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**SUBSTITUTE HOUSE BILL 2515**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** House Environment & Energy (originally sponsored by Representatives Doglio, Ramel, Wylie, Stearns, Duerr, Parshley, Ryu, Simmons, Kloba, Berry, Scott, Fosse, Pollet, Macri, Street, and Reed)

READ FIRST TIME 02/04/26.

1 AN ACT Relating to addressing emerging large energy use  
2 facilities; amending RCW 19.29A.010 and 70A.65.120; adding new  
3 sections to chapter 19.29A RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that data centers  
6 are emerging large energy use facilities that have the potential to  
7 significantly affect Washington's energy affordability and  
8 reliability, local communities, jobs, environment, and economy.

9 Data centers are projected to grow rapidly over the next several  
10 years, making up the largest source of expected electricity load  
11 growth in the Pacific Northwest. The legislature established tax  
12 incentives for data centers starting in 2010. However, since that  
13 time, the data center industry has undergone major changes. Data  
14 centers are growing larger to support artificial intelligence, and  
15 there is high uncertainty about many aspects of the future of this  
16 rapidly evolving, emerging industry.

17 The development of data centers has brought benefits including  
18 construction jobs and significant new tax revenues to Washington,  
19 especially to rural communities. Data centers are also major users of  
20 electricity, water, and refrigerant chemicals, though information

1 about data center resource use and environmental impacts is difficult  
2 if not impossible for the public to access.

3 The legislature intends to enact policies governing these  
4 emerging large energy use facilities. For these emerging large energy  
5 use facilities, the legislature's policy priorities are  
6 affordability, grid reliability, transparency, and environmental  
7 protection. The legislature intends to protect energy affordability  
8 for consumers; ensure that data center energy demands do not harm the  
9 reliability of the electric grid; require transparency about energy,  
10 water, and refrigerant use; and require the use of 100 percent clean  
11 energy over time.

12 The technology industry plays an important role in  
13 Washingtonians' lives and in the state's economy. The legislature  
14 intends to require data centers to meet a high standard for  
15 performance, building on the industry's ability to innovate and lead,  
16 while protecting and delivering benefits to Washington consumers,  
17 workers, communities, and environment.

18 **Sec. 2.** RCW 19.29A.010 and 2019 c 222 s 2 are each amended to  
19 read as follows:

20 The definitions in this section apply throughout this chapter  
21 unless the context clearly requires otherwise.

22 (1) "Biomass generation" has the same meaning as "biomass energy"  
23 defined in RCW 19.285.030.

24 (2) "Bonneville power administration system mix" means a  
25 generation mix sold by the Bonneville power administration that is  
26 net of any resource specific sales.

27 (3) "Commission" means the utilities and transportation  
28 commission.

29 (4) "Conservation" means an increase in efficiency in the use of  
30 energy use that yields a decrease in energy consumption while  
31 providing the same or higher levels of service. Conservation includes  
32 low-income weatherization programs.

33 (5) "Consumer-owned utility" means a municipal electric utility  
34 formed under Title 35 RCW, a public utility district formed under  
35 Title 54 RCW, an irrigation district formed under chapter 87.03 RCW,  
36 a cooperative formed under chapter 23.86 RCW, ~~((or))~~ a mutual  
37 corporation or association formed under chapter 24.06 RCW, or a port  
38 district formed under Title 53 RCW, that is engaged in the business

1 of distributing electricity to (~~more than~~) at least one retail  
2 electric customer in the state.

3 (6) "Declared resource" means an electricity source specifically  
4 identified by a retail supplier to serve retail electric customers. A  
5 declared resource includes a stated quantity of electricity tied  
6 directly to a specified generation facility or set of facilities  
7 either through ownership or contract purchase, or a contractual right  
8 to a stated quantity of electricity from a specified generation  
9 facility or set of facilities.

10 (7) "Demand response" has the same meaning as in RCW 19.405.020.

11 (8) "Department" means the department of commerce.

