



A Proclamation by the Governor

WHEREAS, under the provisions of Article II, Section 1 of the Constitution of the State of Washington, there was submitted to the electorate of the State of Washington for their approval or rejection at the state general election held on the 5th day of November, 2024, an initiative to the people, identified as Initiative Measure No. 2066 and entitled:

Initiative Measure No. 2066 concerns regulating energy services, including natural gas and electrification. This measure would repeal or prohibit certain laws and regulations that discourage natural gas use and/or promote electrification, and require certain utilities and local governments to provide natural gas to eligible customers.

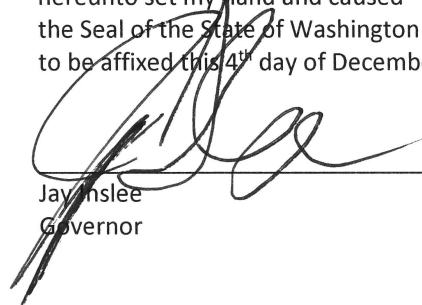
WHEREAS, Steve Hobbs, as Secretary of State, has on the 4th day of December, 2024, canvassed the votes cast on this measure at the state general election and certified that 1,941,474 votes were cast in favor of Initiative Measure No. 2066 and 1,813,169 votes were cast against Initiative Measure No. 2066; and

WHEREAS, as appears from this certification, a majority of the votes cast on this measure at the state general election were in favor of its adoption;

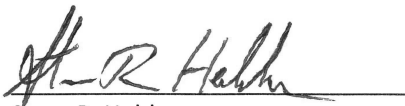
NOW, THEREFORE, I, Jay Inslee, Governor of the State of Washington, do hereby proclaim that the proposed law as set forth in Initiative Measure No. 2066 was approved by the voters of the State of Washington.



IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the State of Washington to be affixed this 4th day of December, 2024.


Jay Inslee
Governor

ATTEST:


Steve R. Hobbs
Secretary of State

INITIATIVE 2066

To the People

Chapter 1, Laws of 2025

ENERGY SERVICES—NATURAL GAS AND ELECTRIFICATION

EFFECTIVE DATE: December 5, 2024

Approved by the
People of the State of Washington
in the General Election on
November 5, 2024

ORIGINALLY FILED

April 5, 2024

Secretary of State

1 AN ACT Relating to promoting energy choice by protecting access
2 to gas for Washington homes and businesses; amending RCW 80.28.110,
3 35.92.050, 80.28.425, 80.--.---, 19.27A.020, 19.27A.025, and
4 19.27A.045; adding a new section to chapter 35.21 RCW; adding a new
5 section to chapter 36.01 RCW; adding a new section to chapter 70A.15
6 RCW; creating a new section; repealing RCW 80.--.---, 80.--.---, and
7 80.--.---; and repealing 2024 c 351 ss 1 and 21 (uncodified).

8 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

9 NEW SECTION. **Sec. 1.** (1) The people find that having access to
10 natural gas enhances the safety, welfare, and standard of living of
11 all people in Washington. The people further find that preserving
12 Washington's gas infrastructure and systems will promote energy
13 choice, security, independence, and resilience throughout the state.
14 Natural gas is a convenient and important necessity because it:
15 Serves as a backup source of energy during emergencies; provides
16 consumers with more options for heating, sanitation, cooking and food
17 preparation, and other household activities, helping to control their
18 costs; and sustains essential businesses, such as restaurants.

19 (2) Unfortunately, due to recent policy and corporate decisions,
20 the people's ability to make choices about their energy sources is at
21 risk. Therefore, the people determine that access to gas and gas

1 appliances must be preserved for Washington homes and businesses, by
2 strengthening utilities' obligation to provide natural gas to
3 customers who want it, and by preventing regulatory actions that will
4 limit access to gas.

