

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5910

Chapter 292, Laws of 2022

67th Legislature
2022 Regular Session

RENEWABLE HYDROGEN

EFFECTIVE DATE: June 9, 2022—Except for sections 104 and 201, which take effect March 31, 2022.

Passed by the Senate March 9, 2022
Yeas 49 Nays 0

DENNY HECK

President of the Senate

Passed by the House March 7, 2022
Yeas 96 Nays 2

Laurie Jinkins

**Speaker of the House of
Representatives**

Approved March 31, 2022 4:59 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5910** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

April 1, 2022

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5910

AS AMENDED BY THE HOUSE

Passed Legislature - 2022 Regular Session

State of Washington

67th Legislature

2022 Regular Session

By Senate Environment, Energy & Technology (originally sponsored by Senators Carlyle, Billig, Conway, Hawkins, Hunt, Mullet, Saldaña, and Stanford)

READ FIRST TIME 02/03/22.

1 AN ACT Relating to accelerating the availability and use of
2 renewable hydrogen in Washington state; amending RCW 82.08.816,
3 82.12.816, 82.29A.125, 54.04.190, and 35.92.050; adding new sections
4 to chapter 43.330 RCW; adding a new section to chapter 84.40 RCW;
5 adding a new section to chapter 80.28 RCW; creating new sections; and
6 declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** INTENT AND FINDINGS. (1) The legislature
9 finds that while hydrogen fuel has been used in a variety of
10 applications in the state, the source of hydrogen has been derived
11 from fossil fuel feedstocks, such as natural gas. Hydrogen is an
12 essential building block and energy carrier molecule that is
13 necessary in the production of conventional and renewable fuels and a
14 valuable decarbonization tool when used in sectors such as marine,
15 aviation, steel, aluminum, and cement, as well as surface
16 transportation including heavy-duty vehicles, such as transit,
17 trucking, and drayage equipment. Hydrogen can be a carbon-free fuel
18 with an energy per unit mass that is three to four times greater than
19 jet fuel, whose energy can be extracted either through thermochemical
20 (combustion) or electrochemical (fuel cell) processes. In both cases,
21 the only by-product is water, instead of the greenhouse gases and

1 other conventional and toxic pollutants that are emitted from using
2 fossil fuels.

3 (2) The legislature further finds that the use of renewable
4 hydrogen and hydrogen produced from carbon-free feedstocks through
5 electrolysis is an essential tool to a clean energy ecosystem and
6 emissions reduction for challenging infrastructure needs. Clean
7 hydrogen fuel can be produced or "charged" closer to the generation
8 of the electricity when the electrical supply grid has surplus
9 energy, at times of low electricity use, such as evenings, then made
10 available at times of higher need and convenient locations, such as
11 fueling stations, avoiding the need to build or upgrade larger
12 electrical infrastructure, including distribution systems, to meet
13 higher peak demand for electricity.

14 (3) Therefore, the legislature intends by this act to establish
15 policies and a framework for the state to become a national and
16 global leader in the production and use of these hydrogen fuels. This
17 act will create an office of renewable fuels to: Promote partnerships
18 among industrial, transportation, agriculture, and commercial
19 interests as well as fuel producers, the technology research sector,
20 and public sector agencies; identify barriers to and opportunities
21 for market development; provide greater clarity and certainty in
22 regulatory and siting standards; provide incentives and financial
23 assistance in the deployment of hydrogen fuel infrastructure; support
24 a clean and just energy transition; help create good quality, clean
25 energy jobs; and improve air quality in degraded areas, particularly
26 in communities that have borne disproportionate levels of air
27 pollution from the combustion of fossil fuels.

28 **Part 1**

29 **OFFICE OF RENEWABLE FUELS**

30 NEW SECTION. **Sec. 101.** A new section is added to chapter 43.330
31 RCW to read as follows:

32 The definitions in this section apply throughout sections 102,
33 103, and 104 of this act unless the context clearly requires
34 otherwise.

35 (1) "Department" means the department of commerce.

