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**HOUSE BILL 1512**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Representatives Fey, Steele, Valdez, Ortiz-Self, Fitzgibbon, Klippert, Tarleton, Mead, Pollet, Jinkins, Boehnke, Slatter, DeBolt, Dent, Chapman, Frame, Stanford, Tharinger, and Macri

Read first time 01/23/19. Referred to Committee on Environment & Energy.

1 AN ACT Relating to the electrification of transportation;  
2 amending RCW 80.28.360; adding a new section to chapter 35.92 RCW;  
3 adding a new section to chapter 54.16 RCW; adding a new section to  
4 chapter 80.28 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that:

7 (1) Programs for the electrification of transportation have the  
8 potential to allow electric utilities to optimize the use of electric  
9 grid infrastructure, improve the management of electric loads, and  
10 better manage the integration of variable renewable energy resources.  
11 Depending upon each utility's unique circumstances, electrification  
12 of transportation programs may provide cost-effective energy  
13 efficiency, through more efficient use of energy resources, and more  
14 efficient use of the electric delivery system. Electrification of  
15 transportation may result in cost savings and benefits for all  
16 ratepayers.

17 (2) State policy can achieve the greatest return on investment in  
18 reducing greenhouse gas emissions and improving air quality by  
19 expediting the transition to alternative fuel vehicles, including  
20 electric vehicles. Potential benefits associated with electrification  
21 of transportation include the monetization of environmental

1 attributes associated with carbon reduction in the transportation  
2 sector.

3 (3) Legislative clarity is important for utilities to offer  
4 programs and services, including incentives, in the electrification  
5 of transportation for their customers. It is the intent of the  
6 legislature to achieve parity among all electric utilities, so each  
7 electric utility, depending on its unique circumstances, can  
8 determine its appropriate role in the development of electrification  
9 of transportation infrastructure.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 35.92  
11 RCW to read as follows:

12 (1) The governing authority of an electric utility formed under  
13 this chapter may adopt an electrification of transportation plan  
14 that, at a minimum, establishes a finding that utility outreach and  
15 investment in the electrification of transportation infrastructure  
16 is: Cost-effective, using an industry-recognized cost test which may  
17 include ratepayer impact measure or total resource cost.

18 (2) In adopting an electrification of transportation plan under  
19 subsection (1) of this section, the governing authority may consider  
20 some or all of the following: (a) The applicability of multiple  
21 options for electrification of transportation across all customer  
22 classes; (b) the impact of electrification on the utility's load, and  
23 whether demand response or other load management opportunities,  
24 including direct load control and dynamic pricing, are operationally  
25 appropriate; (c) system reliability and distribution system  
26 efficiencies; (d) interoperability concerns, including the  
27 interoperability of hardware and software systems in electrification  
28 of transportation proposals; and (e) overall customer experience.

29 (3) An electric utility formed under this chapter may, upon  
30 making a cost-effectiveness determination in accordance with  
31 subsection (1) of this section, offer incentive programs in the  
32 electrification of transportation for its customers, including  
33 advertising programs to promote the utility's services, incentives,  
34 or rebates.

35 NEW SECTION. **Sec. 3.** A new section is added to chapter 54.16  
36 RCW to read as follows:

37 (1) The commission of a public utility district may adopt an  
38 electrification of transportation plan that, at a minimum,

1 establishes a finding that outreach and investment in the  
2 electrification of transportation infrastructure is: Cost-effective,  
3 using an industry-recognized cost test which may include ratepayer  
4 impact measure or total resource cost.

5 (2) In adopting an electrification of transportation plan under  
6 subsection (1) of this section, the commission of a public utility  
7 district may consider some or all of the following: (a) The  
8 applicability of multiple options for electrification of  
9 transportation across all customer classes; (b) the impact of  
10 electrification on the district's load, and whether demand response  
11 or other load management opportunities, including direct load control  
12 and dynamic pricing, are operationally appropriate; (c) system  
13 reliability and distribution system efficiencies; (d)  
14 interoperability concerns, including the interoperability of hardware  
15 and software systems in electrification of transportation proposals;  
16 and (e) overall customer experience.

