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## Appropriations Committee

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### SSB 6355

**Brief Description:** Concerning the electric transmission system.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Hunt, Kauffman, Chapman, Conway, Dhingra, Pedersen, Saldaña, Shewmake and Stanford).

#### Brief Summary of Substitute Bill

- Establishes the Washington Electric Transmission Authority (Authority) to, among other duties, support the expansion of and upgrades to the electric transmission system and be a state-wide resource for transmission.
- Creates a ten-member board of directors to provide oversight and advise the Authority.
- Directs the Department of Commerce to conduct an initial identification of high priority transmission corridors.
- Establishes a tribal clean energy partnership work group to identify and evaluate opportunities for tribal participation in the development and ownership of clean energy facilities and infrastructure.

**Hearing Date:** 3/5/26

**Staff:** Jackie Kauble (786-7125).

#### Background:

Electric Transmission Development, Ownership, and Operation in Washington.

Transmission lines are high-voltage electrical lines that carry large amounts of electricity over long distances. Investor-owned and consumer-owned electric utilities, including joint operating

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agencies, may build, own, and operate electric transmission lines. These utilities may also enter into agreements with each other to own electrical transmission facilities. The federal Bonneville Power Administration (BPA) owns and operates the majority of electric transmission lines in the state and across the Pacific Northwest.

#### Electric Utility Transmission Planning.

Electric utilities are encouraged to participate and contribute to statewide or multiutility planning activities through transmission planning processes. To improve the planning and development of transmission capacity, they must consult with federal, interstate, and voluntary industry organizations with a role in the bulk power transmission system. When identifying any need to develop new, expand, or upgrade existing bulk transmission and distribution facilities, utilities must document existing and planned efforts to make more effective use of the existing transmission capacity and secure additional transmission capacity.

#### Clean Energy Transformation Act Transmission Corridors Work Group.

The Clean Energy Transformation Act (CETA) requires Washington's electric utilities to make all retail sales of electricity greenhouse gas neutral by January 1, 2030, and to meet 100 percent of their retail electric load using nonemitting and renewable resources by January 1, 2045. Under CETA, the Energy Facility Site Evaluation Council convened a Transmission Corridors Work Group (TCWG) to review the need for new or upgraded transmission to meet Washington's renewable energy goals; identify where transmission and distribution facilities may need to be enhanced or constructed; identify environmental review options; and recommend ways to expedite review of transmission projects without compromising required environmental and cultural protection.

The TCWG issued its final report in October 2022, and identified several key themes, including regional and interregional planning, staff resources in state agencies; enhanced resources for tribes; and pre-application planning and coordination.

#### **Summary of Bill:**

##### Washington Electric Transmission Authority.

The Washington Electric Transmission Authority (Authority) is created as a public body. The Authority is an instrumentality of the state, exercising essential government functions related to electric transmission.

The priority of the Authority is to maintain or improve the reliability of electric service to Washington customers by:

- supporting the expeditions and efficient expansion of new electric transmission capacity within the state that are prudent and needed to serve Washington customers;
- prioritizing partnerships for new electric transmission projects that meet at least one of the following criteria:
  1. increase access to grid connections for renewable resources and non-emitting electric generation;

- 2. provide access to regional wholesale markets;
- 3. are located in more than one electric utility service territory; or
- 4. would not otherwise be built by Washington electric utilities;
- pursuing cost-effective non-wire alternatives to increase the capacity of existing electrical infrastructure;
- be a statewide resource for developing and coordinating upgrades to existing transmission lines;
- collaborating with electric utilities, independent transmission developers, local jurisdictions, federally recognized Indian tribes, labor unions, neighboring states, regional entities, and the federal government to develop transmission resources;
- evaluating opportunities to coordinate with regional wholesale markets;
- supporting opportunities for community microgrids, distributed energy resources, and energy conservation; and
- supporting community and economic development.

The Authority must, to the greatest extent practicable, seek to protect cultural and natural resources, avoid impacts to overburdened communities and vulnerable populations, support good jobs, maximize the use of existing rights-of-way for transmission development including on state highways; and mitigate wildfire risk. For projects of the Authority, the Authority must seek to consult in advance with all electric utilities in areas where a project may be located and coordinate with utilities that operate electric transmission facilities that would be affected by these projects.