36 (2) "Green electrolytic hydrogen" means hydrogen produced through
37 electrolysis and does not include hydrogen manufactured using steam

1 reforming or any other conversion technology that produces hydrogen
2 from a fossil fuel feedstock.

3 (3) "Office" means the statewide office of renewable fuels
4 established in section 102 of this act.

5 (4) "Overburdened communities" has the same meaning as defined in
6 RCW 70A.02.010.

7 (5) "Renewable fuel" means fuel produced using renewable
8 resources and includes renewable hydrogen.

9 (6) "Renewable hydrogen" has the same meaning as defined in RCW
10 54.04.190.

11 (7) "Renewable resource" has the same meaning as defined in RCW
12 19.405.020.

13 NEW SECTION. **Sec. 102.** A new section is added to chapter 43.330
14 RCW to read as follows:

15 (1) The statewide office of renewable fuels is established within
16 the department. The office shall report to the director of the
17 department. The office may employ staff as necessary to carry out the
18 office's duties as prescribed by this act, subject to the
19 availability of amounts appropriated for this specific purpose.

20 (2) The purpose of the office is to leverage, support, and
21 integrate with other state agencies to:

22 (a) Accelerate comprehensive market development with assistance
23 along the entire life cycle of renewable fuel projects;

24 (b) Support research into and development and deployment of
25 renewable fuel and the production, distribution, and use of renewable
26 and green electrolytic hydrogen and their derivatives, as well as
27 product engineering and manufacturing relating to the production and
28 use of such hydrogen and its derivatives;

29 (c) Drive job creation, improve economic vitality, and support
30 the transition to clean energy;

31 (d) Enhance resiliency by using renewable fuels and green
32 electrolytic hydrogen to support climate change mitigation and
33 adaptations; and

34 (e) Partner with overburdened communities to ensure communities
35 equitably benefit from renewable and clean fuels efforts.

36 NEW SECTION. **Sec. 103.** A new section is added to chapter 43.330
37 RCW to read as follows:

38 (1) The office shall:

1 (a) Coordinate with federally recognized tribes, local
2 government, state agencies, federal agencies, private entities, the
3 state's public four-year institutions of higher education, labor
4 unions, and others to facilitate and promote multi-institution
5 collaborations to drive research, development, and deployment efforts
6 in the production, distribution, and use of renewable fuels
7 including, but not limited to, green electrolytic hydrogen;

8 (b) Review existing renewable fuels and green electrolytic
9 hydrogen initiatives, policies, and public and private investments;

10 (c) Consider funding opportunities that provide for the
11 coordination of public and private funds for the purposes of
12 developing and deploying renewable fuels and green electrolytic
13 hydrogen;

14 (d) Assess opportunities for and barriers to deployment of
15 renewable fuels and green electrolytic hydrogen in hard to
16 decarbonize sectors of the state economy;

17 (e) Request recommendations from the Washington state association
18 of fire marshals regarding fire and other safety standards adopted by
19 the United States department of energy and recognized national and
20 international fire and safety code development authorities regarding
21 renewable fuels and green electrolytic hydrogen;

22 (f) By December 1, 2023, develop a plan and recommendations for
23 consideration by the legislature and governor on renewable fuels and
24 green electrolytic hydrogen policy and public funding including, but
25 not limited to, project permitting, state procurement, and pilot
26 projects; and

27 (g) Encourage new and support existing public-private
28 partnerships to increase coordinated planning and deployment of
29 renewable fuels and green electrolytic hydrogen.

30 (2) The office may take all appropriate steps to seek and apply
31 for federal funds for which the office is eligible, and other grants,
32 and accept donations, and must deposit these funds in the renewable
33 fuels accelerator account created in section 104 of this act.

34 (3) In carrying out its duties, the office must collaborate with
35 the department, the department of ecology, the department of
36 transportation, the utilities and transportation commission, electric
37 utilities in Washington state, the Washington State University
38 extension energy program, and all other relevant state agencies. The
39 office must also consult with and seek to involve federally
40 recognized tribes, project developers, labor and industry trade

1 groups, and other interested parties, in the development of policy
2 analysis and recommended programs or projects.

