

SHB 1643 - H AMD 739

By Representative Fey

ADOPTED 02/17/2014

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 19.285.040 and 2013 c 158 s 2 are each amended to
4 read as follows:

5 (1) Each qualifying utility shall pursue all available conservation
6 that is cost-effective, reliable, and feasible.

7 (a) By January 1, 2010, using methodologies consistent with those
8 used by the Pacific Northwest electric power and conservation planning
9 council in (~~its~~) the most recently published regional power plan as
10 it existed on the effective date of this section or a subsequent date
11 as may be provided by the department or the commission by rule, each
12 qualifying utility shall identify its achievable cost-effective
13 conservation potential through 2019. Nothing in the rule adopted under
14 this subsection precludes a qualifying utility from using its utility
15 specific conservation measures, values, and assumptions in identifying
16 its achievable cost-effective conservation potential. At least every
17 two years thereafter, the qualifying utility shall review and update
18 this assessment for the subsequent ten-year period.

19 (b) Beginning January 2010, each qualifying utility shall establish
20 and make publicly available a biennial acquisition target for cost-
21 effective conservation consistent with its identification of achievable
22 opportunities in (a) of this subsection, and meet that target during
23 the subsequent two-year period. At a minimum, each biennial target
24 must be no lower than the qualifying utility's pro rata share for that
25 two-year period of its cost-effective conservation potential for the
26 subsequent ten-year period.

27 (c)(i) Except as provided in (c)(ii) and (iii) of this subsection,
28 beginning on January 1, 2014, cost-effective conservation achieved by
29 a qualifying utility in excess of its biennial acquisition target may

1 be used to help meet the immediately subsequent two biennial
2 acquisition targets, such that no more than twenty percent of any
3 biennial target may be met with excess conservation savings.

4 (ii) Beginning January 1, 2014, a qualifying utility may use single
5 large facility conservation savings in excess of its biennial target to
6 meet up to an additional five percent of the immediately subsequent two
7 biennial acquisition targets, such that no more than twenty-five
8 percent of any biennial target may be met with excess conservation
9 savings allowed under all of the provisions of this section combined.
10 For the purposes of this subsection (1)(c)(ii), "single large facility
11 conservation savings" means cost-effective conservation savings
12 achieved in a single biennial period at the premises of a single
13 customer of a qualifying utility whose annual electricity consumption
14 prior to the conservation savings exceeded five average megawatts.

15 (iii) Beginning January 1, 2012, and until December 31, 2017, a
16 qualifying utility with an industrial facility located in a county with
17 a population between ninety-five thousand and one hundred fifteen
18 thousand that is directly interconnected with electricity facilities
19 that are capable of carrying electricity at transmission voltage, may
20 use cost-effective conservation from that industrial facility in excess
21 of its biennial acquisition target to help meet the immediately
22 subsequent two biennial acquisition targets, such that no more than
23 twenty-five percent of any biennial target may be met with excess
24 conservation savings allowed under all of the provisions of this
25 section combined.

26 (d) In meeting its conservation targets, a qualifying utility may
27 count high-efficiency cogeneration owned and used by a retail electric
28 customer to meet its own needs. High-efficiency cogeneration is the
29 sequential production of electricity and useful thermal energy from a
30 common fuel source, where, under normal operating conditions, the
31 facility has a useful thermal energy output of no less than thirty-
32 three percent of the total energy output. The reduction in load due to
33 high-efficiency cogeneration shall be: (i) Calculated as the ratio of
34 the fuel chargeable to power heat rate of the cogeneration facility
35 compared to the heat rate on a new and clean basis of a
36 best-commercially available technology combined-cycle natural gas-fired
37 combustion turbine; and (ii) counted towards meeting the biennial
38 conservation target in the same manner as other conservation savings.

1 ~~((d))~~ (e) The commission may determine if a conservation program
2 implemented by an investor-owned utility is cost-effective based on the
3 commission's policies and practice.

4 ~~((e))~~ (f) The commission may rely on its standard practice for
5 review and approval of investor-owned utility conservation targets.

6 (2)(a) Except as provided in (j) of this subsection, each
7 qualifying utility shall use eligible renewable resources or acquire
8 equivalent renewable energy credits, or any combination of them, to
9 meet the following annual targets:

10 (i) At least three percent of its load by January 1, 2012, and each
11 year thereafter through December 31, 2015;

12 (ii) At least nine percent of its load by January 1, 2016, and each
13 year thereafter through December 31, 2019; and

14 (iii) At least fifteen percent of its load by January 1, 2020, and
15 each year thereafter.

16 (b) A qualifying utility may count distributed generation at double
17 the facility's electrical output if the utility: (i) Owns or has
18 contracted for the distributed generation and the associated renewable
19 energy credits; or (ii) has contracted to purchase the associated
20 renewable energy credits.

21 (c) In meeting the annual targets in (a) of this subsection, a
22 qualifying utility shall calculate its annual load based on the average
23 of the utility's load for the previous two years.

