
SUBSTITUTE SENATE BILL 6253

State of Washington

65th Legislature

2018 Regular Session

By Senate Energy, Environment & Technology (originally sponsored by Senators Ranker, Carlyle, Palumbo, Keiser, Llias, Frockt, Kuderer, Chase, Hunt, and Saldaña)

READ FIRST TIME 02/02/18.

1 AN ACT Relating to establishing a clean, efficient, renewable
2 energy standard; adding a new chapter to Title 19 RCW; creating a new
3 section; prescribing penalties; and providing an expiration date.

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

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

8 (1) "Attorney general" has the same meaning as defined in RCW
9 19.285.030.

10 (2) "Auditor" has the same meaning as defined in RCW 19.285.030.

11 (3) "Carbon-free resource" includes: (a) A resource that emits no
12 greenhouse gas pollution as part of its generation activity; or (b) a
13 renewable resource.

14 (4) "Coal-fired resource" means a facility that uses coal-fired
15 generating units, or that uses units fired in whole or in part by
16 coal as feedstock, to generate electricity.

17 (5) "Coal transition power" has the same meaning as defined in
18 RCW 80.80.010, as that section existed on the effective date of this
19 section.

20 (6) "Commission" means the Washington state utilities and
21 transportation commission.

1 (7) "Conservation" means any reduction in electric power
2 resulting from increases in the efficiency of energy use, production,
3 or distribution.

4 (8) "Consumer-owned utility" has the same meaning as defined in
5 RCW 19.29A.010.

6 (9) "Contract high water mark" means the amount of firm power
7 from tier 1 system resources each electric utility is eligible to
8 purchase through a power sales contract with the Bonneville power
9 administration.

10 (10) "Customer" has the same meaning as defined in RCW
11 19.285.030.

12 (11) "Department" means the department of commerce or its
13 successor.

14 (12) "Distributed energy resource" means an electric device that
15 is not a fossil fuel generating resource and can produce or consume
16 energy that is located on the distribution system or any subsystem of
17 the distribution system, or behind the meter, and includes an energy
18 storage resource, an energy generation technology, a demand response
19 resource, an energy efficiency resource, an electric vehicle and
20 associated supply equipment and systems, or aggregations and
21 integrated control systems, including virtual power plants, micro-
22 grids, and networks of micro-grid cells.

23 (13) "Electric generating unit" means the equipment required to
24 convert the thermal energy in a fuel into electricity. In the case of
25 a steam electric generation unit, the electric generating unit
26 consists of all equipment involved in fuel delivery to the plant
27 site, as well as individual boilers, any installed emission control
28 equipment, and any steam turbine/generators dedicated to generating
29 electricity. Where a steam turbine/generator is supplied by two or
30 more boiler units, all boilers contributing to that steam turbine/
31 generator comprise a single electric generating unit. All combustion
32 units/boilers/combined-cycle turbines that produce steam for use in a
33 single steam turbine/generator unit are part of the same electric
34 generating unit.

35 (14) "Electric utility" has the same meaning as defined in RCW
36 19.29A.010.

37 (15) "Fossil fuel generating resource" is an electric generating
38 unit that emits greenhouse gases as part of the act of generating
39 electricity, but not including any resource that meets the definition
40 of eligible renewable resources.

1 (16) "Investor-owned utility" has the same meaning as defined in
2 RCW 19.29A.010.

3 (17) "Low-income" means household income as defined by the
4 department or commission, provided that the definition may not exceed
5 eight percent of area median household income, adjusted for household
6 size.

7 (18) "Market customer" means a nonresidential customer of an
8 electric utility that: (a) Purchases electricity from an entity or
9 entities other than the electric utility with which it is directly
10 interconnected; or (b) generates electricity to meet its own needs.

11 (19) "Renewable energy credits" has the same meaning as defined
12 in RCW 19.285.030.

13 (20) "Renewable resource" has the same meaning as defined in RCW
14 19.285.030.

15 (21) "Rule" means rules adopted by an agency or other entity of
16 Washington state government to carry out the intent and purposes of
17 this chapter.