3 (4) The office may cooperate with other state agencies in
4 compiling data regarding the use of renewable fuels and green
5 electrolytic hydrogen in state operations, including motor vehicle
6 fleets, the state ferry system, and nonroad equipment.

7 NEW SECTION. **Sec. 104.** A new section is added to chapter 43.330
8 RCW to read as follows:

9 The renewable fuels accelerator account is created in the state
10 treasury. Revenues to the account consist of appropriations made by
11 the legislature, federal funds, gifts or grants from the private
12 sector or foundations, and other sources deposited in the account.
13 Moneys in the account may be spent only after appropriation.
14 Expenditures from the account may be used only for purposes
15 designated in sections 102, 103, and 201 of this act. Only the
16 director or the director's designee may authorize expenditures from
17 the account.

18 **Part 2**
19 **FEDERAL FUNDING**

20 NEW SECTION. **Sec. 201.** (1)(a) The legislature finds that the
21 federal infrastructure investment and jobs act, P.L. 117-58, provides
22 \$8,000,000,000 over five years to support the development of regional
23 clean hydrogen hubs. The federal infrastructure investment and jobs
24 act requires the United States secretary of energy to establish a
25 program to fund at least four regional hubs to aid in achieving a
26 hydrogen fuel production carbon intensity standard provided in that
27 legislation; to demonstrate the production, processing, delivery,
28 storage, and end use of hydrogen; and that can be developed into a
29 national network to facilitate a clean hydrogen economy. The federal
30 infrastructure investment and jobs act requires the secretary of
31 energy to select regional hubs that demonstrate a diversity of
32 feedstocks, a diversity of end uses, and a diversity of geographic
33 regions of the country. The federal infrastructure investment and
34 jobs act requires the secretary of energy to solicit proposals for
35 regional hubs by May 15, 2022, and to make selections of the hubs
36 within one year after the deadline for submission of proposals.

1 (b) The legislature further finds that Washington state is
2 strongly positioned to develop a regional clean energy hub meeting
3 the criteria of the federal infrastructure investment and jobs act
4 because the state:

5 (i) Has adopted a state energy strategy that recognizes hydrogen
6 as an integral part of the state's decarbonization pathway;

7 (ii) Has an abundance of low cost, low carbon, reliable
8 electricity as the primary energy resource for production of clean
9 hydrogen;

10 (iii) Already has under construction the nation's first renewable
11 hydrogen electrolyzer and has several hydrogen fueling facilities as
12 well as production facilities in planning and design phases;

13 (iv) Has multiple manufacturers designing, engineering, and
14 manufacturing fuel cell electric engines and zero-emission vehicles,
15 vessels, and airplanes;

16 (v) Has numerous industrial, maritime, and freight shipping
17 concerns that are moving toward cleaner fuels and that would help
18 provide demand for hydrogen, as well as state and local governments
19 currently considering hydrogen uses;

20 (vi) Has a demonstrated track record of building partnerships
21 across the public and private sector to advance clean energy
22 technologies;

23 (vii) Has policies in place supporting and engaging overburdened
24 communities, including the healthy environment for all act, which
25 will facilitate alignment with the justice40 initiative; and

26 (viii) Has policies, including tax incentives, that support high
27 labor standards in clean energy production.

28 (c) The legislature further finds that the state may help to
29 promote and strengthen applications for regional hydrogen hub federal
30 funding through state funding assistance to support a timely and
31 competitive application to the United States department of energy by
32 a public-private partnership entity that leverages private sector
33 leadership and is composed of multiple interests, including public
34 and private project developers, manufacturers and end users, research
35 institutions, academia, government, and communities around the state.

