
HOUSE BILL 2400

State of Washington 59th Legislature 2006 Regular Session

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

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1 AN ACT Relating to creating a sustainable energy trust; reenacting
2 and amending RCW 43.79A.040; and adding a new chapter to Title 43 RCW.

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

4 NEW SECTION. **Sec. 1.** The legislature intends to promote the
5 development of sustainable energy resources, including new energy
6 technologies, and to improve system reliability by establishing a fund
7 that can be used to reduce the cost of deploying distributive
8 generation projects in the state.

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

11 (1) "Department" means the energy policy office of the department
12 of community, trade, and economic development.

13 (2) "Distributive generation" means generation below one megawatt
14 that is connected to the distribution transmission of an electric
15 utility.

16 (3) "Renewable energy" means solar energy, wind, ocean thermal
17 energy, wave or tidal energy, fuel cells, landfill gas and low emission
18 advanced biomass conversion technologies, and other energy resources

1 and emerging technologies that have significant potential for
2 commercialization and that do not involve the combustion of coal,
3 petroleum or petroleum products, municipal solid waste, or nuclear
4 fission.

5 NEW SECTION. **Sec. 3.** (1) All electric and natural gas companies
6 must collect a system benefit charge from all of the retail electricity
7 consumers within its service area for a period of ten years. The
8 monthly charge shall be as follows:

9 (a) Five cents per month on each account for residential electric
10 service;

11 (b) Five cents per month on each account for residential natural
12 gas service;

13 (c) Fifty cents per month on each account for nonresidential
14 electric service that has less than ten megawatts of peak demand during
15 the previous calendar year;

16 (d) Thirty-seven dollars and fifty cents per month on each account
17 for nonresidential electric service that had ten megawatts or greater
18 of peak demand during the previous calendar year; and

19 (e) Thirty-seven dollars and fifty cents per month on each account
20 for nonresidential natural gas service that had ten megawatts or
21 greater of peak demand during the previous calendar year.

22 (2) Funds collected by an electric or natural gas company through
23 system benefit charges must be deposited in the sustainable energy
24 trust fund, established in section 4 of this act.

25 NEW SECTION. **Sec. 4.** The sustainable energy trust fund is created
26 in the custody of the state treasurer to fund distributive generation
27 projects as authorized in this chapter. Only the department may
28 authorize expenditures from the fund. Expenditures from this account
29 may be used only for purposes of this chapter. Revenue to the fund
30 consists of system benefits charge money received under section 3 of
31 this act. The account is subject to allotment procedures under chapter
32 43.88 RCW, but an appropriation is not required for expenditures.

33 NEW SECTION. **Sec. 5.** (1) There is established in the department
34 a grant program to support sustainable energy projects in the state.
35 The purpose of the program is to foster the growth, development, and

1 commercialization of distributive generation projects and related
2 enterprises and to stimulate demand for distributive generation sources
3 that serve end use customers in this state.

4 (2) The department may accept grant proposals and establish a
5 competitive process for the awarding of grants. In administering the
6 grant program, the department shall:

7 (a) Develop criteria for the awarding of grants to qualifying
8 business, institutions, or individuals;

9 (b) Make decisions regarding distribution of grant funds and make
10 grant awards; and

11 (c) Seek to provide a balance between research grant awards and the
12 grants that support the manufacture, commercialization, deployment, and
13 installation of distributive generation technologies.

14 (3) In the awarding of grants, priority shall be given to proposals
15 that leverage additional private and public funding resources.

16 (4) The department may not be a direct recipient of grant awards
17 under this chapter.

18 NEW SECTION. **Sec. 6.** The department must establish a peer review
19 committee to assist the department in matters related to the
20 sustainable energy trust fund, including, but not limited to,
21 development of a comprehensive plan and expenditure of funds.
22 Membership must include staff of the department, scientists, engineers,
23 and individuals with specific recognized expertise. The peer review
24 committee must provide to the department an independent review of all
25 proposals determined to be competitive for a grant award that are
26 submitted to the department.

