

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1512

Chapter 109, Laws of 2019

66th Legislature
2019 Regular Session

TRANSPORTATION ELECTRIFICATION

EFFECTIVE DATE: July 28, 2019

Passed by the House March 12, 2019
Yeas 64 Nays 33

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 10, 2019
Yeas 36 Nays 11

CYRUS HABIB

President of the Senate

Approved April 23, 2019 4:06 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1512** as passed by House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

April 24, 2019

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1512

Passed Legislature - 2019 Regular Session

State of Washington 66th Legislature 2019 Regular Session

By House Environment & Energy (originally sponsored 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 02/18/19.

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 does not increase net costs to ratepayers in excess of one-quarter of
17 one percent.

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 determination in accordance with subsection (1) of this
31 section, offer incentive programs in the electrification of
32 transportation for its customers, including the promotion of electric
33 vehicle adoption and advertising programs to promote the utility's
34 services, incentives, 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 does not increase
3 net costs to ratepayers in excess of one-quarter of one percent.

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

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

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

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

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

1 direct load control and dynamic pricing, are operationally
2 appropriate; (c) system reliability and distribution system
3 efficiencies; (d) interoperability concerns, including the
4 interoperability of hardware and software systems in electrification
5 of transportation proposals; (e) the benefits and costs of the
6 planned actions; and (f) the overall customer experience.

7 (3) The commission must issue an acknowledgment of an
8 electrification of transportation plan within six months of the
9 submittal of the plan. The commission may establish by rule the
10 requirements for preparation and submission of an electrification of
11 transportation plan. An electric utility may submit a plan under this
12 section before or during rule-making proceedings.

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

15 (1) In establishing rates for each electrical company regulated
16 under this title, the commission may allow an incentive rate of
17 return on investment through December 31, 2030, on capital
18 expenditures for electric vehicle supply equipment that is deployed
19 for the benefit of ratepayers, provided that the capital expenditures
20 do not increase costs to ratepayers in excess of one-quarter of one
21 percent. The commission must consider and may adopt other policies to
22 improve access to and promote fair competition in the provision of
23 electric vehicle supply equipment.

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

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

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

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

Passed by the House March 12, 2019.

Passed by the Senate April 10, 2019.

Approved by the Governor April 23, 2019.

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