12 (~~(8)~~) (9) "Electric meters in service" means those meters that  
13 record in at least nine of twelve calendar months in any calendar  
14 year not less than two hundred fifty kilowatt-hours per month.

15 (~~(9)~~) (10) "Electric utility" means a consumer-owned or  
16 investor-owned utility as defined in this section.

17 (~~(10)~~) (11) "Electricity" means electric energy measured in  
18 kilowatt-hours, or electric capacity measured in kilowatts, or both.

19 (~~(11)~~) (12) "Electricity product" means the electrical energy  
20 produced by a generating facility or facilities that a retail  
21 supplier sells or offers to sell to retail electric customers in the  
22 state of Washington, provided that nothing in this title shall be  
23 construed to mean that electricity is a good or product for the  
24 purposes of Title 62A RCW, or any other purpose. It does not include  
25 electrical energy generated on-site at a retail electric customer's  
26 premises.

27 (~~(12)~~) (13) "Electricity product content label" means  
28 information presented in a uniform format by a retail supplier to its  
29 retail customers and disclosing the information required in RCW  
30 19.29A.060 about the characteristics of an electricity product.

31 (~~(13)~~) (14) "Emerging large energy use facility" means a  
32 facility that has a maximum aggregate contract demand of 20 megawatts  
33 or more and is primarily engaged in providing a service described  
34 under code 518210 of the 2022 North American industry classification  
35 system.

36 (15) "Emerging large energy use facility tariff or policy" means  
37 the rates, terms, and conditions set by an electric utility for  
38 providing electricity service to an emerging large energy use  
39 facility electric customer.

1       (16) "Energy emergency" means a situation in which the  
2 unavailability or disruption of the supply of energy poses a clear  
3 and foreseeable danger to the public health, safety, and general  
4 welfare as determined by relevant local, state, regional, or federal  
5 entities.

6       (17) "Facility" means any physical property, plant, building,  
7 structure, source, or stationary equipment located on one or more  
8 contiguous or adjacent properties in actual physical contact or  
9 separated solely by a public roadway or other public right-of-way and  
10 under common ownership or common control.

11       (18) "Fuel attribute" means the characteristic of electricity  
12 determined by the fuel used in the generation of that electricity.  
13 For a renewable resource, the fuel attribute is included in its  
14 nonpower attributes.

15       ~~((14))~~ (19) "Fuel mix" means the sources of electricity sold to  
16 retail electric customers, expressed in terms of percentage  
17 contribution by resource category. The total fuel mix included in  
18 each disclosure shall total one hundred percent.

19       ~~((15))~~ (20) "Governing body" means the council of a city or  
20 town, the commissioners of an irrigation district, municipal electric  
21 utility, or public utility district, or the board of directors of an  
22 electric cooperative or mutual association that has the authority to  
23 set and approve rates.

24       ~~((16))~~ (21) "Investor-owned utility" means a company owned by  
25 investors that meets the definition of RCW 80.04.010 and is engaged  
26 in distributing electricity to one or more retail electric customers  
27 in the state.

28       ~~((17))~~ (22) "Marginal load" means at least two percent of an  
29 emerging large energy use facility's maximum aggregate contract  
30 demand amount.

31       (23) "Nonpower attributes" has the same meaning as defined in RCW  
32 19.285.030.

33       ~~((18))~~ (24) "Private customer information" includes a retail  
34 electric customer's name, address, telephone number, and other  
35 personally identifying information.

36       ~~((19))~~ (25) "Proprietary customer information" means: (a)  
37 Information that relates to the source, technical configuration,  
38 destination, and amount of electricity used by a retail electric  
39 customer, a retail electric customer's payment history, and household  
40 data that is made available by the customer solely by virtue of the

1 utility-customer relationship; and (b) information contained in a  
2 retail electric customer's bill.

3 ~~((20))~~ (26) "Renewable energy certificate" means a tradable  
4 certificate of proof of one megawatt-hour of electricity from a  
5 renewable resource. The certificate includes all of the nonpower  
6 attributes associated with that one megawatt-hour of electricity, and  
7 the certificate is verified by a renewable energy certificate  
8 tracking system specified by the department.