36 (2) Subject to amounts appropriated for this specific purpose,
37 the director of the department of commerce must provide support to a
38 public-private partnership entity as described in subsection (1)(c)
39 of this section, which may include department staff support and
40 direct funding. The entity should:

1 (a) Agree to prepare a timely and responsive application for
2 federal funding to develop a regional clean hydrogen hub in
3 Washington state, consistent with the requirements of the federal
4 application process and the policies and strategy of the state of
5 Washington;

6 (b) Demonstrate meaningful engagement with a range of entities
7 across the state, including federally recognized tribes, labor
8 unions, and communities around the state including overburdened
9 communities, in the development of a hydrogen hub;

10 (c) Include entities that provide training and expand employment
11 opportunities for the hydrogen workforce, including labor
12 organizations, institutions of higher education, community and
13 technical colleges, and vocational institutions; and

14 (d) Include specific commitments, as required by the federal
15 application, from industries, transportation agencies, utilities, and
16 other public and private sector entities to assist in funding the
17 application and to develop plans to either construct infrastructure
18 for or to incorporate, or both, the production, distribution, and end
19 use of renewable hydrogen and green electrolytic hydrogen fuels into
20 their transition to cleaner energy.

21 (3) In addition to the assistance in applying for federal funding
22 provided through subsection (2) of this section, the legislature
23 intends that the state fully support a regional clean energy hub in
24 the state, including further direct financial assistance in
25 developing the hub and the acquisition of hydrogen fuels for state
26 agency and local government uses.

27 **Part 3**

28 **VALUATION OF PROPERTY RELATED TO RENEWABLE ENERGY**

29 NEW SECTION. **Sec. 301.** A new section is added to chapter 84.40
30 RCW to read as follows:

31 (1) It is the policy of this state to promote the development of
32 renewable energy projects to support the state's renewable energy
33 goals.

34 (2) The department must publish guidance, in cooperation with
35 industry stakeholders, to advise county assessors when appraising
36 renewable energy facilities for determining true and fair value, in
37 accordance with RCW 84.40.030. This guidance must include a cost-
38 based appraisal method, and the development of industry-specific

1 valuation tables for the following types of renewable energy
2 property:

3 (a) A cost-based appraisal method and industry-specific valuation
4 tables for equipment used to generate solar power must be published
5 by January 1, 2023, for property taxes levied for collection in
6 calendar year 2024;

7 (b) A cost-based appraisal method and industry-specific valuation
8 tables for equipment used to generate wind power must be published by
9 January 1, 2023, for property taxes levied for collection in calendar
10 year 2024; and

11 (c) A cost-based appraisal method and industry-specific valuation
12 tables for equipment used to store electricity must be published by
13 January 1, 2024, for property taxes levied for collection in calendar
14 year 2025.

15 (3) County assessors must refer to this guidance, including cost-
16 based appraisal method and industry-specific valuation tables, when
17 valuing renewable energy property but may also consider one or more
18 additional valuation methods in determining the true and fair value
19 of a property when there is a compelling reason to do so.

20 (4) For the purposes of this section, "renewable energy property"
21 means property that uses solar or wind energy as the sole fuel source
22 for the generation of at least one megawatt of nameplate capacity,
23 alternating current, and all other equipment and materials that
24 comprise the property, including equipment used to store electricity
25 from the property to be released at a later time. "Renewable energy
26 property" does not include any equipment or materials attached to a
27 single-family residential building.

28 **Part 4**

29 **EXPANDING THE PRODUCTION, DISTRIBUTION, AND USE OF HYDROGEN NOT**
30 **PRODUCED FROM A FOSSIL FUEL FEEDSTOCK**

31 **Sec. 401.** RCW 82.08.816 and 2019 c 287 s 11 are each amended to
32 read as follows:

33 (1) The tax imposed by RCW 82.08.020 does not apply to:

34 (a) The sale of batteries or fuel cells for electric vehicles,
35 including batteries or fuel cells sold as a component of an electric
36 bus at the time of the vehicle's sale;

1 (b) The sale of or charge made for labor and services rendered in
2 respect to installing, repairing, altering, or improving electric
3 vehicle batteries or fuel cells;

4 (c) The sale of or charge made for labor and services rendered in
5 respect to installing, constructing, repairing, or improving battery
6 or fuel cell electric vehicle infrastructure, including hydrogen
7 fueling stations;

8 (d) The sale of tangible personal property that will become a
9 component of battery or fuel cell electric vehicle infrastructure
10 during the course of installing, constructing, repairing, or
11 improving battery or fuel cell electric vehicle infrastructure; and

12 (e) The sale of zero emissions buses.

