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**ENGROSSED HOUSE BILL 1998**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Representatives Johnson, Morris, Short, Wylie, Smith, McCabe, Nealey, Tarleton, Tharinger, and Van De Wege

AN ACT Relating to allowing public utility districts to produce and sell renewable natural gas; and amending RCW 54.04.190.

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

**Sec.**  RCW 54.04.190 and 2007 c 348 s 210 are each amended to read as follows:

(1) In addition to any other authority provided by law, public utility districts are authorized to produce and distribute biodiesel, ethanol, and ethanol blend fuels, including entering into crop purchase contracts for a dedicated energy crop for the purpose of generating electricity or producing biodiesel produced from Washington feedstocks, cellulosic ethanol, and cellulosic ethanol blend fuels for use in internal operations of the electric utility and for sale or distribution.

(2) In addition to any other authority provided by law:

(a) Public utility districts are authorized to produce renewable natural gas and utilize the renewable natural gas they produce for internal operations.

(b) Public utility districts may sell renewable natural gas that is delivered into a gas transmission pipeline located in the state of Washington or delivered in pressurized containers:

(i) At wholesale; or

(ii) To an end-use customer if delivered in a pressurized container, or if the end-use customer takes delivery of the renewable natural gas through a pipeline, and the end-use customer is an eligible purchaser of natural gas from sellers other than the gas company from which that end-use customer takes transportation service and:

(A) When the sale is made to an end-use customer in the state of Washington, the sale is made pursuant to a transportation tariff approved by the Washington utilities and transportation commission; or

(B) When the sale to an end-use customer is made outside of the state of Washington, the sale is made pursuant to a transportation tariff approved by the state agency which regulates retail sales of natural gas.

(c) Public utility districts may sell renewable natural gas at wholesale or to an end-use customer through a pipeline directly from renewable natural gas production facilities to facilities that compress, liquefy, or dispense compressed natural gas or liquefied natural gas fuel for end use as a transportation fuel.

(3) Except as provided in subsection (2)(b)(ii) of this section, nothing in this section authorizes a public utility district to sell renewable natural gas delivered by pipeline to an end-use customer of a gas company.

(4)(a) Except as provided in this subsection (4), nothing in this section authorizes a public utility district to own or operate natural gas distribution pipeline systems used to serve retail customers.

(b) For the purposes of subsection (2)(b) of this section, public utility districts are authorized to own and operate interconnection pipelines that connect renewable natural gas production facilities to gas transmission pipelines.

(c) For the purposes of subsection (2)(c) of this section, public utility districts may own and/or operate pipelines to supply, and/or compressed natural gas or liquefied natural gas facilities to provide, renewable natural gas for end use as a transportation fuel if all such pipelines and facilities are located in the county in which the public utility district is authorized to provide utility service.

(5) Exercise of the authorities granted under this section to public utility districts does not subject them to the jurisdiction of the utilities and transportation commission, except that public utility districts are subject only to administration and enforcement by the commission of state and federal requirements related to pipeline safety and fees payable to the commission that are applicable to such administration and enforcement.

(6) For purposes of this subsection:

(a) "Renewable natural gas" means a gas consisting largely of methane and other hydrocarbons derived from the decomposition of organic material in landfills, wastewater treatment facilities, and anaerobic digesters.

(b) "Gas company" has the same meaning as in RCW 80.04.010.

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