
SUBSTITUTE HOUSE BILL 2319

State of Washington

65th Legislature

2018 Regular Session

By House Technology & Economic Development (originally sponsored by Representatives Doglio, Hudgins, Tarleton, Fey, Wylie, Fitzgibbon, Dolan, Ryu, and Appleton)

READ FIRST TIME 01/29/18.

1 AN ACT Relating to energy conservation programs under the energy
2 independence act; and amending RCW 19.285.040.

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

4 **Sec. 1.** RCW 19.285.040 and 2017 c 315 s 2 are each amended to
5 read as follows:

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

8 (a) By January 1, 2010, using methodologies consistent with those
9 used by the Pacific Northwest electric power and conservation
10 planning council in the most recently published regional power plan
11 as it existed on June 12, 2014, or a subsequent date as may be
12 provided by the department or the commission by rule, each qualifying
13 utility shall identify its achievable cost-effective conservation
14 potential through 2019. Nothing in the rule adopted under this
15 subsection precludes a qualifying utility from using its utility
16 specific conservation measures, values, and assumptions in
17 identifying its achievable cost-effective conservation potential. At
18 least every two years thereafter, the qualifying utility shall review
19 and update this assessment for the subsequent ten-year period.

20 (b) Beginning January 2010, each qualifying utility shall
21 establish and make publicly available a biennial acquisition target

1 for cost-effective conservation consistent with its identification of
2 achievable opportunities in (a) of this subsection, and meet that
3 target during the subsequent two-year period. At a minimum, each
4 biennial target must be no lower than the qualifying utility's pro
5 rata share for that two-year period of its cost-effective
6 conservation potential for the subsequent ten-year period.

7 (c)(i) Except as provided in (c)(ii) and (iii) of this
8 subsection, beginning on January 1, 2014, cost-effective conservation
9 achieved by a qualifying utility in excess of its biennial
10 acquisition target may be used to help meet the immediately
11 subsequent two biennial acquisition targets, such that no more than
12 twenty percent of any biennial target may be met with excess
13 conservation savings.

14 (ii) Beginning January 1, 2014, a qualifying utility may use
15 single large facility conservation savings in excess of its biennial
16 target to meet up to an additional five percent of the immediately
17 subsequent two biennial acquisition targets, such that no more than
18 twenty-five percent of any biennial target may be met with excess
19 conservation savings allowed under all of the provisions of this
20 section combined. For the purposes of this subsection (1)(c)(ii),
21 "single large facility conservation savings" means cost-effective
22 conservation savings achieved in a single biennial period at the
23 premises of a single customer of a qualifying utility whose annual
24 electricity consumption prior to the conservation savings exceeded
25 five average megawatts.

26 (iii) Beginning January 1, 2012, and until December 31, 2017, a
27 qualifying utility with an industrial facility located in a county
28 with a population between ninety-five thousand and one hundred
29 fifteen thousand that is directly interconnected with electricity
30 facilities that are capable of carrying electricity at transmission
31 voltage may use cost-effective conservation from that industrial
32 facility in excess of its biennial acquisition target to help meet
33 the immediately subsequent two biennial acquisition targets, such
34 that no more than twenty-five percent of any biennial target may be
35 met with excess conservation savings allowed under all of the
36 provisions of this section combined.

37 (d) In meeting its conservation targets, a qualifying utility may
38 count high-efficiency cogeneration owned and used by a retail
39 electric customer to meet its own needs. High-efficiency cogeneration
40 is the sequential production of electricity and useful thermal energy

1 from a common fuel source, where, under normal operating conditions,
2 the facility has a useful thermal energy output of no less than
3 thirty-three percent of the total energy output. The reduction in
4 load due to high-efficiency cogeneration shall be: (i) Calculated as
5 the ratio of the fuel chargeable to power heat rate of the
6 cogeneration facility compared to the heat rate on a new and clean
7 basis of a best-commercially available technology combined-cycle
8 natural gas-fired combustion turbine; and (ii) counted towards
9 meeting the biennial conservation target in the same manner as other
10 conservation savings.