13 (2) Sellers may make tax exempt sales under this section only if
14 the buyer provides the seller with an exemption certificate in a form
15 and manner prescribed by the department. The seller must retain a
16 copy of the certificate for the seller's files.

17 (3) On the last day of January, April, July, and October of each
18 year, the state treasurer, based upon information provided by the
19 department, must transfer from the multimodal transportation account
20 to the general fund a sum equal to the dollar amount that would
21 otherwise have been deposited into the general fund during the prior
22 calendar quarter but for the exemption provided in this section.
23 Information provided by the department to the state treasurer must be
24 based on the best available data, except that the department may
25 provide estimates of taxes exempted under this section until such
26 time as retailers are able to report such exempted amounts on their
27 tax returns.

28 (4) The definitions in this subsection apply throughout this
29 section unless the context clearly requires otherwise.

30 (a) "Battery charging station" means an electrical component
31 assembly or cluster of component assemblies designed specifically to
32 charge batteries within electric vehicles, which meet or exceed any
33 standards, codes, and regulations set forth by chapter 19.28 RCW and
34 consistent with rules adopted under RCW 19.27.540.

35 (b) "Battery exchange station" means a fully automated facility
36 that will enable an electric vehicle with a swappable battery to
37 enter a drive lane and exchange the depleted battery with a fully
38 charged battery through a fully automated process, which meets or
39 exceeds any standards, codes, and regulations set forth by chapter
40 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

1 (c) "Electric vehicle infrastructure" means structures,
2 machinery, and equipment necessary and integral to support a battery
3 or fuel cell electric vehicle, including battery charging stations,
4 rapid charging stations, battery exchange stations, fueling stations
5 that provide hydrogen for fuel cell electric vehicles, green
6 electrolytic hydrogen production facilities, and renewable hydrogen
7 production facilities.

8 (d) "Green electrolytic hydrogen" means hydrogen produced through
9 electrolysis, and does not include hydrogen manufactured using steam
10 reforming or any other conversion technology that produces hydrogen
11 from a fossil fuel feedstock.

12 (e) "Rapid charging station" means an industrial grade electrical
13 outlet that allows for faster recharging of electric vehicle
14 batteries through higher power levels, which meets or exceeds any
15 standards, codes, and regulations set forth by chapter 19.28 RCW and
16 consistent with rules adopted under RCW 19.27.540.

17 (~~(e)~~) (f) "Renewable hydrogen" means hydrogen produced using
18 renewable resources both as the source for hydrogen and the source
19 for the energy input into the production process.

20 (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;
21 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
22 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
23 (viii) biodiesel fuel that is not derived from crops raised on land
24 cleared from old growth or first growth forests; or (ix) biomass
25 energy.

26 (~~(g)~~) (h) "Zero emissions bus" means a bus that emits no
27 exhaust gas from the onboard source of power, other than water vapor.

28 (5) This section expires July 1, 2025.

29 **Sec. 402.** RCW 82.12.816 and 2019 c 287 s 12 are each amended to
30 read as follows:

31 (1) The tax imposed by RCW 82.12.020 does not apply to the use
32 of:

33 (a) Electric vehicle batteries or fuel cells, including batteries
34 or fuel cells sold as a component of an electric bus at the time of
35 the vehicle's sale;

36 (b) Labor and services rendered in respect to installing,
37 repairing, altering, or improving electric vehicle batteries or fuel
38 cells;

1 (c) Tangible personal property that will become a component of
2 battery or fuel cell electric vehicle infrastructure during the
3 course of installing, constructing, repairing, or improving battery
4 or fuel cell electric vehicle infrastructure; and

5 (d) Zero emissions buses.