17 (3) A public utility district may, upon making a cost-  
18 effectiveness determination in accordance with subsection (1) of this  
19 section, offer incentive programs in the electrification of  
20 transportation for its customers, including advertising programs to  
21 promote the district's services, incentives, or rebates.

22 NEW SECTION. **Sec. 4.** A new section is added to chapter 80.28  
23 RCW to read as follows:

24 (1) An electric utility regulated by the utilities and  
25 transportation commission under this chapter may submit to the  
26 commission an electrification of transportation plan that deploys  
27 electric vehicle supply equipment or provides other electric  
28 transportation programs, services, or incentives to support  
29 electrification of transportation, provided that such electric  
30 vehicle supply equipment, programs, or services may not increase  
31 costs to customers in excess of one-quarter of one percent above the  
32 benefits of electric transportation to all customers over a period  
33 consistent with the utility's planning horizon under its most recent  
34 integrated resource plan.

35 (2) In reviewing an electrification of transportation plan under  
36 subsection (1) of this section, the commission shall consider the  
37 following: (a) The applicability of multiple options for  
38 electrification of transportation across all customer classes; (b)  
39 the impact of electrification on the utility's load, and whether

1 demand response or other load management opportunities, including  
2 direct load control and dynamic pricing, are operationally  
3 appropriate; (c) system reliability and distribution system  
4 efficiencies; (d) interoperability concerns, including the  
5 interoperability of hardware and software systems in electrification  
6 of transportation proposals; and (e) overall customer experience. The  
7 commission shall acknowledge submittal of an electrification of  
8 transportation plan within four months of the submittal of the plan.  
9 The commission may provide comment on the plan in its acknowledgment  
10 letter.

11 **Sec. 5.** RCW 80.28.360 and 2015 c 220 s 2 are each amended to  
12 read as follows:

13 (1) In establishing rates for each electrical company regulated  
14 under this title, the commission may allow an incentive rate of  
15 return on investment on capital expenditures for electric vehicle  
16 supply equipment that is deployed (~~for the benefit of ratepayers~~)  
17 consistent with an electrification of transportation plan submitted  
18 by a utility, provided that the capital expenditures do not increase  
19 costs to ratepayers in excess of one-quarter of one percent. The  
20 commission must consider and may adopt other policies to improve  
21 access to and promote fair competition in the provision of electric  
22 vehicle supply equipment.

23 (2) An incentive rate of return on investment under this section  
24 may be allowed only if the company chooses to pursue capital  
25 investment in electric vehicle supply equipment on a fully regulated  
26 basis similar to other capital investments behind a customer's meter.  
27 In the case of an incentive rate of return on investment allowed  
28 under this section, an increment of up to two percent must be added  
29 to the rate of return on common equity allowed on the company's other  
30 investments.

31 (3) The incentive rate of return on investment authorized in  
32 subsection (2) of this section applies only to projects which have  
33 been installed after July 1, 2015(~~, and which are reasonably~~  
34 ~~expected, at the time they are placed in the rate base, to result in~~  
35 ~~real and tangible benefits for ratepayers by being installed and~~  
36 ~~located where electric vehicles are most likely to be parked for~~  
37 ~~intervals longer than two hours)).~~

38 (4) The incentive rate of return on investment increment pursuant  
39 to this section may be earned only for a period up to the depreciable

1 life of the electric vehicle supply equipment as defined in the  
2 depreciation schedules developed by the company and submitted to the  
3 commission for review. When the capital investment has fully  
4 depreciated, an electrical company may gift the electric vehicle  
5 supply equipment to the owner of the property on which it is located.

6 (5) By December 31, 2017, the commission must report to the  
7 appropriate committees of the legislature with regard to the use of  
8 any incentives allowed under this section, the quantifiable impacts  
9 of the incentives on actual electric vehicle deployment, and any  
10 recommendations to the legislature about utility participation in the  
11 electric vehicle market.

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