligible
6 renewable resources or equivalent renewable energy credits, or a
7 combination of both, equal to the statewide renewable energy goal
8 percentage established by the department in 2013 under section 3 of
9 this act.

10 (c) By January 1, 2021, and each year thereafter, the percentage of
11 annual retail load represented by eligible renewable resources or
12 equivalent renewable energy credits, or a combination of both, equal to
13 the statewide renewable energy goal percentage established by the
14 department in 2019 under section 3 of this act.

15 (2) Nothing in this chapter limits electric utilities from
16 exceeding this renewable energy target.

17 (3) In meeting this renewable energy target, an electric utility
18 may contribute eligible renewable resources even if it also receives
19 credit or funding from the Bonneville power administration for those
20 resources.

21 NEW SECTION. **Sec. 9.** By January 1, 2010, and biennially
22 thereafter, each electric utility that chooses to contribute toward the
23 statewide renewable energy target, must report on the renewable energy
24 it has acquired to meet the target and its annual retail load.
25 Consumer-owned electric utilities provide this information to the
26 department and investor-owned utilities provide this information to the
27 commission. The department shall coordinate with the commission to
28 include information relating to the investor-owned utilities. The
29 department shall include this information as part of its biennial
30 report required under RCW 43.21F.045.

31 NEW SECTION. **Sec. 10.** (1) In meeting the renewable energy target,
32 an electric utility may contribute eligible renewable resources even if
33 it also receives credit or funding from the Bonneville power
34 administration for those resources.

35 (2) In meeting the renewable energy target, a consumer-owned
36 utility that is a customer of the Bonneville power administration can

1 contribute that portion of its load served by eligible renewable
2 resources that are part of the Bonneville power administration's system
3 mix. A utility also can contribute credit toward meeting this target
4 for the portion of environmentally preferred power it purchases from
5 the Bonneville power administration that meets the definition of an
6 eligible renewable resource.

7 (3) An electric utility that offers an optional pricing program
8 that charges a higher rate for electricity generated from qualified
9 alternative energy resources under RCW 19.29A.090 may contribute only
10 the energy generated under such a program that qualifies as eligible
11 renewable resources toward meeting this statewide renewable energy
12 target. An electric utility must separately disclose the energy
13 generated under an optional pricing program.

14 (4)(a) An electric utility may contribute additional credit toward
15 meeting the renewable energy target if it acquires eligible renewable
16 resources physically located in Washington state:

17 (i) Where the eligible renewable resource commenced construction
18 after December 31, 2006; and

19 (ii) Where the electric utility purchased or contracted for the
20 eligible renewable resource by December 31, 2010.

21 (b) An electric utility that acquires energy from an eligible
22 renewable resource that meets the criteria under this section may count
23 that resource above its base value toward meeting the renewable energy
24 target according to the following benchmarks:

25 (i) Energy from an eligible renewable resource purchased or
26 contracted by December 31, 2006, can be counted at one and one-tenth
27 times its base value;

28 (ii) Energy from an eligible renewable resource purchased or
29 contracted by December 31, 2007, can be counted at one and nine-
30 hundredths times its base value;

31 (iii) Energy from an eligible renewable resource purchased or
32 contracted by December 31, 2008, can be counted at one and eight-
33 hundredths times its base value; or

34 (iv) Energy from an eligible renewable resource purchased or
35 contracted by December 31, 2009, can be counted at one and seven-
36 hundredths times its base value.

37 (5)(a) An electric utility may contribute additional credit toward
38 meeting the renewable energy target if it acquires eligible renewable

1 resources physically located in Washington state or renewable energy
2 credits from an eligible renewable resource physically located in
3 Washington state:

4 (i) Where the eligible renewable resource commenced construction
5 after December 31, 2006; and

6 (ii) Where the renewable energy developer used apprenticeship
7 programs during construction of the eligible renewable resources.

8 (b) The apprenticeship programs must be approved by the
9 apprenticeship council under its authority in chapter 49.04 RCW,
10 according to the following benchmarks:

11 (i) Minimum levels of apprenticeship programs shall be ten percent
12 of total labor hours for projects commencing construction after
13 December 31, 2008;

14 (ii) Minimum levels of apprenticeship programs shall be twelve and
15 one-half percent of total labor hours for projects commencing
16 construction after December 31, 2015; or

17 (iii) Minimum levels of apprenticeship programs shall be fifteen
18 percent of total labor hours for projects commencing construction after
19 December 31, 2022.

20 (c) The apprenticeship council will determine if construction of an
21 eligible renewable resource meets one of the benchmarks listed in (b)
22 of this subsection.

23 (d) An electric utility that acquires energy or renewable energy
24 credits from an eligible renewable resource that meets the criteria
25 under this section may count that resource at one and two-tenths times
26 its base value toward meeting the renewable energy target.

27 (6) An electric utility may contribute eligible distributed
28 generation towards meeting the renewable energy target if the utility:

29 (a) Owns the distributed generation facility and the renewable energy
30 credits produced by the facility; or (b) through contract with a retail
31 electric customer has purchased the renewable energy credits of a
32 distributed generation facility.

33 (7) An electric utility may contribute credit towards meeting the
34 renewable energy target for resources when the utility also receives
35 credit or funding for those same resources under a renewable standard
36 established by federal legislation. However, an electric utility may
37 not contribute credit towards meeting the renewable energy target for

1 resources when the utility also receives credit or funding for those
2 same resources under a renewable standard established by legislation in
3 another state.

4 (8) Nothing in this chapter limits electric utilities from
5 exceeding the renewable energy target.

6 NEW SECTION. **Sec. 11.** If any provision of this act or its
7 application to any person or circumstance is held invalid, the
8 remainder of the act or the application of the provision to other
9 persons or circumstances is not affected.

10 NEW SECTION. **Sec. 12.** Sections 1 through 11 of this act
11 constitute a new chapter in Title 19 RCW.

12 NEW SECTION. **Sec. 13.** The secretary of state shall submit this
13 act to the people for their adoption and ratification, or rejection, at
14 the next general election to be held in this state, in accordance with
15 Article II, section 1 of the state Constitution and the laws adopted to
16 facilitate its operation.

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