9 ~~((21))~~ (27) "Renewable resource" has the same meaning as  
10 defined in RCW 19.285.030.

11 ~~((22))~~ (28) "Resale" means the purchase and subsequent sale of  
12 electricity for profit, but does not include the purchase and the  
13 subsequent sale of electricity at the same rate at which the  
14 electricity was purchased.

15 ~~((23))~~ (29) "Retail electric customer" means a person or entity  
16 that purchases electricity for ultimate consumption and not for  
17 resale.

18 ~~((24))~~ (30) "Retail supplier" means an electric utility that  
19 offers an electricity product for sale to retail electric customers  
20 in the state.

21 ~~((25))~~ (31) "Small utility" means any consumer-owned utility  
22 with twenty-five thousand or fewer electric meters in service, or  
23 that has an average of seven or fewer customers per mile of  
24 distribution line.

25 ~~((26))~~ (32) "Source and disposition report" means the report  
26 required in RCW 19.29A.140.

27 ~~((27))~~ (33) "State" means the state of Washington.

28 ~~((28))~~ (34) "Unspecified source" means an electricity source  
29 for which the fuel attribute is unknown or has been separated from  
30 the energy.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 19.29A  
32 RCW to read as follows:

33 (1)(a) By October 1, 2026, each investor-owned utility with an  
34 emerging large energy use facility in its service territory must  
35 submit to the commission and make publicly available an emerging  
36 large energy use facility tariff or policy for emerging large energy  
37 use facilities in the utility's service area.

38 (b) Within 10 months of submission by an investor-owned utility,  
39 the commission, under the authority granted by RCW 80.04.130(1), must

1 review an emerging large energy use facility tariff or policy and  
2 approve, disapprove, or approve with modifications the tariff or  
3 policy. The commission may approve an emerging large energy use  
4 facility tariff or policy only if it meets the standards outlined in  
5 subsections (4) and (5) of this section.

6 (2)(a) By October 1, 2026, each consumer-owned utility with an  
7 emerging large energy use facility in its service territory must  
8 submit an emerging large energy use facility tariff or policy to its  
9 governing board for review and approval.

10 (b) Within 10 months of submission, the governing body of a  
11 consumer-owned utility must approve an emerging large energy use  
12 facility tariff or policy that meets the standards outlined in  
13 subsections (4) and (5) of this section.

14 (c) The governing body of a consumer-owned utility may approve an  
15 existing tariff or policy that meets the standards outlined in  
16 subsections (4) and (5) of this section.

17 (d) A consumer-owned utility may refuse to provide electric  
18 service to an emerging large energy use facility if the utility  
19 determines that providing such service would adversely affect the  
20 reliability or affordability of electric service to other ratepayers  
21 in its service area, violate the reliability standards established by  
22 the North American electric reliability corporation or the western  
23 electricity coordinating council, or if the utility has another  
24 reason in accordance with state or federal law and consistent with  
25 the utility's authority and obligations.

26 (3)(a) An electric utility without an emerging large energy use  
27 facility in its service territory is not required to develop an  
28 emerging large energy use facility tariff or policy until the utility  
29 plans to serve a new emerging large energy use facility.

30 (b) An electric utility must have adopted an emerging large  
31 energy use facility tariff or policy prior to providing electricity  
32 service to a new emerging large energy use facility.

33 (4) All electric utility emerging large energy use facility  
34 tariff or policy submissions must be designed to avoid immediate and  
35 long-term risks to electric customers including, but not limited to,  
36 shifts of costs from emerging large energy use facilities to other  
37 electric customers, stranded utility assets, and any other increased  
38 costs for customers resulting from serving an emerging large energy  
39 use facility.