6 (2) The definitions in this subsection apply throughout this
7 section unless the context clearly requires otherwise.

8 (a) "Battery charging station" means an electrical component
9 assembly or cluster of component assemblies designed specifically to
10 charge batteries within electric vehicles, which meet or exceed any
11 standards, codes, and regulations set forth by chapter 19.28 RCW and
12 consistent with rules adopted under RCW 19.27.540.

13 (b) "Battery exchange station" means a fully automated facility
14 that will enable an electric vehicle with a swappable battery to
15 enter a drive lane and exchange the depleted battery with a fully
16 charged battery through a fully automated process, which meets or
17 exceeds any standards, codes, and regulations set forth by chapter
18 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

19 (c) "Electric vehicle infrastructure" means structures,
20 machinery, and equipment necessary and integral to support a battery
21 or fuel cell electric vehicle, including battery charging stations,
22 rapid charging stations, battery exchange stations, fueling stations
23 that provide hydrogen for fuel cell electric vehicles, green
24 electrolytic hydrogen production facilities, and renewable hydrogen
25 production facilities.

26 (d) "Green electrolytic hydrogen" means hydrogen produced through
27 electrolysis, and does not include hydrogen manufactured using steam
28 reforming or any other conversion technology that produces hydrogen
29 from a fossil fuel feedstock.

30 (e) "Rapid charging station" means an industrial grade electrical
31 outlet that allows for faster recharging of electric vehicle
32 batteries through higher power levels, which meets or exceeds any
33 standards, codes, and regulations set forth by chapter 19.28 RCW and
34 consistent with rules adopted under RCW 19.27.540.

35 (~~(e)~~) (f) "Renewable hydrogen" means hydrogen produced using
36 renewable resources both as the source for hydrogen and the source
37 for the energy input into the production process.

38 (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;
39 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
40 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;

1 (viii) biodiesel fuel that is not derived from crops raised on land
2 cleared from old growth or first growth forests; or (ix) biomass
3 energy.

4 (~~(g)~~) (h) "Zero emissions bus" means a bus that emits no
5 exhaust gas from the onboard source of power, other than water vapor.

6 (3) On the last day of January, April, July, and October of each
7 year, the state treasurer, based upon information provided by the
8 department, must transfer from the multimodal transportation account
9 to the general fund a sum equal to the dollar amount that would
10 otherwise have been deposited into the general fund during the prior
11 calendar quarter but for the exemption provided in this section.
12 Information provided by the department to the state treasurer must be
13 based on the best available data, except that the department may
14 provide estimates of taxes exempted under this section until such
15 time as retailers are able to report such exempted amounts on their
16 tax returns.

17 (4) This section expires July 1, 2025.

18 **Sec. 403.** RCW 82.29A.125 and 2019 c 287 s 14 are each amended to
19 read as follows:

20 (1) Leasehold excise tax may not be imposed on leases to tenants
21 of public lands for purposes of installing, maintaining, and
22 operating electric vehicle infrastructure.

23 (2) The definitions in this subsection apply throughout this
24 section unless the context clearly requires otherwise.

25 (a) "Battery charging station" means an electrical component
26 assembly or cluster of component assemblies designed specifically to
27 charge batteries within electric vehicles, which meet or exceed any
28 standards, codes, and regulations set forth by chapter 19.28 RCW and
29 consistent with rules adopted under RCW 19.27.540.

30 (b) "Battery exchange station" means a fully automated facility
31 that will enable an electric vehicle with a swappable battery to
32 enter a drive lane and exchange the depleted battery with a fully
33 charged battery through a fully automated process, which meets or
34 exceeds any standards, codes, and regulations set forth by chapter
35 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

36 (c) "Electric vehicle infrastructure" means structures,
37 machinery, and equipment necessary and integral to support an
38 electric vehicle, including battery charging stations, rapid charging
39 stations, battery exchange stations, fueling stations that provide

1 hydrogen for fuel cell electric vehicles, green electrolytic hydrogen
2 production facilities, and renewable hydrogen production facilities.

