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

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

NEW SECTION. Sec. 1. The legislature finds that:
(1) Programs for the electrification of transportation have the potential to allow electric utilities to optimize the use of electric grid infrastructure, improve the management of electric loads, and better manage the integration of variable renewable energy resources. Depending upon each utility's unique circumstances, electrification of transportation programs may provide cost-effective energy efficiency, through more efficient use of energy resources, and more efficient use of the electric delivery system. Electrification of transportation may result in cost savings and benefits for all ratepayers.
(2) State policy can achieve the greatest return on investment in reducing greenhouse gas emissions and improving air quality by expediting the transition to alternative fuel vehicles, including electric vehicles. Potential benefits associated with electrification of transportation include the monetization of environmental...
attributes associated with carbon reduction in the transportation sector.

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

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

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

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

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

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

(1) The commission of a public utility district may adopt an electrification of transportation plan that, at a minimum,
establishes a finding that outreach and investment in the electrification of transportation infrastructure is: Cost-effective, using an industry-recognized cost test which may include ratepayer impact measure or total resource cost.

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

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

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

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

(2) In reviewing an electrification of transportation plan under subsection (1) of this section, the commission shall consider the following: (a) The applicability of multiple options for electrification of transportation across all customer classes; (b) the impact of electrification on the utility's load, and whether
demand response or other load management opportunities, including
direct load control and dynamic pricing, are operationally
appropriate; (c) system reliability and distribution system
efficiencies; (d) interoperability concerns, including the
interoperability of hardware and software systems in electrification
of transportation proposals; and (e) overall customer experience. The
commission shall acknowledge submittal of an electrification of
transportation plan within four months of the submittal of the plan.
The commission may provide comment on the plan in its acknowledgment
letter.

Sec. 5. RCW 80.28.360 and 2015 c 220 s 2 are each amended to
read as follows: (1) In establishing rates for each electrical company regulated
under this title, the commission may allow an incentive rate of
return on investment on capital expenditures for electric vehicle
supply equipment that is deployed (for the benefit of ratepayers)
consistent with an electrification of transportation plan submitted
by a utility, provided that the capital expenditures do not increase
costs to ratepayers in excess of one-quarter of one percent. The
commission must consider and may adopt other policies to improve
access to and promote fair competition in the provision of electric
vehicle supply equipment.

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

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

(4) The incentive rate of return on investment increment pursuant
to this section may be earned only for a period up to the depreciable
life of the electric vehicle supply equipment as defined in the
depreciation schedules developed by the company and submitted to the
commission for review. When the capital investment has fully
depreciated, an electrical company may gift the electric vehicle
supply equipment to the owner of the property on which it is located.

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