18 (22) "Short-term spot market purchase" means: (a) The purchase of
19 energy on the spot market for immediate delivery; or (b) a contract
20 for the purchase of electricity on the spot market that is for a term
21 of one month or less.

22 (23) "Spot market" means a public financial market in which
23 electricity is bought, sold, or traded for immediate delivery.

24 (24) "Tier 1 system" means the specific collection of resources
25 and contract purchases that are designated for contract sales by the
26 Bonneville power administration under the tiered rate methodology.

27 NEW SECTION. **Sec. 2.** (1) Except as provided in subsections (2),
28 (3), and (4) of this section, all electric utilities and market
29 customers must meet all electricity needs with distributed energy
30 resources and carbon-free resources by December 31, 2045.

31 (2) Hydroelectric generation may not include new diversions, new
32 impoundments, new bypass reaches, or expansion of existing reservoirs
33 constructed after the effective date of this section unless the
34 diversions, bypass reaches, or reservoir expansions are necessary for
35 the operation of a pumped storage facility that: (a) Does not
36 conflict with existing state or federal fish recovery plans; and (b)
37 complies with all local, state, and federal laws and regulations.

38 (3) Except as provided in RCW 19.285.030(15)(b), any tradable
39 certificate of proof of a conservation or carbon-free resource,

1 including but not limited to a renewable energy credit, associated
2 with the portion of any resource or resources must be retired for the
3 purposes of this section and cannot be sold, transferred, used for
4 compliance with the requirements under this chapter, or used for
5 other purposes. An electric utility may not use a tradable
6 certificate of proof of a conservation or renewable resource,
7 including but not limited to a renewable energy credit, to meet the
8 requirements of this section if the associated energy or capacity has
9 been sold, transferred, or otherwise used separately.

10 (4) Nothing in this section precludes the use of any of the
11 following resources to meet electricity needs:

12 (a) An electric utility's contract high water mark allocation of
13 Bonneville power administration's tier 1 system;

14 (b) Short-term spot market purchases;

15 (c) Renewal or extension of contracts in effect as of the
16 effective date of this section;

17 (d) Coal transition power;

18 (e) Generation resources owned as of the effective date of this
19 section by a market customer and used to meet its own needs or an
20 electric utility and used by that electric utility to meet the needs
21 of its customers, until the generation resources are at the end of
22 the facility's useful life, are retired, or cease operations; and

23 (f) Increased megawatt-hours from a generation facility that is
24 owned by a market customer as of the effective date of this section
25 and used to meet its own needs, or owned by an electric utility as of
26 the effective date of this section and used to serve the utility's
27 customers, and where the market customer's or utility's ownership
28 interest in the facility does not increase.

29 (5) The requirements of this section do not replace or modify the
30 requirements established under RCW 19.285.040 for an electric
31 utility.

32 NEW SECTION. **Sec. 3.** (1)(a) On or before January 1, 2030, all
33 electric utilities must eliminate from electric rates all costs
34 associated with delivering electricity to customers that is generated
35 from a coal-fired resource. This does not include costs associated
36 with decommissioning and remediation of these facilities.

37 (b) The commission may accelerate depreciation schedules for any
38 coal-fired resource owned by investor-owned utilities to a date no
39 later than January 1, 2030.

1 (2) No electric utility may extend the depreciation schedule for
2 any fossil fuel generating resource.

3 NEW SECTION. **Sec. 4.** (1) An electric utility or market customer
4 that fails to comply with the requirements in section 2 of this act
5 must pay an administrative penalty to the state of Washington in the
6 amount of fifty dollars for each megawatt-hour of electricity from a
7 generation resource ineligible under section 2 of this act.

8 (2) For an investor-owned utility, the commission shall determine
9 compliance with the provisions of this chapter and assess penalties
10 for noncompliance as provided in subsection (1) of this section.

11 (3) For a consumer-owned utility, the department is responsible
12 for auditing compliance with this chapter and rules adopted under
13 this chapter that apply to those utilities and the attorney general
14 is responsible for enforcing that compliance.