5 **Sec. 2.** RCW 80.28.110 and 2024 c 348 s 6 are each amended to
6 read as follows:

7 (1) Every gas company, electrical company, wastewater company, or
8 water company, engaged in the sale and distribution of gas,
9 electricity, or water, or the provision of wastewater company
10 services, shall, upon reasonable notice, furnish to all persons and
11 corporations who may apply therefor and be reasonably entitled
12 thereto, suitable facilities for furnishing and furnish all available
13 gas, electricity, wastewater company services, and water as demanded,
14 except that: ~~((1))~~ (a) A water company may not furnish water
15 contrary to the provisions of water system plans approved under
16 chapter 43.20 or 70A.100 RCW; ~~((2))~~ (b) wastewater companies may
17 not provide services contrary to the approved general sewer plan; and
18 ~~((3))~~ (c) exclusively upon petition of a gas company, and subject
19 to the commission's approval, a gas company's obligation to serve gas
20 to customers that have access to the gas company's thermal energy
21 network may be met by providing thermal energy through a thermal
22 energy network.

23 (2) Every gas company or large combination utility shall provide
24 natural gas to all persons and corporations in their service area or
25 territory that demand, apply for, and are reasonably entitled to
26 receive, natural gas under this section, even if other energy
27 services or energy sources may be available.

28 **Sec. 3.** RCW 35.92.050 and 2022 c 292 s 405 are each amended to
29 read as follows:

30 (1) A city or town may also construct, condemn and purchase,
31 purchase, acquire, add to, alter, maintain, and operate works,
32 plants, facilities for the purpose of furnishing the city or town and
33 its inhabitants, and any other persons, with gas, electricity, green
34 electrolytic hydrogen as defined in RCW 54.04.190, renewable hydrogen
35 as defined in RCW 54.04.190, and other means of power and facilities
36 for lighting, including streetlights as an integral utility service
37 incorporated within general rates, heating, fuel, and power purposes,
38 public and private, with full authority to regulate and control the

1 use, distribution, and price thereof, together with the right to
2 handle and sell or lease, any meters, lamps, motors, transformers,
3 and equipment or accessories of any kind, necessary and convenient
4 for the use, distribution, and sale thereof; authorize the
5 construction of such plant or plants by others for the same purpose,
6 and purchase gas, electricity, or power from either within or without
7 the city or town for its own use and for the purpose of selling to
8 its inhabitants and to other persons doing business within the city
9 or town and regulate and control the use and price thereof.

10 (2) A city or town that furnishes natural gas shall provide
11 natural gas to those inhabitants that demand, apply for, and are
12 reasonably entitled to receive, natural gas under this section, even
13 if other energy services or energy sources may be available.

14 **Sec. 4.** RCW 80.28.425 and 2024 c 351 s 18 are each amended to
15 read as follows:

16 (1) Beginning January 1, 2022, every general rate case filing of
17 a gas or electrical company must include a proposal for a multiyear
18 rate plan as provided in this chapter. The commission may, by order
19 after an adjudicative proceeding as provided by chapter 34.05 RCW,
20 approve, approve with conditions, or reject, a multiyear rate plan
21 proposal made by a gas or electrical company or an alternative
22 proposal made by one or more parties, or any combination thereof. The
23 commission's consideration of a proposal for a multiyear rate plan is
24 subject to the same standards applicable to other rate filings made
25 under this title, including the public interest and fair, just,
26 reasonable, and sufficient rates. In determining the public interest,
27 the commission may consider such factors including, but not limited
28 to, environmental health and greenhouse gas emissions reductions,
29 health and safety concerns, economic development, and equity, to the
30 extent such factors affect the rates, services, and practices of a
31 gas or electrical company regulated by the commission.

32 (2) The commission may approve, disapprove, or approve with
33 modifications any proposal to recover from ratepayers up to five
34 percent of the total revenue requirement approved by the commission
35 for each year of a multiyear rate plan for tariffs that reduce the
36 energy burden of low-income residential customers including, but not
37 limited to: (a) Bill assistance programs; or (b) one or more special
38 rates. For any multiyear rate plan approved under this section
39 resulting in a rate increase, the commission must approve an increase

1 in the amount of low-income bill assistance to take effect in each
2 year of the rate plan where there is a rate increase. At a minimum,
3 the amount of such low-income assistance increase must be equal to
4 double the percentage increase, if any, in the residential base rates
5 approved for each year of the rate plan. The commission may approve a
6 larger increase to low-income bill assistance based on an appropriate
7 record.