27 NEW SECTION. **Sec. 7.** The department must establish performance
28 benchmarks against which the program will be evaluated. The grants
29 program must be reviewed periodically by the department. The
30 department must report annually to the appropriate standing committees
31 of the legislature on grants awarded and as appropriate on program
32 review conducted by the department.

33 NEW SECTION. **Sec. 8.** (1) The department must administer the
34 sustainable energy grant program.

1 (2) No more than one percent of the available funds may be used for
2 administrative costs of the program.

3 **Sec. 9.** RCW 43.79A.040 and 2005 c 424 s 18, 2005 c 402 s 8, 2005
4 c 215 s 10, and 2005 c 16 s 2 are each reenacted and amended to read as
5 follows:

6 (1) Money in the treasurer's trust fund may be deposited, invested,
7 and reinvested by the state treasurer in accordance with RCW 43.84.080
8 in the same manner and to the same extent as if the money were in the
9 state treasury.

10 (2) All income received from investment of the treasurer's trust
11 fund shall be set aside in an account in the treasury trust fund to be
12 known as the investment income account.

13 (3) The investment income account may be utilized for the payment
14 of purchased banking services on behalf of treasurer's trust funds
15 including, but not limited to, depository, safekeeping, and
16 disbursement functions for the state treasurer or affected state
17 agencies. The investment income account is subject in all respects to
18 chapter 43.88 RCW, but no appropriation is required for payments to
19 financial institutions. Payments shall occur prior to distribution of
20 earnings set forth in subsection (4) of this section.

21 (4)(a) Monthly, the state treasurer shall distribute the earnings
22 credited to the investment income account to the state general fund
23 except under (b) and (c) of this subsection.

24 (b) The following accounts and funds shall receive their
25 proportionate share of earnings based upon each account's or fund's
26 average daily balance for the period: The Washington promise
27 scholarship account, the college savings program account, the
28 Washington advanced college tuition payment program account, the
29 agricultural local fund, the American Indian scholarship endowment
30 fund, the foster care scholarship endowment fund, the foster care
31 endowed scholarship trust fund, the students with dependents grant
32 account, the basic health plan self-insurance reserve account, the
33 contract harvesting revolving account, the Washington state combined
34 fund drive account, the commemorative works account, the Washington
35 international exchange scholarship endowment fund, the developmental
36 disabilities endowment trust fund, the energy account, the fair fund,
37 the fruit and vegetable inspection account, the future teachers

1 conditional scholarship account, the game farm alternative account, the
2 grain inspection revolving fund, the juvenile accountability incentive
3 account, the law enforcement officers' and fire fighters' plan 2
4 expense fund, the local tourism promotion account, the produce railcar
5 pool account, the rural rehabilitation account, the stadium and
6 exhibition center account, the youth athletic facility account, the
7 self-insurance revolving fund, the sulfur dioxide abatement account,
8 the children's trust fund, the Washington horse racing commission
9 Washington bred owners' bonus fund account, the Washington horse racing
10 commission class C purse fund account, the individual development
11 account program account, the Washington horse racing commission
12 operating account (earnings from the Washington horse racing commission
13 operating account must be credited to the Washington horse racing
14 commission class C purse fund account), (~~and~~) the life sciences
15 discovery fund, and the sustainable energy trust fund. However, the
16 earnings to be distributed shall first be reduced by the allocation to
17 the state treasurer's service fund pursuant to RCW 43.08.190.

18 (c) The following accounts and funds shall receive eighty percent
19 of their proportionate share of earnings based upon each account's or
20 fund's average daily balance for the period: The advanced right of way
21 revolving fund, the advanced environmental mitigation revolving
22 account, the city and county advance right-of-way revolving fund, the
23 federal narcotics asset forfeitures account, the high occupancy vehicle
24 account, the local rail service assistance account, and the
25 miscellaneous transportation programs account.

26 (5) In conformance with Article II, section 37 of the state
27 Constitution, no trust accounts or funds shall be allocated earnings
28 without the specific affirmative directive of this section.

29 NEW SECTION. **Sec. 10.** Sections 1 through 8 of this act constitute
30 a new chapter in Title 43 RCW.

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