24 (d) A qualifying utility shall be considered in compliance with an
25 annual target in (a) of this subsection if: (i) The utility's weather-
26 adjusted load for the previous three years on average did not increase
27 over that time period; (ii) after December 7, 2006, the utility did not
28 commence or renew ownership or incremental purchases of electricity
29 from resources other than coal transition power or renewable resources
30 other than on a daily spot price basis and the electricity is not
31 offset by equivalent renewable energy credits; and (iii) the utility
32 invested at least one percent of its total annual retail revenue
33 requirement that year on eligible renewable resources, renewable energy
34 credits, or a combination of both.

35 (e) The requirements of this section may be met for any given year
36 with renewable energy credits produced during that year, the preceding
37 year, or the subsequent year. Each renewable energy credit may be used
38 only once to meet the requirements of this section.

1 (f) In complying with the targets established in (a) of this
2 subsection, a qualifying utility may not count:

3 (i) Eligible renewable resources or distributed generation where
4 the associated renewable energy credits are owned by a separate entity;
5 or

6 (ii) Eligible renewable resources or renewable energy credits
7 obtained for and used in an optional pricing program such as the
8 program established in RCW 19.29A.090.

9 (g) Where fossil and combustible renewable resources are cofired in
10 one generating unit located in the Pacific Northwest where the cofiring
11 commenced after March 31, 1999, the unit shall be considered to produce
12 eligible renewable resources in direct proportion to the percentage of
13 the total heat value represented by the heat value of the renewable
14 resources.

15 (h)(i) A qualifying utility that acquires an eligible renewable
16 resource or renewable energy credit may count that acquisition at one
17 and two-tenths times its base value:

18 (A) Where the eligible renewable resource comes from a facility
19 that commenced operation after December 31, 2005; and

20 (B) Where the developer of the facility used apprenticeship
21 programs approved by the council during facility construction.

22 (ii) The council shall establish minimum levels of labor hours to
23 be met through apprenticeship programs to qualify for this extra
24 credit.

25 (i) A qualifying utility shall be considered in compliance with an
26 annual target in (a) of this subsection if events beyond the reasonable
27 control of the utility that could not have been reasonably anticipated
28 or ameliorated prevented it from meeting the renewable energy target.
29 Such events include weather-related damage, mechanical failure,
30 strikes, lockouts, and actions of a governmental authority that
31 adversely affect the generation, transmission, or distribution of an
32 eligible renewable resource under contract to a qualifying utility.

33 (j)(i) Beginning January 1, 2016, only a qualifying utility that
34 owns or is directly interconnected to a qualified biomass energy
35 facility may use qualified biomass energy to meet its compliance
36 obligation under (~~RCW 19.285.040(2)~~) this subsection.

37 (ii) A qualifying utility may no longer use electricity and
38 associated renewable energy credits from a qualified biomass energy

1 facility if the associated industrial pulping or wood manufacturing
2 facility ceases operation other than for purposes of maintenance or
3 upgrade.

4 (k) An industrial facility that hosts a qualified biomass energy
5 facility may only transfer or sell renewable energy credits associated
6 with its facility to the qualifying utility with which it is directly
7 interconnected with facilities owned by such a qualifying utility and
8 that are capable of carrying electricity at transmission voltage. The
9 qualifying utility may only use an amount of renewable energy credits
10 associated with qualified biomass energy that are equivalent to the
11 proportionate amount of its annual targets under (a)(ii) and (iii) of
12 this subsection that was created by the load of the industrial
13 facility. A qualifying utility that owns a qualified biomass energy
14 facility may not transfer or sell renewable energy credits associated
15 with qualified biomass energy to another person, entity, or qualifying
16 utility.

17 (3) Utilities that become qualifying utilities after December 31,
18 2006, shall meet the requirements in this section on a time frame
19 comparable in length to that provided for qualifying utilities as of
20 December 7, 2006."

21 Correct the title.

EFFECT: Specifies when the Department of Commerce or the
Utilities and Transportation Commission develop rules relating to the
date of the most recently published regional power plan that nothing
precludes a qualifying utility from using its utility specific
conservation measures, values, and assumptions in identifying its
achievable cost-effective conservation potential.

Specifies that when a qualifying utility uses single large facility
conservation savings in excess of its biennial target to meet up to an
additional five percent of the immediately subsequent two biennial
acquisition targets that no more than twenty-five percent of any
biennial target may be met with excess conservation savings as allowed
under all provisions of the act. Specifies January 1, 2014, as the
date when a qualifying utility may use single large facility
conservation savings to meet the immediately subsequent two biennial
acquisition targets. Provides a definition for "single large facility
conservation savings."

Allows a qualifying utility with an industrial facility, located in
a county with a population between 95,000 and 115,000, that is directly

interconnected with electricity facilities that are capable of carrying electricity at transmission voltage, to use cost-effective conservation from that industrial facility in excess of its biennial acquisition target to help meet the immediately subsequent two biennial acquisition targets, such that no more than twenty-five percent of any biennial target may be met with excess conservation savings.

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