1 (5) In developing the tariffs or policies, electric utilities  
2 must include each of the elements outlined in this subsection, except  
3 if a utility can explain that an element does not further the  
4 purposes described in subsection (4) of this section. A utility must  
5 explain a decision to exclude an element in part or in whole, in  
6 writing to the commission in the case of an investor-owned utility,  
7 or to its governing body in the case of a consumer-owned utility:

8 (a) A minimum contract length of 10 years with contractual  
9 commitments that include:

10 (i) Collateral requirements;

11 (ii) Charges designed to, at a minimum, recover infrastructure  
12 costs incurred to serve the facility, regardless of the facility's  
13 actual usage;

14 (iii) Exit fees sufficient to cover power, infrastructure, and  
15 administrative and any other utility costs associated with the  
16 facility that remain in the event of an early contract exit, default,  
17 or permanent closure; and

18 (iv) Other provisions to hold the electric utility and ratepayers  
19 harmless if the facility were to substantially change its operations;

20 (b) Charges that, at a minimum, cover the full costs of serving  
21 the facility, which may include, but are not limited to:

22 (i) The direct costs for the utility to interconnect the facility  
23 to the utility's grid, including the costs of studies and  
24 infrastructure improvements;

25 (ii) The costs of providing electricity service to the facility,  
26 including, as applicable, energy generation, transmission,  
27 distribution, capacity, and ancillary electricity services; and

28 (iii) The compliance and allowance costs under chapter 70A.65 RCW  
29 associated with providing service to the facility;

30 (c) A requirement that the facility provide, upon request by the  
31 electric utility, timely, complete, and verifiable information  
32 related to power supply arrangements, load forecasts, operational  
33 flexibility, and other system-relevant characteristics, as necessary  
34 for the utility to assess system impacts, cost recovery, and how to  
35 condition service;

36 (d) Provisions requiring the facility to curtail or reduce load  
37 during an energy emergency event, including curtailing or reducing  
38 load at the request of the electric utility as informed by, but not  
39 limited to, applicable local, state, regional, and federal laws,  
40 rules, agreements, or policies; or at the request of the Bonneville

1 power administration under the interruptible power commitments in the  
2 emergency protocols attachment for the Columbia river system water  
3 management plan;

4 (e) Pricing structures that reflect cost causation and system  
5 conditions, which may include real-time pricing or other dynamic  
6 pricing mechanisms; and

7 (f) Provisions demonstrating that the facility's marginal load is  
8 served under a contract between the electric utility and the facility  
9 where:

10 (i) The marginal load participates in a demand response or  
11 interruptible load program of the interconnected electric utility; or

12 (ii) The facility funds the costs, including proportional  
13 administrative costs and any applicable start-up costs, of providing  
14 peak demand reductions at least equal to the facility's marginal  
15 load, for a utility's demand response program that serves other  
16 retail electric customers; and

17 (iii) Diesel generator use by permitted and unpermitted sources  
18 is not increased as a result of the actions in (f)(i) or (ii) of this  
19 subsection.

20 (6) Any contract between an electric utility and an emerging  
21 large energy use facility must conform to the requirements in  
22 subsections (4) and (5) of this section consistent with the approved  
23 tariff or policy.

24 (7)(a) An emerging large energy use facility that commences  
25 operation on or after August 1, 2027, must agree to the terms of an  
26 electric utility's approved emerging large energy use facility tariff  
27 or policy before receiving electricity service, if seeking service,  
28 or to maintain electricity service, if already receiving service from  
29 the electric utility.

30 (b) An emerging large energy use facility that commenced  
31 operation prior to August 1, 2027, is subject to the terms of an  
32 approved emerging large energy use facility tariff or policy of its  
33 servicing electric utility by January 1, 2028, if it is not already  
34 operating under a contract with the electric utility.

35 (c) An emerging large energy use facility operating under a  
36 contract with an electric utility prior to August 1, 2027, may  
37 continue operating under such a contract until the later of January  
38 1, 2028, or the renegotiation or expiration of such contract.

39 (d) A utility may require renegotiation or updating of a contract  
40 that an emerging large energy use facility is operating under prior

1 to the deadlines in (c) of this subsection if the utility determines  
2 that it is not recovering the full costs of serving the emerging  
3 large energy use facility.