3 (d) "Green electrolytic hydrogen" means hydrogen produced through
4 electrolysis, and does not include hydrogen manufactured using steam
5 reforming or any other conversion technology that produces hydrogen
6 from a fossil fuel feedstock.

7 (e) "Rapid charging station" means an industrial grade electrical
8 outlet that allows for faster recharging of electric vehicle
9 batteries through higher power levels, which meets or exceeds any
10 standards, codes, and regulations set forth by chapter 19.28 RCW and
11 consistent with rules adopted under RCW 19.27.540.

12 (~~(e)~~) (f) "Renewable hydrogen" means hydrogen produced using
13 renewable resources both as the source for hydrogen and the source
14 for energy input into the production process.

15 (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;
16 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
17 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
18 (viii) biodiesel fuel that is not derived from crops raised on land
19 cleared from old growth or first growth forests; or (ix) biomass
20 energy.

21 (3) This section expires July 1, 2025.

22 **Sec. 404.** RCW 54.04.190 and 2019 c 24 s 1 are each amended to
23 read as follows:

24 (1) In addition to any other authority provided by law, public
25 utility districts are authorized to produce and distribute biodiesel,
26 ethanol, and ethanol blend fuels, including entering into crop
27 purchase contracts for a dedicated energy crop for the purpose of
28 generating electricity or producing biodiesel produced from
29 Washington feedstocks, cellulosic ethanol, and cellulosic ethanol
30 blend fuels for use in internal operations of the electric utility
31 and for sale or distribution.

32 (2) In addition to any other authority provided by law:

33 (a) Public utility districts are authorized to produce renewable
34 natural gas, green electrolytic hydrogen, and renewable hydrogen and
35 utilize the renewable natural gas, green electrolytic hydrogen, or
36 renewable hydrogen they produce for internal operations.

37 (b) Public utility districts may sell renewable natural gas, green electrolytic hydrogen, or renewable hydrogen that is delivered
38 green electrolytic hydrogen, or renewable hydrogen that is delivered

1 into a gas transmission pipeline located in the state of Washington
2 or delivered in pressurized containers:

3 (i) At wholesale;

4 (ii) To an end-use customer; or

5 (iii) If delivered in a pressurized container, or if the end-use
6 customer takes delivery of the renewable natural gas, green
7 electrolytic hydrogen, or renewable hydrogen through a pipeline, and
8 the end-use customer is an eligible purchaser of natural gas from
9 sellers other than the gas company from which that end-use customer
10 takes transportation service and:

11 (A) When the sale is made to an end-use customer in the state of
12 Washington, the sale is made pursuant to a transportation tariff
13 approved by the Washington utilities and transportation commission;
14 or

15 (B) When the sale to an end-use customer is made outside of the
16 state of Washington, the sale is made pursuant to a transportation
17 tariff approved by the state agency which regulates retail sales of
18 natural gas.

19 (c) Public utility districts may sell renewable natural gas, green
20 electrolytic hydrogen, or renewable hydrogen at wholesale or to
21 an end-use customer through a pipeline directly from renewable
22 natural gas, green electrolytic hydrogen, or renewable hydrogen
23 production facilities to facilities that compress, liquefy, or
24 dispense compressed natural gas, liquefied natural gas, green
25 electrolytic hydrogen, or renewable hydrogen fuel for end use as a
26 transportation fuel.

27 (d) Public utility districts may sell green electrolytic hydrogen
28 or renewable hydrogen at wholesale or to an end-use customer in
29 pressurized containers directly from green electrolytic hydrogen or
30 renewable hydrogen production facilities to facilities that utilize
31 green electrolytic hydrogen or renewable hydrogen as a nonutility
32 related input for a manufacturing process.

33 (3) Except as provided in subsection (2) (b) (iii) of this section,
34 nothing in this section authorizes a public utility district to sell
35 renewable natural gas, green electrolytic hydrogen, or renewable
36 hydrogen delivered by pipeline to an end-use customer of a gas
37 company.