11 (e)(i) Beginning January 1, 2020, in meeting its conservation
12 targets under this section, an investor-owned utility must offer the
13 following program options:

14 (A) A meter-based performance program option that links customer
15 conservation incentives directly to energy savings by measuring the
16 overall reduction in electricity consumption; and

17 (B) An energy performance baseline program option that uses
18 buildings' current electric energy use to calculate financial
19 incentives to achieve greater energy savings in existing residential
20 and nonresidential building stock that fall below the current
21 standards of the Washington state energy code as established pursuant
22 to chapter 19.27A RCW;

23 (ii) In the interest of protecting personally identifying
24 information collected or otherwise acquired in implementing the
25 program options under (e)(i) of this subsection, investor-owned
26 utilities must exercise the same care as provided in RCW
27 19.27A.170(2).

28 (f) The commission may determine if a conservation program
29 implemented by an investor-owned utility is cost-effective based on
30 the commission's policies and practice.

31 ~~((f))~~ (g) The commission may rely on its standard practice for
32 review and approval of investor-owned utility conservation targets
33 and for the authorization of programs established under (e) of this
34 subsection.

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

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

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

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

5 (b) A qualifying utility may count distributed generation at
6 double the facility's electrical output if the utility: (i) Owns or
7 has contracted for the distributed generation and the associated
8 renewable energy credits; or (ii) has contracted to purchase the
9 associated renewable energy credits.

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

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

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

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

30 (i) Eligible renewable resources or distributed generation where
31 the associated renewable energy credits are owned by a separate
32 entity; or

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

36 (g) Where fossil and combustible renewable resources are cofired
37 in one generating unit located in the Pacific Northwest where the
38 cofiring commenced after March 31, 1999, the unit shall be considered
39 to produce eligible renewable resources in direct proportion to the

1 percentage of the total heat value represented by the heat value of
2 the renewable resources.

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

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

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

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

13 (i) A qualifying utility shall be considered in compliance with
14 an annual target in (a) of this subsection if events beyond the
15 reasonable control of the utility that could not have been reasonably
16 anticipated or ameliorated prevented it from meeting the renewable
17 energy target. Such events include weather-related damage, mechanical
18 failure, strikes, lockouts, and actions of a governmental authority
19 that adversely affect the generation, transmission, or distribution
20 of an eligible renewable resource under contract to a qualifying
21 utility.

22 (j)(i) Beginning January 1, 2016, only a qualifying utility that
23 owns or is directly interconnected to a qualified biomass energy
24 facility may use qualified biomass energy to meet its compliance
25 obligation under this subsection.

26 (ii) A qualifying utility may no longer use electricity and
27 associated renewable energy credits from a qualified biomass energy
28 facility if the associated industrial pulping or wood manufacturing
29 facility ceases operation other than for purposes of maintenance or
30 upgrade.

31 (k) An industrial facility that hosts a qualified biomass energy
32 facility may only transfer or sell renewable energy credits
33 associated with qualified biomass energy generated at its facility to
34 the qualifying utility with which it is directly interconnected with
35 facilities owned by such a qualifying utility and that are capable of
36 carrying electricity at transmission voltage. The qualifying utility
37 may only use an amount of renewable energy credits associated with
38 qualified biomass energy that are equivalent to the proportionate
39 amount of its annual targets under (a)(ii) and (iii) of this
40 subsection that was created by the load of the industrial facility. A

1 qualifying utility that owns a qualified biomass energy facility may
2 not transfer or sell renewable energy credits associated with
3 qualified biomass energy to another person, entity, or qualifying
4 utility.

5 (3) Utilities that become qualifying utilities after December 31,
6 2006, shall meet the requirements in this section on a time frame
7 comparable in length to that provided for qualifying utilities as of
8 December 7, 2006.

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