

FINAL BILL REPORT

SSB 6355

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Synopsis as Enacted

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).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Clean Energy Transformation Act. In 2019, the Legislature passed the Clean Energy Transformation Act (CETA), which requires Washington's electric utilities to meet 100 percent of their retail electric load using non-emitting and renewable resources by January 1, 2045. CETA requires electric utilities to eliminate coal-fired resources from their allocation of electricity by December 31, 2025, and make all retail sales of electricity greenhouse gas neutral by January 1, 2030.

The Transmission Corridors Work Group. Under CETA, the Legislature directed the Energy Facility Site Evaluation Council to convene 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; and 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.

Publicly-Owned Property Tax Exemption. Real and personal property in the state are subject to a property tax. The state Constitution exempts property owned by federal, state, or local governments from property tax obligations. The Legislature may exempt other property from taxation by statute.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Payment in Lieu of Taxes. Payment in lieu of taxes (PILT) are made in substitution of local property taxes.

Summary: 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, and must operate at the direction of its Board of Directors.

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, including reconductoring with advanced conductors;
- 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 Authority projects, 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. The Authority must make reasonable and diligent efforts to acquire property or an interest in property by negotiation prior to exercising the power of eminent domain.

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 after receiving approval by its Board of Directors;
- 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 and a consideration of the costs and benefits to Washington ratepayers;
- 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, Bonneville Power Administration (BPA), or an independent transmission developer or operator; but 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;
- consult with other state agencies, subject matter experts, or neighboring landowners, when facilitating transmission projects, on natural hazards, including wildfire, and potential mitigation practices for such hazards, including upgrading transmission facilities with advanced transmission technologies;
- adopt criteria in rule, in consultation with and approval from its Board of Directors, 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- 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 if 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 1st 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 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 and confirmed by the Senate 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 rural county 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.

At least one-half of the members of the board must reside east of the crest of the Cascade mountains.

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.

The board is subject to the requirements of the Open Public Meetings Act as a governing body.

High Priority Transmission Corridor Identification. Commerce must identify high priority transmission corridors from those identified in the Western Expansion Coalition's West-Wide Transmission Needs Study 10-Year Horizon Report, published in February 2026. Commerce must also consider the 20-year Horizon Report to be published later in 2026 before finalizing the identification of high priority transmission corridors. This identification must be conducted in an open, transparent process, by October 30, 2027. Commerce must consider the costs and benefits to Washington ratepayers when identifying high priority transmission corridors. 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. The Authority must update the study by leveraging existing transmission plans from national and regional entities, Washington utilities, and existing state, regional, and national siting studies in an open and transparent process.

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 using qualified electrical employees and using apprentices enrolled in a specified apprenticeship program, with a completion rate of at least 25 percent over the prior eight years.

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

Tribal Consultation Framework for Electric Transmission. GOIA, in coordination with Commerce and the Department of Ecology, must convene federally recognized Indian tribes whose traditional lands and territories include parts of Washington state to develop a tribal consultation framework for statewide electric transmission planning and implementation. Commerce must contract with GOIA to conduct this work.

The tribal consultation framework must:

- identify the roles and responsibilities of state agencies engaged in electric transmission planning, siting, permitting, and implementation, and existing policies and gaps regarding tribal consultation;
- establish standards for early, meaningful, and ongoing government-to-government consultation with federally recognized Indian tribes consistent with current law for activities conducted by the Authority;
- provide a mechanism for legislative engagement and transparency during the development and implementation of the framework; and
- include recommendations for statutory, administrative, or budgetary actions necessary to implement the framework in future legislation.

GOIA must submit a report to the Legislature and Governor by December 1, 2026, summarizing the recommended tribal consultation framework and identifying proposed statutory or administrative changes.

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.

Payments in Lieu Property Taxes. For electric transmission facilities owned by the Authority that are exempt from property tax under current law, but would be subject to

property tax if the facility were owned by a taxable entity, the Authority must make PILT to counties where the facilities are located. The payments are intended to ensure that counties and local taxing districts receive fiscal benefits for hosting transmission infrastructure owned by the Authority.

The amount of payment must be determined jointly and in good faith negotiation between the Authority, in consultation with the project partner, lessee, or operator, and the county where the facility is located. The amount may not exceed the property tax that would be owed if the facility were owned by a taxable entity. If the Authority and county cannot agree on the amount of PILT, either party may invoke binding arbitration subject to specified criteria.

Payments must be collected by the Authority from a project lessee, partner, or operator as provided in the lease or project agreement. The Authority must provide payment to the county treasurer on at least an annual basis, and the county treasurer must distribute the payments in the same manner as property tax revenues and allocate the payments among all taxing districts in proportion to their levy rates.

Votes on Final Passage:

Senate	30	19	
House	66	27	(House amended)
Senate	32	17	(Senate concurred)

Effective: June 11, 2026
July 1, 2028 - Sections 15 and 16
January 1, 2029 - Sections 17 and 18
Contingent - Section 14