Without creating state debt, or lending the credit of the state, the Authority may:

- adopt rules and operating procedures, except for rules to direct cost allocation of transmission resources;
- utilize the services of executive departments of the state upon mutually agreeable terms and conditions;
- exercise the power of eminent domain for land acquisition necessary to secure property or rights-of-way for new transmission corridors for public use, but the Authority must make reasonable and diligent efforts to acquire property or an interest in property by negotiation before exercising this power;
- enter into contracts and agreements;
- solicit, receive, issue and expend gifts, grants, and donations;
- apply for and accept federal loans;
- enter into partnerships with public or private entities, which must include a fee schedule for services provided, and may include assisting the project proponent in following the State Environmental Policy Act process and supporting tribal consultation;
- lease, purchase, and accept donations of property;
- sell, lease, exchange, or dispose of property;
- own electric transmission equipment and systems, but it may not exceed the extent and duration necessary or useful to promote the public interest and the Authority must develop a plan identifying specific conditions prior to becoming an owner;
- select a qualified transmission builder or operator to build, finance, plan, acquire,

maintain, and operate an electric transmission project, and proceed as a builder as a last resort if there is an identified pressing need and not a ready and willing qualified transmission builder, subject to criteria in rule;

- sell a state-owned electric transmission project at any stage of development to an electric utility serving customers in Washington, a joint operating agency, BPA, or an independent transmission developer or operator; before selling a project, the Authority must adopt criteria in rule for developing a transparent process, issuing a competitive request for proposals, evaluating proposals, and selecting a project developer;
- adopt criteria in rule for an initial and annual local investment commitment fee for high-voltage projects that the Authority develops, owns, or sells, in order to distribute the fees among counties, cities, towns, and federally recognized Indian tribes in proportion to the project's impact; and
- coordinate with the Washington Economic Development Finance Authority (WEDFA) to provide conduit financing for eligible partners that request transmission financing.

The Authority must charge and collect an application review fee of \$5,000 to be submitted by each entity that applies for the use of services provided under a partnership with the Authority. The Authority's primary mode for facilitating discrete transmission projects must be through partnerships with transmission developers, including consumer-owned and investor-owned utilities, on eligible projects in high priority transmission corridors. The Authority may originate projects without a partner only as a last resort where the project does not interfere with or duplicate another project under development.

The Authority may only offer transmission service on facilities owned by the Authority under a transmission tariff administered by a Federal Energy Regulatory Commission (FERC) jurisdictional entity. Except for facilities owned by the Authority under a partnership agreement with the BPA, a consumer-owned utility, or a joint operating agency, transmission service may be offered under the same terms as the transmission tariff of the partner entity.

The Authority must submit a report of its activities to the Governor and Legislature by December 1, 2027, and July 1 annually thereafter. The report must include operating and financial statements covering the operations of the Authority for the previous fiscal year.

The Authority and any eligible facilities acquired by the Authority are not subject to the jurisdiction of the Utilities and Transportation Commission (UTC). Nothing allows an investor-owned electric utility to include the cost of eligible facilities in its rate base without the approval of the UTC.

#### Board of Directors.

To provide oversight and advise the Authority, a ten-member Board of Directors (Board) must be appointed by January 1, 2027. Membership includes the director of the Department of Commerce (Commerce), or director's designee, and the remaining members appointed by the Governor with one each representing the following:

- experience working at a consumer-owned utility, preferably with expertise in the

- transmission function;
- experience working at an investor-owned utility, preferably with expertise in the transmission function;
- expertise in land use planning and law and local permitting processes;
- expertise in clean energy development;
- expertise in ratepayer protection;
- representative of electrical workers with expertise in building electrical transmission;
- experience with financing large infrastructure projects;
- expertise in wildlife conservation and land use policies; and
- from a federally recognized Indian tribe.

One or more members of the Board appointed by the Governor must have expertise with the BPA's transmission service. When facilitating particular transmission projects, the Board may consult with other state agencies or subject matter experts on natural hazards, including wildfire, and potential mitigation practices for such hazards, including upgrading transmission facilities with advanced transmission technologies.

No Board member may represent an owner or operator of an electric generating or transmission facility. After the initial staggered appointments, each Governor appointee must serve four-year terms. Decisions require a simple majority vote of all the members on the Board. The Board must elect its own chair from the membership for a two-year period and meet quarterly.

The Board must hire and fix compensation of an executive director by June 30, 2027. Commerce must provide administrative and staff support to the Board until the executive director is hired. The executive director may employ staff.

#### High Priority Transmission Corridor Identification.

Commerce must identify high priority transmission corridors leveraging transmission plans from national and regional entities and Washington utilities and existing state, regional, and national siting studies, in an open, transparent process, by October 30, 2027. Commerce may contract with independent expert analysts to identify high priority transmission corridors.