38 (4) (a) Except as provided in this subsection (4), nothing in this
39 section authorizes a public utility district to own or operate

1 natural gas distribution pipeline systems used to serve retail
2 customers.

3 (b) For the purposes of subsection (2)(b) of this section, public
4 utility districts are authorized to own and operate interconnection
5 pipelines that connect renewable natural gas, green electrolytic
6 hydrogen, or renewable hydrogen production facilities to gas
7 transmission pipelines.

8 (c) For the purposes of subsection (2)(c) of this section, public
9 utility districts may own and/or operate pipelines to supply, and/or
10 compressed natural gas, liquefied natural gas, green electrolytic
11 hydrogen, or renewable hydrogen facilities to provide, renewable
12 natural gas, green electrolytic hydrogen, or renewable hydrogen for
13 end use as a transportation fuel if all such pipelines and facilities
14 are located in the county in which the public utility district is
15 authorized to provide utility service.

16 (5) Exercise of the authorities granted under this section to
17 public utility districts does not subject them to the jurisdiction of
18 the utilities and transportation commission, except that public
19 utility districts are subject only to administration and enforcement
20 by the commission of state and federal requirements related to
21 pipeline safety and fees payable to the commission that are
22 applicable to such administration and enforcement.

23 (6) The definitions in this subsection apply throughout this
24 section unless the context clearly requires otherwise.

25 (a) "Green electrolytic hydrogen" means hydrogen produced through
26 electrolysis, and does not include hydrogen manufactured using steam
27 reforming or any other conversion technology that produces hydrogen
28 from a fossil fuel feedstock.

29 (b) "Renewable natural gas" means a gas consisting largely of
30 methane and other hydrocarbons derived from the decomposition of
31 organic material in landfills, wastewater treatment facilities, and
32 anaerobic digesters.

33 (~~(b)~~) (c) "Renewable hydrogen" means hydrogen produced using
34 renewable resources both as the source for the hydrogen and the
35 source for the energy input into the production process.

36 (~~(e)~~) (d) "Renewable resource" means: (i) Water; (ii) wind;
37 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
38 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
39 (viii) biodiesel fuel that is not derived from crops raised on land

1 cleared from old growth or first growth forests; or (ix) biomass
2 energy.

3 ~~((d))~~ (e) "Gas company" has the same meaning as in RCW
4 80.04.010.

5 **Sec. 405.** RCW 35.92.050 and 2002 c 102 s 3 are each amended to
6 read as follows:

7 A city or town may also construct, condemn and purchase,
8 purchase, acquire, add to, alter, maintain, and operate works,
9 plants, facilities for the purpose of furnishing the city or town and
10 its inhabitants, and any other persons, with gas, electricity, green
11 electrolytic hydrogen as defined in RCW 54.04.190, renewable hydrogen
12 as defined in RCW 54.04.190, and other means of power and facilities
13 for lighting, including streetlights as an integral utility service
14 incorporated within general rates, heating, fuel, and power purposes,
15 public and private, with full authority to regulate and control the
16 use, distribution, and price thereof, together with the right to
17 handle and sell or lease, any meters, lamps, motors, transformers,
18 and equipment or accessories of any kind, necessary and convenient
19 for the use, distribution, and sale thereof; authorize the
20 construction of such plant or plants by others for the same purpose,
21 and purchase gas, electricity, or power from either within or without
22 the city or town for its own use and for the purpose of selling to
23 its inhabitants and to other persons doing business within the city
24 or town and regulate and control the use and price thereof.

25 **Part 5**

26 **MISCELLANEOUS**

27 NEW SECTION. **Sec. 501.** Sections 104 and 201 of this act are
28 necessary for the immediate preservation of the public peace, health,
29 or safety, or support of the state government and its existing public
30 institutions, and take effect immediately.

31 NEW SECTION. **Sec. 502.** If any provision of this act or its
32 application to any person or circumstance is held invalid, the
33 remainder of the act or the application of the provision to other
34 persons or circumstances is not affected.