8 (3) (a) If it approves a multiyear rate plan, the commission shall
9 separately approve rates for each of the initial rate year, the
10 second rate year and, if applicable, the third rate year, and the
11 fourth rate year.

12 (b) The commission shall ascertain and determine the fair value
13 for rate-making purposes of the property of any gas or electrical
14 company that is or will be used and useful under RCW 80.04.250 for
15 service in this state by or during each rate year of the multiyear
16 rate plan. For the initial rate year, the commission shall, at a
17 minimum, ascertain and determine the fair value for rate-making
18 purposes of the property of any gas or electrical company that is
19 used and useful for service in this state as of the rate effective
20 date. The commission may order refunds to customers if property
21 expected to be used and useful by the rate effective date when the
22 commission approves a multiyear rate plan is in fact not used and
23 useful by such a date.

24 (c) The commission shall ascertain and determine the revenues and
25 operating expenses for rate-making purposes of any gas or electrical
26 company for each rate year of the multiyear rate plan.

27 (d) In ascertaining and determining the fair value of property of
28 a gas or electrical company pursuant to (b) of this subsection and
29 projecting the revenues and operating expenses of a gas or electrical
30 company pursuant to (c) of this subsection, the commission may use
31 any standard, formula, method, or theory of valuation reasonably
32 calculated to arrive at fair, just, reasonable, and sufficient rates.

33 (e) If the commission approves a multiyear rate plan with a
34 duration of three or four years, then the electrical company must
35 update its power costs as of the rate effective date of the third
36 rate year. The proceeding to update the electrical company's power
37 costs is subject to the same standards that apply to other rate
38 filings made under this title.

39 (4) Subject to subsection (5) of this section, the commission may
40 by order establish terms, conditions, and procedures for a multiyear

1 rate plan and ensure that rates remain fair, just, reasonable, and
2 sufficient during the course of the plan.

3 (5) Notwithstanding subsection (4) of this section, a gas or
4 electrical company is bound by the terms of the multiyear rate plan
5 approved by the commission for each of the initial rate year and the
6 second rate year. A gas or electrical company may file a new
7 multiyear rate plan in accordance with this section for the third
8 rate year and fourth rate year, if any, of a multiyear rate plan.

9 (6) If the annual commission basis report for a gas or electrical
10 company demonstrates that the reported rate of return on rate base of
11 the company for the 12-month period ending as of the end of the
12 period for which the annual commission basis report is filed is more
13 than .5 percent higher than the rate of return authorized by the
14 commission in the multiyear rate plan for such a company, the company
15 shall defer all revenues that are in excess of .5 percent higher than
16 the rate of return authorized by the commission for refunds to
17 customers or another determination by the commission in a subsequent
18 adjudicative proceeding. If a multistate electrical company with
19 fewer than 250,000 customers in Washington files a multiyear rate
20 plan that provides for no increases in base rates in consecutive
21 years beyond the initial rate year, the commission shall waive the
22 requirements of this subsection provided that such a waiver results
23 in just and reasonable rates.

24 (7) The commission must, in approving a multiyear rate plan,
25 determine a set of performance measures that will be used to assess a
26 gas or electrical company operating under a multiyear rate plan.
27 These performance measures may be based on proposals made by the gas
28 or electrical company in its initial application, by any other party
29 to the proceeding in its response to the company's filing, or in the
30 testimony and evidence admitted in the proceeding. In developing
31 performance measures, incentives, and penalty mechanisms, the
32 commission may consider factors including, but not limited to, lowest
33 reasonable cost planning, affordability, increases in energy burden,
34 cost of service, customer satisfaction and engagement, service
35 reliability, clean energy or renewable procurement, conservation
36 acquisition, demand side management expansion, rate stability, timely
37 execution of competitive procurement practices, attainment of state
38 energy and emissions reduction policies, rapid integration of
39 renewable energy resources, and fair compensation of utility
40 employees.

1 (8) Nothing in this section precludes any gas or electrical
2 company from making filings required or permitted by the commission.

3 (9) The commission shall align, to the extent practical, the
4 timing of approval of a multiyear rate plan of an electrical company
5 submitted pursuant to this section with the clean energy
6 implementation plan of the electrical company filed pursuant to
7 RCW 19.405.060.