The Authority must update the transmission corridor identification study by October 30, 2032, and no less than every five years thereafter.

#### Accounts.

The Electric Transmission Operating Account (Operating Account) and the Electric Transmission Capital Account (Capital Account) are created in the state treasury. Revenues to the Operating Account consist of appropriations made by the Legislature, fees collected for services provided under a partnership with the Authority, federal funds, gifts, or grants from the private sector or foundations, and other sources. Moneys in the Operating Account may be spent only after appropriation, and for operating cost purposes consistent with purposes of the Authority.

Revenues to the Capital Account consist of all moneys received for the acquisition, sale, management, and administration of the Authority's duties for electric transmission projects and all other revenue related to electric transmission projects created or acquired. The Capital Account may also receive appropriations made by the Legislature, federal funds, gifts, grants, and the endowments from public or private sources. Moneys in the Capital Account may be spent only after appropriation. The executive director, or director's designee, may authorize expenditures from the Capital Account to reimburse management costs incurred by the Authority on electric transmission projects, for the acquisition of interests in land or property to be managed as projects, and for all other nonoperating costs.

#### Labor Requirements.

When selecting a qualified transmission builder or operator, undertaking conduit financing through WEDFA, or constructing a project, the Authority must ensure all construction and maintenance work is performed by either:

- an electric utility, using qualified electrical employees; or
- a contractor or independent transmission developer that uses qualified electrical employees and uses apprentices enrolled in a specified apprenticeship program, with a completion rate of at least 25 percent.

The Authority must also ensure that work is performed in compliance with the applicable prevailing wage provisions.

#### Tribal Clean Energy Partnership Work Group.

A Tribal Clean Energy Partnership Work Group (work group) is established within Commerce. The work group must:

- develop and evaluate pathways for tribal participation in clean energy facility development that will advance economic development opportunities, while safeguarding tribal reserved rights and supporting voluntary collaboration with utilities and project developers;
- identify opportunities for joint ownership and co-investment between tribes, utilities, and private sector developers to develop clean energy generation, transmission, storage, and related infrastructure to create more equitable, efficient, and ecologically sustainable energy projects;
- conduct research on barriers and opportunities related to tribal access to financing, federal programs, tax incentives, and other capital instruments that support tribal investment, ownership, and economic participation in developing clean energy facilities;
- recommend approaches to expand the clean energy workforce to include members of tribes; and
- develop model tribal consultation processes, contracts, defined mitigation options, incentives, and community investment agreements related to clean energy development and the siting and permitting of energy facilities with the voluntary support of tribal partners.

Commerce must appoint at least eight and no more than 12 members to the work group selected for subject matter experience, including:

- four to six representatives of electric utilities and industrial manufacturers or project developers;
- two individuals with expertise in economic development related to clean energy facilities and infrastructure;
- two individuals with expertise in tribal cultural resources or governance; and
- no more than two ad hoc members.

Commerce must also notify each federally recognized Indian tribe and each federally recognized Indian tribe with treaty ceded lands in Washington about the work group and invite a tribal council representative or their designee to participate in the work group, based on the voluntary interest of tribal governments.

Commerce may reimburse work group members for travel expenses.

Commerce may convene a clean energy advisory committee to provide feedback on strategies and recommendations developed by the work group. Advisory committee members may include clean energy facility and transmission developers, labor union representatives, individuals with expertise in clean energy facility and infrastructure financing or capital markets, and environmental advocacy organizations.

The work group must submit an interim report to the Legislature by April 1, 2027, and a final report by December 1, 2027, that:

- identifies barriers to tribal participation in clean energy facility and infrastructure development;
- makes recommendations for statutory or regulatory changes that would facilitate tribal participation in the development and ownership of clean energy facilities and infrastructure;
- provides partnership, ownership, and investment frameworks for tribal participation in the development and ownership of clean energy facilities and infrastructure;
- provides partnership, ownership and investment frameworks for tribal clean energy development;
- identifies opportunities for clean energy pilot or demonstration projects that support voluntary, mutually beneficial energy partnerships between tribes and energy sector participants in Washington; and
- identifies specific work group recommendations that would benefit from future state funding.

By December 1, 2027, the work group must also submit a report to the Office of Equity to comply with the Nothing About Us Without Us Act.

The work group must hold at least one public meeting before its expiration on June 1, 2028.

#### Critical Energy Infrastructure Information.

Information obtained by the Authority that is critical energy infrastructure information or

proprietary technical or business information must be confidential and not subject to inspection or public disclosure. Critical energy infrastructure information is defined.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.