4 (9) The powers and authority granted in this section shall be  
5 construed as in addition and supplemental to any powers or authority  
6 conferred by any other law, and nothing in this section shall be  
7 construed as limiting any other powers or authority granted to a  
8 utility of such governmental agencies.

9 NEW SECTION. **Sec. 4.** A new section is added to chapter 19.29A  
10 RCW to read as follows:

11 The owner of each emerging large energy use facility in the state  
12 must:

13 (1) Publish a sustainability report demonstrating how the  
14 emerging large energy use facility will address and balance energy,  
15 water, and computing performance to maximize energy efficiency, water  
16 efficiency, and overall sustainability of the facility's operations.  
17 The report must include projected annual energy and water consumption  
18 for three years and the source of the energy and water. The report  
19 must also provide evidence that the facility has access to an  
20 adequate water supply for the intended use of the facility through an  
21 existing or third-party water system or through a state-issued water  
22 right, as applicable;

23 (a) For proposed emerging large energy use facilities, the owner  
24 must publish such a report prior to, or at the same time as, filing  
25 an application for any state or local permit;

26 (b) For emerging large energy use facilities in operation prior  
27 to enactment of this act, the owner must publish such a report by  
28 January 1, 2027;

29 (c) For emerging large energy use facilities in operation, the  
30 owner must update the report and publish the update every three  
31 years;

32 (d) The owner must make these reports publicly available  
33 electronically. Upon posting electronically, the owner must also  
34 submit a copy to the department, the department of ecology, and the  
35 local jurisdiction or jurisdictions it is proposing to locate in, or  
36 is located in;

37 (2) Annually report the following information in one report to  
38 the department of ecology by March 31st each year for the previous  
39 year:

1 (a) The facility's annual water consumption and water quality  
2 permit information. The report must include daily water quantities,  
3 total and peak uses, and any effluents that are discharged outside  
4 the emerging large energy use facility. The report may provide  
5 context by comparing the facility's water use to other users. The  
6 report must also include any water quality permits, including  
7 existing permits and new applications through federal, state, or  
8 local jurisdictions;

9 (b) The facility's server cooling technology and any associated  
10 use of regulated refrigerants and substitutes as defined in RCW  
11 70A.60.010. The report must include refrigerant type, full charge  
12 size, monthly and annual quantities used, any quantities leaked, and  
13 any quantities recovered for disposal outside the facility, including  
14 the entity who receives the material;

15 (c) The facility's annual energy consumption. The report must  
16 include the source of the energy, and annual and monthly energy use,  
17 including peak demands. The report may provide context by comparing  
18 the facility's energy use to other users;

19 (d) The facility's annual emissions of criteria air pollutants  
20 and toxic air pollutants regulated under the Washington clean air  
21 act, chapter 70A.15 RCW, or the federal clean air act. The report  
22 must also include any air permits, including existing permits and new  
23 applications;

24 (3) Upon submitting the report to the department of ecology, make  
25 this report publicly available electronically.

26 NEW SECTION. **Sec. 5.** A new section is added to chapter 19.29A  
27 RCW to read as follows:

28 (1) The commission and the department must collaborate to improve  
29 resource forecasting of emerging large energy use facility loads.  
30 Collaboration must include facilitating a work group of electric  
31 utilities to establish best practices for commercial readiness  
32 criteria across electric utilities for emerging large energy use  
33 facilities to enter interconnection queues.

34 (2) When requesting interconnection with an electric utility,  
35 each emerging large energy use facility must disclose to the  
36 interconnecting electric utility and the department whether the  
37 customer is pursuing a substantially similar request for electric  
38 service in another balancing authority, the approval of which would

1 result in the customer materially changing, delaying, or withdrawing  
2 the interconnection request.

