

SENATE BILL REPORT

SHB 1253

As Reported by Senate Committee On:
Environment, Energy & Technology, March 21, 2025

Title: An act relating to expanding the ability of consumer-owned utilities to enter into joint use agreements.

Brief Description: Expanding the ability of consumer-owned utilities to enter into joint use agreements.

Sponsors: House Committee on Environment & Energy (originally sponsored by Representatives Ybarra and Doglio).

Brief History: Passed House: 2/6/25, 90-6.

Committee Activity: Environment, Energy & Technology: 3/14/25, 3/21/25 [DPA].

Brief Summary of Amended Bill

- Expands the types of agreements that certain cities, public utility districts, and joint operating agencies may enter into for developing, operating, and owning transmission facilities and electric generating plants to be with any person or entity and include joint venture agreements and limited liability company agreements.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass as amended.

Signed by Senators Shewmake, Chair; Slatter, Vice Chair; Boehnke, Ranking Member; Dhingra, Harris, Liias, Lovelett, MacEwen, Ramos, Short and Wellman.

Staff: Kimberly Cushing (786-7421)

Background: Agreements to Own, Build, and Operate any Electric Generation or Transmission Facility. First class cities that operate electric generating facilities and

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distribution systems may enter into agreements to use, own, plan, finance, acquire, construct, operate, and maintain electric transmission facilities and any type of electric generating facility, including nuclear and thermal power plants. These cities may enter into such agreements with other such cities, investor-owned electric utilities, rural electric cooperatives, municipal corporations, public utility districts (PUDs), other political subdivision in any state, and any agency of the United States authorized to generate or transmit electricity.

First class cities, counties with a biomass facility, PUDs, cities that operate electric generating facilities or distribution systems, joint operating agencies, or any entity comprising two or more public agencies may enter into agreements to own, plan, finance, acquire, construct, operate, and maintain any type of electric generating plant generating an eligible renewable resource, as defined in law, and transmission facilities. These agreements may be made between these entities and with any public agency, investor-owned electric utility, rural electric cooperative, or generation and transmission cooperative.

Agreements to Own, Build, and Operate Coal-Fired Thermal Electric Generating Plants. Cities, PUDs, and joint operating agencies may enter into agreements to use, own, plan, finance, acquire, construct, operate, and maintain a coal-fired thermal electric generating plant and facility in operation before July 1, 1975.

Summary of Amended Bill: Cities, PUDs, and joint operating agencies may enter into agreements to develop, use, or own electric generating facilities and transmission facilities with any person or entity. The agreements may include joint venture agreements and limited liability company agreements. Renewable energy facilities and energy storage facilities are added as examples of the types of electric generating plants and facilities under these agreements.

The specific authorization for first class cities and PUDs to enter into agreements for the use or ownership of a coal-fired power plant in operation before July 1, 1975, is removed.

EFFECT OF ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE AMENDMENT(S):

- Directs that in joint use agreements, each PUD, and JOA, as well as each city, must own a percentage of any common facility at least equal to, rather than exactly equal to, the percentage of the money furnished or the value of property supplied by it for the acquisition and construction of a facility and own and control a like percentage of the electrical output or transmission.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: We need more energy and will need to work with other entities that build natural gas, solar, or wind. This bill allows consumer-owned utilities to enter into contracts with these entities. Some PUDs and municipal electric utilities are experiencing an extraordinary amount of electricity requests within their service territories, and need to procure additional resources to meet growing demand. The bill gives us options to consider innovative, creative ways and solutions to help meet these growing demands, and to develop joint use agreements with third-party organizations that are private entities. This approach allows us to share future costs and expertise that may exceed our abilities. The bill will provide utilities the authority to participate in the development of a broad range of renewable energy resources, including storage, with private entities. The bill may allow utilities to take advantage of the federal Inflation Reduction Act, which provides for direct pay to local government for the development and ownership of new renewable resources.

Persons Testifying: PRO: Representative Alex Ybarra, Prime Sponsor; Josh Walter, Seattle City Light; Ryan Holterhoff, Grant PUD.

Persons Signed In To Testify But Not Testifying: No one.