
HOUSE BILL 1767

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By Representatives Ramel, Macri, Berry, Dolan, Fitzgibbon, Ryu, Wicks, Wylie, Bateman, Duerr, Shewmake, Chopp, Tharinger, Valdez, Pollet, Stonier, Goodman, Callan, Harris-Talley, Hackney, Kloba, and Frame; by request of Office of the Governor

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1 AN ACT Relating to the authority of publicly owned electric
2 utilities to engage in targeted electrification through the adoption
3 of plans that establish a finding that utility outreach and
4 investment in the conversion of its customers' end use equipment from
5 fossil fuels to electricity will provide net benefits to the utility;
6 amending RCW 35.92.430 and 54.16.390; amending 2007 c 349 ss 1 and 3
7 (uncodified); adding a new section to chapter 35.92 RCW; and adding a
8 new section to chapter 54.16 RCW.

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

10 NEW SECTION. **Sec. 1.** 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 a plan that establishes a finding that utility
14 outreach and investment in the electrification of its customers' end
15 use equipment in residential and commercial buildings will provide
16 net benefits to the utility. Prior to adopting a targeted
17 electrification plan, the governing authority must request public
18 comment on the development of the plan.

19 (2) A targeted electrification plan adopted under subsection (1)
20 of this section must identify options and program schedules for the

1 targeted electrification of various energy end uses or energy
2 sources.

3 (3) In adopting a targeted electrification plan under subsection
4 (1) of this section, the governing authority of an electric utility
5 formed under this chapter must determine that the sum of the benefits
6 of a targeted electrification option equals or exceeds the sum of its
7 costs. As part of this determination, the governing authority may
8 differentiate the level of benefits and costs accrued to low-income
9 customers, highly impacted communities, and vulnerable populations in
10 the electric utility's service area, as those terms are defined in
11 RCW 19.405.020.

12 (a) The benefits of targeted electrification considered by a
13 governing authority may include, but are not limited to, system
14 impacts, as well as the following:

15 (i) Utility revenue from increased retail load from targeted
16 electrification;

17 (ii) Distribution and transmission system efficiencies resulting
18 from demand response or other load management opportunities,
19 including direct control and dynamic pricing, associated with the
20 increased retail load;

21 (iii) System reliability improvements;

22 (iv) Indoor and outdoor air quality benefits to existing utility
23 customers and customers from projects constructed after the effective
24 date of this section;

25 (v) Reductions in greenhouse gas emissions from existing utility
26 customers and customers from projects constructed after the effective
27 date of this section, taking into consideration the compliance
28 obligations of the utility under chapter 70A.65 RCW and the statewide
29 greenhouse gas emissions limits in RCW 70A.45.020;

30 (vi) Public health benefits, such as resilience to extreme heat
31 and wildfire smoke for low-income customers, highly impacted
32 communities, and vulnerable populations as those terms are defined in
33 RCW 19.405.020; and

34 (vii) Other benefits identified by the governing authority.

35 (b) The costs of targeted electrification considered by a
36 governing authority must include, but are not limited to:

37 (i) The electricity, which must be demonstrated to have, during
38 the life span of the electric equipment, a lower greenhouse gas
39 emissions profile than direct use natural gas or any other resources

1 used to serve or offset the increased retail load from targeted
2 electrification;

3 (ii) Any upgrades to the utility's distribution or transmission
4 system or load management practices and equipment made necessary by
5 the increased retail load; and

6 (iii) The cost of the incentives, advertising, or other
7 inducements used to encourage customers to electrify an energy end
8 use currently served by a different fuel source.

9 (4) An electric utility formed under this chapter may, upon
10 adopting a plan in accordance with subsection (1) of this section,
11 offer incentives and establish other programs to accelerate the
12 targeted electrification of homes and buildings for its customers,
13 including the promotion of electrically powered equipment,
14 advertising targeted electrification programs and projects,
15 educational programs, and customer incentives or rebates. An electric
16 utility offering these incentives and other programs must prioritize
17 service to vulnerable populations and highly impacted communities in
18 the electric utility's service area, as the terms are defined in RCW
19 19.405.020.

20 (5) In complying with this section, an electric utility must,
21 consistent with the requirements of RCW 19.280.030 and 19.405.140,
22 ensure that all customers are benefiting from the transition to clean
23 energy through the equitable distribution of energy and nonenergy
24 benefits and reduction of burdens to vulnerable populations and
25 highly impacted communities, as those terms are defined in RCW
26 19.405.020, including: Long-term and short-term public health and
27 environmental benefits and reduction of costs and risks; and energy
28 security and resiliency.