3 NEW SECTION. **Sec. 6.** A new section is added to chapter 19.29A  
4 RCW to read as follows:

5 (1) The owner of an emerging large energy use facility that  
6 commences operation after July 1, 2026, or an expanded emerging large  
7 energy use facility must:

8 (a) Beginning in 2031 and every year thereafter, certify to the  
9 department that for the prior year it used electricity from renewable  
10 resources or nonemitting electric generation as defined in RCW  
11 19.405.020, where the electricity generation facility commenced  
12 operation on or after January 1, 2026, to serve the load of the  
13 emerging large energy use facility in an amount that meets or exceeds  
14 80 percent of its annual energy and capacity requirements; and

15 (b) Beginning in 2036 and every year thereafter, certify to the  
16 department by January 1st each year that for the prior year it used  
17 electricity from renewable resources or nonemitting electric  
18 generation as defined in RCW 19.405.020, to serve the load of the  
19 emerging large energy use facility in an amount that meets 100  
20 percent of its annual energy and capacity requirements.

21 (2) As part of demonstrating compliance with the requirements in  
22 subsection (1) of this section:

23 (a) The emerging large energy use facility must acquire the  
24 electricity with the renewable energy credit as defined in RCW  
25 19.405.020 in a single transaction through ownership or control of  
26 the generating facility or through a contract for purchase or  
27 exchange; and

28 (b) The emerging large energy use facility must not use the  
29 associated electricity for any purpose other than supplying its new  
30 emerging large energy use facility.

31 (3) Each emerging large energy use facility using a renewable  
32 energy credit under this chapter must document the following: (a) The  
33 renewable energy credit represents the output of a renewable  
34 resource; (b) the vintage of the renewable energy credit is the  
35 compliance year; and (c) that the emerging large energy use facility  
36 has retired the renewable energy credit to a retirement subaccount  
37 within the western renewable energy information system designated by  
38 the department.

1 (4) The requirements in this section are in addition to any  
2 requirements the emerging large energy use facility may have as an  
3 affected market customer under chapter 19.405 RCW.

4 (5) For the purposes of this section, "expanded emerging large  
5 energy use facility" means an emerging large energy use facility with  
6 an increase of 20,000 square feet or more dedicated for housing  
7 working servers or an increase of 20 megawatts or more in the  
8 facility's maximum aggregate contract demand, where the increase  
9 occurred on or after July 1, 2026.

10 **Sec. 7.** RCW 70A.65.120 and 2021 c 316 s 14 are each amended to  
11 read as follows:

12 (1) The legislature intends by this section to allow all  
13 consumer-owned electric utilities and investor-owned electric  
14 utilities subject to the requirements of chapter 19.405 RCW, the  
15 Washington clean energy transformation act, to be eligible for  
16 allowance allocation as provided in this section in order to mitigate  
17 the cost burden of the program on electricity customers, other than,  
18 starting for the second compliance period, those customers that are  
19 emerging large energy use facilities as defined in section 2 of this  
20 act. For no-cost allowances distributed starting in calendar year  
21 2026 for emissions year 2027, the department may not provide  
22 allowance allocation to mitigate the cost burden of the program on  
23 electricity customers that are emerging large energy use facilities  
24 as defined in section 2 of this act.

25 (2)(a) By October 1, 2022, the department shall adopt rules, in  
26 consultation with the department of commerce and the utilities and  
27 transportation commission, establishing the methods and procedures  
28 for allocating allowances for consumer-owned and investor-owned  
29 electric utilities. The rules must take into account the cost burden  
30 of the program on electricity customers.

31 (b) By October 1, 2022, the department shall adopt an allocation  
32 schedule by rule, in consultation with the department of commerce and  
33 the utilities and transportation commission, for the first compliance  
34 period for the provision of allowances at no cost to consumer-owned  
35 and investor-owned electric utilities. This allocation must be  
36 consistent with a forecast, that is approved by the appropriate  
37 governing board or the utilities and transportation commission, of  
38 each utility's supply and demand, and the cost burden resulting from  
39 the inclusion of the covered entities in the first compliance period.

