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SENATE BILL 6370

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State of Washington

62nd Legislature

2012 Regular Session

By Senator Chase

Read first time 01/19/12. Referred to Committee on Energy, Natural Resources & Marine Waters.

1 AN ACT Relating to modifying the definition of "lowest reasonable  
2 cost" for the purposes of chapter 19.280 RCW, electric utility resource  
3 plans; and amending RCW 19.280.020.

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

5 **Sec. 1.** RCW 19.280.020 and 2009 c 565 s 19 are each amended to  
6 read as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "Commission" means the utilities and transportation commission.

10 (2) "Conservation and efficiency resources" means any reduction in  
11 electric power consumption that results from increases in the  
12 efficiency of energy use, production, transmission, or distribution.

13 (3) "Consumer-owned utility" includes a municipal electric utility  
14 formed under Title 35 RCW, a public utility district formed under Title  
15 54 RCW, an irrigation district formed under chapter 87.03 RCW, a  
16 cooperative formed under chapter 23.86 RCW, a mutual corporation or  
17 association formed under chapter 24.06 RCW, a port district formed  
18 under Title 53 RCW, or a water-sewer district formed under Title 57

1 RCW, that is engaged in the business of distributing electricity to one  
2 or more retail electric customers in the state.

3 (4) "Department" means the department of commerce.

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

6 (6) "Full requirements customer" means an electric utility that  
7 relies on the Bonneville power administration for all power needed to  
8 supply its total load requirement other than that served by  
9 nondispatchable generating resources totaling no more than six  
10 megawatts or renewable resources.

11 (7) "Governing body" means the elected board of directors, city  
12 council, commissioners, or board of any consumer-owned utility.

13 (8) "High efficiency cogeneration" means the sequential production  
14 of electricity and useful thermal energy from a common fuel source,  
15 where, under normal operating conditions, the facility has a useful  
16 thermal energy output of no less than thirty-three percent of the total  
17 energy output.

18 (9) "Integrated resource plan" means an analysis describing the mix  
19 of generating resources and conservation and efficiency resources that  
20 will meet current and projected needs at the lowest reasonable cost to  
21 the utility and its ratepayers and that complies with the requirements  
22 specified in RCW 19.280.030(1).

23 (10) "Investor-owned utility" means a corporation owned by  
24 investors that meets the definition in RCW 80.04.010 and is engaged in  
25 distributing electricity to more than one retail electric customer in  
26 the state.

27 (11) "Lowest reasonable cost" means the lowest cost mix of  
28 generating resources and conservation and efficiency resources  
29 determined through a detailed and consistent analysis of a wide range  
30 of commercially available resources. At a minimum, this analysis must  
31 consider the following: (a) Resource cost((τ)); (b) market-volatility  
32 risks((τ)); (c) demand-side resource uncertainties((τ)); (d) resource  
33 dispatchability((τ)); (e) resource effect on system operation((τ)); (f)  
34 the risks imposed on the utility and its ratepayers((τ)); (g) public  
35 policies regarding resource preference adopted by Washington state or  
36 the federal government((τ)and); (h) the cost of risks associated with  
37 environmental effects including emissions of carbon dioxide; and (i)  
38 the economic benefits of locally sited generation that accrue to the

1 utility's ratepayers based on an assessment using the version of the  
2 office of financial management's "Washington state input-output model"  
3 identified by the office of financial management by rule, consistent  
4 with the purpose of this subsection.

5 (12) "Plan" means either an "integrated resource plan" or a  
6 "resource plan."

7 (13) "Renewable resources" means electricity generation facilities  
8 fueled by: (a) Water; (b) wind; (c) solar energy; (d) geothermal  
9 energy; (e) landfill gas; (f) biomass energy utilizing animal waste,  
10 solid organic fuels from wood, forest, or field residues or dedicated  
11 energy crops that do not include wood pieces that have been treated  
12 with chemical preservatives such as creosote, pentachlorophenol, or  
13 copper-chrome-arsenic; (g) by-products of pulping or wood manufacturing  
14 processes, including but not limited to bark, wood chips, sawdust, and  
15 lignin in spent pulping liquors; (h) ocean thermal, wave, or tidal  
16 power; or (i) gas from sewage treatment facilities.

17 (14) "Resource plan" means an assessment that estimates electricity  
18 loads and resources over a defined period of time and complies with the  
19 requirements in RCW 19.280.030(2).

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