15 (4) For a market customer, the attorney general is responsible
16 for enforcing compliance with this chapter, except that the
17 commission is responsible for enforcing compliance with
18 RCW 19.285.040 for a market customer of an investor-owned utility.

19 (5) If the commission determines that the investor-owned utility
20 is unable to meet the requirements in section 2 of this act due to
21 reasons beyond the reasonable control of an electric utility under
22 subsection (7) of this section, the commission, in its discretion,
23 may waive in whole or in part any otherwise applicable penalties.

24 (6) If the department determines that the consumer-owned utility
25 is unable to meet the requirements in section 2 of this act due to
26 reasons beyond the reasonable control of an electric utility under
27 subsection (7) of this section, the department, in its discretion,
28 may waive in whole or in part any otherwise applicable penalties.

29 (7) Events or circumstances that are outside of an electric
30 utility's reasonable control may include, to the extent the event or
31 circumstance could not be reasonably foreseen and ameliorated:

32 (a) Weather-related damage;

33 (b) Natural disasters;

34 (c) Mechanical or resource failure;

35 (d) Failure of electrical energy producers to meet carbon-free
36 resource contractual obligations to the electric utility;

37 (e) Labor strikes or lockouts;

1 (f) Actions of governmental authorities that adversely affect the
2 generation, transmission, or distribution of electrical energy from
3 carbon-free resources under contract to an electric utility;

4 (g) The inability to obtain permits or land use approvals for
5 electrical energy projects using carbon-free resources;

6 (h) The inability to acquire sufficient electrical energy from
7 renewable resources;

8 (i) Substantial limitations, restrictions, or prohibitions on
9 utility electrical energy projects from renewable resources; and

10 (j) Other events and circumstances of a similar nature.

11 NEW SECTION. **Sec. 5.** The commission, in the case of investor-
12 owned utilities, and the department, in the case of consumer-owned
13 utilities, shall adopt rules to implement sections 1 through 4 of
14 this act and RCW 19.285.040.

15 NEW SECTION. **Sec. 6.** (1) The legislature finds and declares all
16 of the following:

17 (a) There is insufficient information available to fully realize
18 the potential of solar photovoltaic energy generation to serve low-
19 income customers, including those in disadvantaged communities.

20 (b) There is insufficient understanding of the barriers to access
21 for low-income customers to all forms of renewable energy being
22 generated in the state.

23 (c) There is insufficient understanding of the barriers to access
24 for low-income customers to energy efficiency investments.

25 (d) There is insufficient understanding of the barriers to access
26 for low-income customers to zero emission and near-zero emission
27 transportation options.

28 (2) By January 1, 2019, the department of commerce, with input
29 from relevant state agencies and the public, shall conduct and
30 complete a study on both of the following:

31 (a) Barriers to, and opportunities for, solar photovoltaic energy
32 generation as well as barriers to, and opportunities for, access to
33 other renewable energy by low-income customers; and

34 (b) Barriers to contracting opportunities for local small
35 businesses in disadvantaged communities.

36 (3) By January 1, 2019, the department of commerce, with input
37 from relevant state agencies and the public, shall develop and
38 publish a study on barriers for low-income customers to energy

1 efficiency and weatherization investments, including those in
2 disadvantaged communities, as well as recommendations on how to
3 increase access to energy efficiency and weatherization investments
4 to low-income customers.

5 (4) By January 1, 2019, the department of commerce, with input
6 from relevant state agencies and the public, shall develop and
7 publish a study on barriers for low-income customers to zero emission
8 and near-zero emission transportation options, including those in
9 disadvantaged communities, as well as recommendations on how to
10 increase access to zero emission and near-zero emission
11 transportation options to low-income customers, including those in
12 disadvantaged communities.

13 (5) The definitions in RCW 19.285.030 apply throughout this
14 section.

15 (6) This section expires July 1, 2019.

16 NEW SECTION. **Sec. 7.** Sections 1 through 5 of this act
17 constitute a new chapter in Title 19 RCW.

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