1 (c) By October 1, 2026, the department shall adopt an allocation  
2 schedule by rule, in consultation with the department of commerce and  
3 the utilities and transportation commission, for the provision of  
4 allowances for the second compliance period at no cost to consumer-  
5 owned and investor-owned electric utilities. This allocation must be  
6 consistent with a forecast, that is approved by the appropriate  
7 governing board or the utilities and transportation commission, of  
8 each utility's supply and demand, and the cost burden resulting from  
9 the inclusion of covered entities in the second compliance period.  
10 The allowances included in this schedule must reflect the increased  
11 scope of coverage in the electricity sector relative to the program  
12 budget of allowances established in 2022.

13 (d) By October 1, 2028, the department shall adopt an allocation  
14 schedule by rule, in consultation with the department of commerce and  
15 the utilities and transportation commission, for the provision of  
16 allowances at no cost to consumer-owned and investor-owned electric  
17 utilities for the compliance periods contained within calendar years  
18 2031 through 2045 consistent with subsection (1) of this section.  
19 This allocation must be consistent with a forecast, that is approved  
20 by the appropriate governing board or the utilities and  
21 transportation commission, of each utility's supply and demand, and  
22 the cost burden resulting from the inclusion of the covered entities  
23 in the compliance periods. The rule developed under this subsection  
24 (2)(d) may prescribe an amount of allowances allocated at no cost  
25 that must be consigned to auction by consumer-owned and investor-  
26 owned electric utilities. However, utilities may use allowances for  
27 compliance equal to their covered emissions in any calendar year they  
28 were not subject to potential penalty under RCW 19.405.090. Under no  
29 circumstances may utilities receive any free allowances after 2045.

30 (3)(a) During the first compliance period, allowances allocated  
31 at no cost to consumer-owned and investor-owned electric utilities  
32 may be consigned to auction for the benefit of ratepayers, deposited  
33 for compliance, or a combination of both. The rules adopted by the  
34 department under subsection (2) of this section must include  
35 provisions for directing revenues generated under this subsection to  
36 the applicable utilities.

37 (b) By October 1, 2026, the department, in consultation with the  
38 department of commerce and the utilities and transportation  
39 commission, must adopt rules governing the amount of allowances  
40 allocated at no cost under subsection (2)(c) of this section that

1 must be consigned to auction. For calendar year 2030, electric  
2 utilities may use allowances for compliance equal to their covered  
3 emissions if not subject to potential penalty under RCW 19.405.090.

4 (4) The benefits of all allowances consigned to auction under  
5 this section must be used by consumer-owned and investor-owned  
6 electric utilities for the benefit of ratepayers, with the first  
7 priority the mitigation of any rate impacts to low-income customers.  
8 Starting for no-cost allowances provided for calendar year 2027, the  
9 benefits of allowances consigned to auction under this section may  
10 not be used by consumer-owned and investor-owned electric utilities  
11 for the primary benefit of emerging large energy use facilities.

12 (5) If an entity is identified by the department as an emissions-  
13 intensive, trade-exposed industry under RCW 70A.65.110, unless  
14 allowances have been otherwise allocated for electricity-related  
15 emissions to the entity under RCW 70A.65.110 or to a consumer-owned  
16 utility under this section, the department shall allocate allowances  
17 at no cost to the electric utility or power marketing administration  
18 that is providing electricity to the entity in an amount equal to the  
19 forecasted emissions for electricity consumption for the entity for  
20 the compliance period.

21 (6) The department shall allow for allowances to be transferred  
22 between a power marketing administration and electric utilities and  
23 used for direct compliance.

24 (7) Rules establishing the allocation of allowances to consumer-  
25 owned utilities and investor-owned utilities must consider, in a  
26 manner consistent with subsection (1) of this section, the impact of  
27 electrification of buildings, transportation, and industry on the  
28 electricity sector.

29 (8) Nothing in this section affects the requirements of chapter  
30 19.405 RCW.

