

SSB 6248 - S AMD 627

By Senator Ericksen

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

3 NEW SECTION. **Sec. 1.** The definitions in this section apply
4 throughout this chapter unless the context clearly requires
5 otherwise.

6 (1) "Eligible coal plant" means a coal-fired electric generation
7 facility that: (a) Had two or fewer generating units as of January 1,
8 1980, and four generating units as of January 1, 2016; (b) is owned
9 by more than one electrical company as of January 1, 2016; and (c)
10 provides, as a portion of the load served by the coal-fired electric
11 generation facility, electricity paid for in rates by customers in
12 the state of Washington.

13 (2) "Eligible coal unit" means any generating unit of an eligible
14 coal plant.

15 NEW SECTION. **Sec. 2.** (1) The commission may, after conducting
16 an adjudicative proceeding under chapters 34.05 and 80.04 RCW,
17 authorize an electrical company to place amounts from one or more
18 regulatory liabilities into a retirement account established pursuant
19 to RCW 80.04.350 to cover decommissioning and remediation costs of
20 eligible coal units that commenced commercial operations before
21 January 1, 1980.

22 (2) Regulatory liabilities placed in a retirement account
23 pursuant to subsection (1) of this section must: (a) Not be used for
24 any purpose other than the funding and recovery of prudently incurred
25 decommissioning and remediation costs for such eligible coal units;
26 (b) except as provided in RCW 80.04.350, not be reduced, altered,
27 impaired, or limited from the date of commission approval of the
28 inclusion of the regulatory liabilities in the retirement account
29 until all prudently incurred decommissioning and remediation costs
30 for such coal units are recovered or paid in full; and (c) provide
31 that any remaining funds in the retirement account, after recovery by

1 the electrical company of all prudently incurred decommissioning and
2 remediation costs for such eligible coal units, be returned to
3 customers.

4 NEW SECTION. **Sec. 3.** (1) If an electrical company proposes a
5 closure date or retires from service an eligible coal unit that
6 commenced commercial operations before January 1, 1980, prior to
7 December 31, 2022, then the commission may not authorize the
8 electrical company to use regulatory liabilities placed in a
9 retirement account for decommissioning and remediation costs pursuant
10 to section 2 of this act.

11 (2) Subsection (1) of this section does not apply if an
12 electrical company demonstrates to the commission that a decision to
13 retire from service an eligible coal unit that commenced commercial
14 operations before January 1, 1980, prior to December 31, 2022:

15 (a) Is prudent as determined by evidence showing the continued
16 operation of an eligible coal unit is economically or technologically
17 unfeasible or requires a capital investment that is outside the
18 scope of a prudent improvement or investment or the eligible coal
19 unit has reached the end of its useful life; or

20 (b) Does not meet the standard in (a) of this subsection but is
21 attributable to the actions of a co-owner or operator of the eligible
22 coal unit over whom the electrical company does not exercise control.

23 **Sec. 4.** RCW 80.80.060 and 2011 c 180 s 104 are each amended to
24 read as follows:

25 (1) No electrical company may enter into a long-term financial
26 commitment unless the baseload electric generation supplied under
27 such a long-term financial commitment complies with the greenhouse
28 gas emissions performance standard established under RCW 80.80.040.

29 (2) In order to enforce the requirements of this chapter, the
30 commission shall review in a general rate case or as provided in
31 subsection (5) of this section any long-term financial commitment
32 entered into by an electrical company after June 30, 2008, to
33 determine whether the baseload electric generation to be supplied
34 under that long-term financial commitment complies with the
35 greenhouse gas emissions performance standard established under RCW
36 80.80.040.

37 (3) In determining whether a long-term financial commitment is
38 for baseload electric generation, the commission shall consider the

1 design of the power plant and its intended use, based upon the
2 electricity purchase contract, if any, permits necessary for the
3 operation of the power plant, and any other matter the commission
4 determines is relevant under the circumstances.

5 (4) Upon application by an electric utility, the commission may
6 provide a case-by-case exemption from the greenhouse gas emissions
7 performance standard to address: (a) Unanticipated electric system
8 reliability needs; (b) extraordinary cost impacts on utility
9 ratepayers; or (c) catastrophic events or threat of significant
10 financial harm that may arise from unforeseen circumstances.