8 (10) The provisions of this section may not be construed to limit
9 the existing rate-making authority of the commission.

10 (11) The commission may require a large combination utility as
11 defined in RCW 80.--.--- (section 2, chapter 351, Laws of 2024) to
12 incorporate the requirements of this section into an integrated
13 system plan established under RCW 80.--.--- (section 3, chapter 351,
14 Laws of 2024).

15 (12) The commission shall not approve, or approve with
16 conditions, a multiyear rate plan that requires or incentivizes a gas
17 company or large combination utility to terminate natural gas service
18 to customers.

19 (13) The commission shall not approve, or approve with
20 conditions, a multiyear rate plan that authorizes a gas company or
21 large combination utility to require a customer to involuntarily
22 switch fuel use either by restricting access to natural gas service
23 or by implementing planning requirements that would make access to
24 natural gas service cost-prohibitive.

25 **Sec. 5.** RCW 80.--.--- and 2024 c 351 s 3 are each amended to
26 read as follows:

27 (1) The legislature finds that large combination utilities are
28 subject to a range of reporting and planning requirements as part of
29 the clean energy transition. The legislature further finds that
30 current natural gas integrated resource plans under development might
31 not yield optimal results for timely and cost-effective
32 decarbonization. To reduce regulatory barriers, achieve equitable and
33 transparent outcomes, and integrate planning requirements, the
34 commission may consolidate a large combination utility's planning
35 requirements for both gas and electric operations, including
36 consolidation into a single integrated system plan that is approved
37 by the commission.

38 (2)(a) By July 1, 2025, the commission shall complete a rule-
39 making proceeding to implement consolidated planning requirements for

1 gas and electric services for large combination utilities that may
2 include plans required under: (i) RCW 19.280.030; (ii) RCW
3 19.285.040; (iii) RCW 19.405.060; (iv) RCW 80.28.380; (v) RCW
4 80.28.365; (vi) RCW 80.28.425; and (vii) RCW 80.28.130. The
5 commission may extend the rule-making proceeding for 90 days for good
6 cause shown. The large combination utilities' filing deadline
7 required in subsection (4) of this section will be extended
8 commensurate to the rule-making extension period set by the
9 commission. Subsequent planning requirements for future integrated
10 system plans must be fulfilled on a timeline set by the commission.
11 Large combination utilities that file integrated system plans are no
12 longer required to file separate plans that are required in an
13 integrated system plan. The statutorily required contents of any plan
14 consolidated into an integrated system plan must be met by the
15 integrated system plan.

16 (b) In its order adopting rules or issuing a policy statement
17 approving the consolidation of planning requirements, the commission
18 shall include a compliance checklist and any additional guidance that
19 is necessary to assist the large combination utility in meeting the
20 minimum requirements of all relevant statutes and rules.

21 (3) Upon request by a large combination utility, the commission
22 may issue an order extending the filing and reporting requirements of
23 a large combination utility under RCW 19.405.060 and 19.280.030, and
24 requiring the large combination utility to file an integrated system
25 plan pursuant to subsection (4) of this section if the commission
26 finds that the large combination utility has made public a work plan
27 that demonstrates reasonable progress toward meeting the standards
28 under RCW 19.405.040(1) and 19.405.050(1) and achieving equity goals.
29 The commission's approval of an extension of filing and reporting
30 requirements does not relieve the large combination utility from the
31 obligation to demonstrate progress towards meeting the standards
32 under RCW 19.405.040(1) and 19.405.050(1) and the interim targets
33 approved in its most recent clean energy implementation plan.
34 Commission approval of an extension under this section fulfills the
35 large combination (~~utilities~~) utility's statutory filing deadlines
36 under RCW 19.405.060(1).