31 (9) A consumer-owned utility that is party to a contract that  
32 meets the following conditions must be issued allowances under this  
33 section for emissions associated with imported electricity, in order  
34 to prevent impairment of the value of the contract to either party:

35 (a) The contract does not address compliance costs imposed upon  
36 the consumer-owned utility by the program created in this chapter;  
37 and

38 (b) The contract was in effect as of July 25, 2021, and expires  
39 no later than the end of the first compliance period.

1       (10) By July 31st each year, starting in calendar year 2026, each  
2 utility must provide to the department a list of existing and  
3 forecast retail customers that are emerging large energy use  
4 facilities to enable the department to provide allowance allocation  
5 consistent with subsection (1) of this section. For each facility the  
6 utility must indicate the forecast maximum delivery of power to the  
7 facility for the following four years, forecast annual retail load in  
8 megawatt-hours for the following four years, customer name, and  
9 facility type. The department may update these reporting requirements  
10 by rule.

11       NEW SECTION. Sec. 8. A new section is added to chapter 19.29A  
12 RCW to read as follows:

13       (1) Beginning July 1, 2026, each emerging large energy use  
14 facility must pay a fee to the department of revenue. The emerging  
15 large energy use facility fee is due annually each July 1st.

16       (2) The fee is \$0.005 per kilowatt hour.

17       (3) The fee is to be paid in the manner and form prescribed by  
18 the department of revenue.

19       (4) The proceeds of this fee must be deposited into the emerging  
20 large energy use facility account created in section 9 of this act.

21       NEW SECTION. Sec. 9. A new section is added to chapter 19.29A  
22 RCW to read as follows:

23       The emerging large energy use facility account is created in the  
24 state treasury. All receipts from emerging large energy use  
25 facilities as authorized in section 8 of this act must be deposited  
26 in the account. Moneys in the account may be spent only after  
27 appropriation. Sixty percent of the expenditures from the account  
28 must be used for energy assistance, weatherization, low-income home  
29 electrification, and related readiness upgrade purposes, which may  
30 include the following programs administered by the department of  
31 commerce: The low-income residential weatherization program as  
32 described in chapter 70A.35 RCW, the state home energy assistance  
33 program, and the low-income home rehabilitation grant program as  
34 described in chapter 43.330 RCW. It is the intent of the legislature  
35 for these funds to add to rather than supplant or reduce other state  
36 investments for these purposes. Forty percent of the expenditures  
37 from the account must be appropriated to the student achievement  
38 council to distribute to public institutions of higher education as

1 defined in chapter 28B.10 RCW for the following higher education  
2 purposes: Career services, quantum computing education, and  
3 artificial intelligence education for educators.

4 NEW SECTION. **Sec. 10.** A new section is added to chapter 19.29A  
5 RCW to read as follows:

6 (1) For any behind the meter energy system project, owned by an  
7 emerging large energy use facility, the facility receiving power from  
8 the system must ensure that any work associated with such a project  
9 will be performed by a prime contractor and its subcontractors in a  
10 way that includes community workforce agreements or project labor  
11 agreements, and the payment of area standard prevailing wages and  
12 apprenticeship utilization requirements.

13 (2) Community workforce agreements and project labor agreements  
14 are self-contained, stand-alone agreements, and that by virtue of  
15 having become bound to such an agreement or agreements, neither the  
16 prime contractor nor the subcontractors are obligated to sign any  
17 other local, area, or national agreement.

18 (3) Nothing in this section supersedes RCW 19.28.091 or  
19 19.28.261.

20 (4) For the purposes of this section:

21 (a) "Project labor agreement" and "community workforce agreement"  
22 means a prehire collective bargaining agreement with one or more  
23 labor organizations that establishes the terms and conditions of  
24 employment for a specific construction project and is an agreement  
25 described in 29 U.S.C. Sec. 158(f).

26 (b) "Terms and conditions of employment for a specific  
27 construction project" means the project labor agreement or community  
28 workforce agreement is a single agreement covering all labor  
29 organizations representing the building and construction employees  
30 involved in the project and covering all contractors and  
31 subcontractors working on the project.

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