11 (5) Upon application by an electrical company, the commission
12 shall determine whether the company's proposed decision to acquire
13 electric generation or enter into a power purchase agreement for
14 electricity complies with the greenhouse gas emissions performance
15 standard established under RCW 80.80.040. The commission shall not
16 decide in a proceeding under this subsection (5) issues involving the
17 actual costs to construct and operate the selected resource, cost
18 recovery, or other issues reserved by the commission for decision in
19 a general rate case or other proceeding for recovery of the resource
20 or contract costs.

21 (6) An electrical company may account for and defer for later
22 consideration by the commission costs incurred in connection with a
23 long-term financial commitment, including operating and maintenance
24 costs, depreciation, taxes, and cost of invested capital. The
25 deferral begins with the date on which the power plant begins
26 commercial operation or the effective date of the power purchase
27 agreement and continues for a period not to exceed twenty-four
28 months; provided that if during such period the company files a
29 general rate case or other proceeding for the recovery of such costs,
30 deferral ends on the effective date of the final decision by the
31 commission in such proceeding. Creation of such a deferral account
32 does not by itself determine the actual costs of the long-term
33 financial commitment, whether recovery of any or all of these costs
34 is appropriate, or other issues to be decided by the commission in a
35 general rate case or other proceeding for recovery of these costs.
36 For the purpose of this subsection (6) only, the term "long-term
37 financial commitment" also includes an electric company's ownership
38 or power purchase agreement with a term of five or more years
39 associated with an eligible renewable resource as defined in RCW
40 19.285.030.

1 (7) The commission shall consult with the department to apply the
2 procedures adopted by the department to verify the emissions of
3 greenhouse gases from baseload electric generation under RCW
4 80.80.040. The department shall report to the commission whether
5 baseload electric generation will comply with the greenhouse gas
6 emissions performance standard for the duration of the period the
7 baseload electric generation is supplied to the electrical company.

8 (8) The commission shall adopt rules for the enforcement of this
9 section with respect to electrical companies and adopt procedural
10 rules for approving costs incurred by an electrical company under
11 subsection (4) of this section.

12 (9) This section does not apply to: (a) A long-term financial
13 commitment for the purchase of coal transition power with termination
14 dates consistent with the applicable dates in RCW 80.80.040(3)(c); or
15 (b) a long-term financial commitment for the acquisition of an
16 increased interest of not more than two hundred fifty megawatts of
17 nameplate capacity of an eligible coal unit that commenced commercial
18 operations after January 1, 1980, provided that eligible coal units
19 that commenced commercial operations before January 1, 1980, have
20 been permanently retired from service. Nothing in this subsection may
21 be construed to exempt an electrical company from a general rate case
22 or other adjudication by the commission under this title.

23 (10) The commission shall adopt rules necessary to implement this
24 section by December 31, 2008.

25 NEW SECTION. Sec. 5. Sections 1 through 3 of this act
26 constitute a new chapter in Title 80 RCW."

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27 On page 1, beginning on line 1 of the title, after "Relating to"
28 strike the remainder of the title and insert "a pathway for a
29 transition of eligible coal units; amending RCW 80.80.060; and adding
30 a new chapter to Title 80 RCW."

EFFECT: Allows an electric company to use regulatory liabilities
for decommissioning and remediation costs for coal units that
commenced operation before January 1, 1980.

Prevents an electric company from using regulatory liabilities for decommissioning and remediation costs for coal units that commenced operation before January 1, 1980, prior to December 31, 2022. However, the electric company may use the regulatory liabilities if it demonstrates to the utilities and transportation commission (UTC) that a decision to close these coal units prior to December 31, 2022, is: (1) Prudent and in the best interest of its customers; or (2) not prudent nor in the best interest of its customers but attributable to actions of a co-owner or operator.

Allows a waiver of the greenhouse gas (GHG) emissions performance standard for an increased interest of no more than 250 MW in a coal unit that commenced operations after January 1, 1980, provided that coal units that commenced operations before January 1, 1980, are permanently retired.

A waiver of the GHG emissions performance standard does exempt an electrical company from other UTC proceedings.

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