29 (6) For the purposes of this section, "targeted electrification"
30 means the conversion to electricity from a fossil fuel or wood of an
31 energy end use or energy source in a way that provides a net benefit
32 to the utility as determined consistent with subsection (3) of this
33 section.

34 (7) Nothing in this section limits the existing authority of an
35 electric utility formed under this chapter to offer incentives and
36 other programs to accelerate the electrification of homes and
37 buildings for its customers if the electrification is in the direct
38 economic interest of the electric utility.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 54.16
2 RCW to read as follows:

3 (1) The commission of a public utility district may adopt a
4 targeted electrification plan that establishes a finding that
5 outreach and investment in the electrification of its customers' end
6 use equipment in residential and commercial buildings will provide
7 net benefits to the utility. Prior to adopting a targeted
8 electrification plan, the commission of a public utility district
9 must request public comment on the development of the plan.

10 (2) A targeted electrification plan adopted under subsection (1)
11 of this section must identify options and program schedules for the
12 electrification of various energy end uses or energy sources.

13 (3) In adopting a targeted electrification plan under subsection
14 (1) of this section, the commission of a public utility district must
15 determine that the sum of the benefits of an electrification option
16 equals or exceeds the sum of its costs. As part of this
17 determination, the commission may differentiate the level of benefits
18 and costs accrued to highly impacted communities and vulnerable
19 populations in the public utility district's service area, as those
20 terms are defined in RCW 19.405.020.

21 (a) The benefits of targeted electrification considered by a
22 commission may include, but are not limited to, system impacts, as
23 well as the following:

24 (i) Utility revenue from increased retail load from targeted
25 electrification;

26 (ii) Distribution and transmission system efficiencies resulting
27 from demand response or other load management opportunities,
28 including direct control and dynamic pricing, associated with the
29 increased retail load;

30 (iii) System reliability improvements;

31 (iv) Indoor and outdoor air quality benefits to existing utility
32 customers and customers from projects constructed after the effective
33 date of this section;

34 (v) Reductions in greenhouse gas emissions from existing utility
35 customers and customers from projects constructed after the effective
36 date of this section, taking into consideration the compliance
37 obligations of the utility under chapter 70A.65 RCW and the statewide
38 greenhouse gas emissions limits in RCW 70A.45.020;

39 (vi) Public health benefits, such as resilience to extreme heat
40 and wildfire smoke for low-income customers, highly impacted

1 communities, and vulnerable populations as those terms are defined in
2 RCW 19.405.020; and

3 (vii) Other benefits identified by the commission of the public
4 utility district.

5 (b) The costs of targeted electrification considered by a
6 commission must include, but are not limited to:

7 (i) The electricity, which must be demonstrated to have, during
8 the life span of the electric equipment, a lower greenhouse gas
9 emissions profile than direct use natural gas or any other resources
10 used to serve or offset the increased retail load from the targeted
11 electrification;

12 (ii) Any upgrades to the utility's distribution or transmission
13 system or load management practices and equipment made necessary by
14 the increased retail load; and

15 (iii) The cost of the incentives, advertising, or other
16 inducements used to encourage customers to electrify an energy end
17 use currently served by a different fuel source.

18 (4) A public utility district may, upon adopting a plan in
19 accordance with subsection (1) of this section, offer incentives and
20 establish other programs to accelerate the targeted electrification
21 of homes and buildings for its customers, including the promotion of
22 electrically powered equipment, advertising targeted electrification
23 programs and projects, educational programs, and customer incentives
24 or rebates. A public utility district offering these incentives and
25 other programs must prioritize service to vulnerable populations and
26 highly impacted communities in the public utility district's service
27 area, as those terms are defined in RCW 19.405.020.

28 (5) In complying with this section, an electric utility must,
29 consistent with the requirements of RCW 19.280.030 and 19.405.140,
30 ensure that all customers are benefiting from the transition to clean
31 energy through the equitable distribution of energy and nonenergy
32 benefits and reduction of burdens to vulnerable populations and
33 highly impacted communities, as those terms are defined in RCW
34 19.405.020, including: Long-term and short-term public health and
35 environmental benefits and reduction of costs and risks; and energy
36 security and resiliency.

37 (6) For the purposes of this section, "targeted electrification"
38 means the conversion to electricity from a fossil fuel or wood of an
39 energy end use or energy source in a way that provides a net benefit

1 to the utility as determined consistent with subsection (3) of this
2 section.

3 (7) Nothing in this section limits the existing authority of the
4 commission of a public utility district to offer incentives and other
5 programs to accelerate the electrification of homes and buildings for
6 its customers if the electrification is in the direct economic
7 interest of the public utility district.

8 **Sec. 3.** 2007 c 349 s 1 (uncodified) is amended to read as
9 follows:

10 The legislature finds and declares that greenhouse ((gases)) gas
11 offset contracts, credits, and other greenhouse ((gases)) gas
12 mitigation efforts, including targeted electrification as defined in
13 section 1 of this act, are a recognized utility purpose that confers
14 a direct benefit on the utility's ratepayers. The legislature
15 declares that ((section 2 of this act)) RCW 35.92.430 is intended to
16 reverse the result of *Okeson v. City of Seattle* (January 18, 2007),
17 by expressly granting municipal utilities the statutory authority to
18 engage in mitigation activities to offset their utility's impact on
19 the environment.

20 **Sec. 4.** RCW 35.92.430 and 2007 c 349 s 2 are each amended to
21 read as follows:

22 (1) A city or town authorized to acquire and operate utilities
23 for the purpose of furnishing the city or town and its inhabitants
24 and other persons with water, with electricity for lighting and other
25 purposes, or with service from sewerage, stormwater, surface water,
26 or solid waste handling facilities, may develop and make publicly
27 available a plan to reduce its greenhouse ((gases)) gas emissions or
28 achieve no-net emissions from all sources of greenhouse gases that
29 the utility owns, leases, uses, contracts for, or otherwise controls.

30 (2) A city or town authorized to acquire and operate utilities
31 for the purpose of furnishing the city or town and its inhabitants
32 and other persons with water, with electricity for lighting and other
33 purposes, or with service from sewerage, stormwater, surface water,
34 or solid waste handling facilities, may, as part of its utility
35 operation, mitigate the environmental impacts, such as greenhouse
36 ((gases)) gas emissions, of its operation, including any power
37 purchases. The mitigation may include, but is not limited to, those
38 greenhouse ((gases)) gas mitigation mechanisms recognized by

1 independent, qualified organizations with proven experience in
2 emissions mitigation activities. Mitigation mechanisms may include
3 the purchase, trade, and banking of greenhouse ((gases)) gas offsets
4 or credits. If a state greenhouse ((gases)) gas registry is
5 established, a utility that has purchased, traded, or banked
6 greenhouse ((gases)) gas mitigation mechanisms under this section
7 shall receive credit in the registry. Mitigation may also include
8 implementation of programs including, but not limited to, targeted
9 electrification programs that result in quantifiable and verifiable
10 reductions in greenhouse gas emissions from homes and buildings
11 located in the utility's service territory. A utility may promote and
12 advertise a greenhouse gas emissions mitigation program to its
13 ratepayers.

14 **Sec. 5.** 2007 c 349 s 3 (uncodified) is amended to read as
15 follows:

16 The legislature finds and declares that greenhouse ((gases)) gas
17 offset contracts, credits, and other greenhouse ((gases)) gas
18 mitigation efforts, including targeted electrification as defined in
19 section 1 of this act, are a recognized utility purpose that confers
20 a direct benefit on the utility's ratepayers. The legislature
21 declares that ((section 4 of this act)) RCW 54.16.390 is intended to
22 reverse the result of *Okeson v. City of Seattle* (January 18, 2007),
23 by expressly granting public utility districts the statutory
24 authority to engage in mitigation activities to offset their
25 utility's impact on the environment.

26 **Sec. 6.** RCW 54.16.390 and 2007 c 349 s 4 are each amended to
27 read as follows:

28 (1) A public utility district may develop and make publicly
29 available a plan for the district to reduce its greenhouse ((gases))
30 gas emissions or achieve no-net emissions from all sources of
31 greenhouse gases that the district owns, leases, uses, contracts for,
32 or otherwise controls.

33 (2) A public utility district may, as part of its utility
34 operation, mitigate the environmental impacts, such as greenhouse
35 ((gases)) gas emissions, of its operation and any power purchases.
36 Mitigation may include, but is not limited to, those greenhouse
37 ((gases)) gas mitigation mechanisms recognized by independent,
38 qualified organizations with proven experience in emissions

1 mitigation activities. Mitigation mechanisms may include the
2 purchase, trade, and banking of greenhouse ((gases)) gas offsets or
3 credits. If a state greenhouse ((gases)) gas registry is established,
4 a public utility district that has purchased, traded, or banked
5 greenhouse ((gases)) gas mitigation mechanisms under this section
6 shall receive credit in the registry. Mitigation may also include
7 implementation of programs including, but not limited to, targeted
8 electrification programs that result in quantifiable and verifiable
9 reductions in greenhouse gas emissions from homes and buildings
10 located in the public utility district's service territory. A public
11 utility district may promote and advertise a greenhouse gas emissions
12 mitigation program to its ratepayers.

13 NEW SECTION. **Sec. 7.** If any provision of this act or its
14 application to any person or circumstance is held invalid, the
15 remainder of the act or the application of the provision to other
16 persons or circumstances is not affected.

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