37 (4) By January 1, 2027, and on a timeline set by the commission
38 thereafter, large combination utilities shall file an integrated
39 system plan demonstrating how the large combination utilities' plans

1 are consistent with the requirements of this chapter and any rules
2 and guidance adopted by the commission, and which:

3 (a) Achieve the obligations of all plans consolidated into the
4 integrated system plan;

5 (b) Provide a range of forecasts, for at least the next 20 years,
6 of projected customer demand that takes into account econometric data
7 and addresses changes in the number, type, and efficiency of customer
8 usage;

9 (c) Include scenarios that achieve emissions reductions for both
10 gas and electric operations equal to at least their proportional
11 share of emissions reductions required under RCW 70A.45.020;

12 (d) Include scenarios with emissions reduction targets for both
13 gas and electric operations for each emissions reduction period that
14 account for the interactions between gas and electric systems;

15 (e) Achieve two percent of electric load annually with
16 conservation and energy efficiency resources, unless the commission
17 finds that a higher target is cost-effective. However, the commission
18 may accept a lower level of achievement if it determines that the
19 requirement in this subsection (4)(e) is neither technically nor
20 commercially feasible during the applicable emissions reduction
21 period;

22 (f) Assess commercially available conservation and efficiency
23 resources, including demand response and load management, to achieve
24 the conservation and energy efficiency requirements in (e) of this
25 subsection, and as informed by the assessment for conservation
26 potential under RCW 19.285.040 for the planning horizon consistent
27 with (b) of this subsection. Such an assessment may include, as
28 appropriate, opportunities for development of combined heat and power
29 as an energy and capacity resource, demand response and load
30 management programs, and currently employed and new policies and
31 programs needed to obtain the conservation and efficiency resources.
32 The value of recoverable waste heat resulting from combined heat and
33 power must be reflected in analyses of cost-effectiveness under this
34 subsection;

35 (g) Achieve annual demand response and demand flexibility equal
36 to or greater than 10 percent of winter and summer peak electric
37 demand, unless the commission finds that a higher target is cost-
38 effective. However, the commission may accept a lower level of
39 achievement if it determines that the requirement in this subsection

1 (4)(g) is neither technically nor commercially feasible during the
2 applicable emissions reduction period;

3 ~~(h) ((Achieve all cost-effective electrification of end uses
4 currently served by natural gas identified through an assessment of
5 alternatives to known and planned gas infrastructure projects,
6 including nonpipeline alternatives, rebates and incentives, and
7 geographically targeted electrification;~~

8 ~~(i))~~ Include low-income electrification programs that must:

9 (i) Include rebates and incentives to low-income customers and
10 customers experiencing high energy burden for the deployment of high-
11 efficiency electric-only heat pumps in homes and buildings currently
12 heating with wood, oil, propane, electric resistance, or gas;

13 (ii) Provide demonstrated material benefits to low-income
14 participants including, but not limited to, decreased energy burden,
15 the addition of air conditioning, and backup heat sources using
16 natural gas or energy storage systems, if necessary to protect health
17 and safety in areas with frequent outages, or improved indoor air
18 quality;

19 (iii) Enroll customers in energy assistance programs or provide
20 bill assistance;

21 ~~(iv) ((Provide dedicated funding for electrification readiness;~~

22 ~~(v))~~ Include low-income customer protections to mitigate energy
23 burden, if electrification measures will increase a low-income
24 participant's energy burden; and

25 ~~((vi))~~ (v) Coordinate with community-based organizations in the
26 ~~((gas or electrical company's))~~ large combination utility's service
27 territory including, but not limited to, grantees of the department
28 of commerce, community action agencies, and community-based nonprofit
29 organizations, to remove barriers and effectively serve low-income
30 customers;

31 ~~((j))~~ (i) Accept as proof of eligibility for energy assistance
32 enrollment in any means-tested public benefit, or low-income energy
33 assistance program, for which eligibility does not exceed the low-
34 income definition set by the commission pursuant to RCW 19.405.020;

35 ~~((k) Assess the potential for geographically targeted
36 electrification including, but not limited to, in overburdened
37 communities, on gas plant that is fully depreciated or gas plant that
38 is included in a proposal for geographically targeted electrification
39 that requires accelerating depreciation pursuant to RCW 80.---.--- (1)~~

1 ~~(section 7(1), chapter 351, Laws of 2024) for the gas plant subject~~
2 ~~to such electrification proposal;~~

3 ~~(l))~~ (j) Assess commercially available supply side resources,
4 including a comparison of the benefits and risks of purchasing
5 electricity or gas or building new resources;

6 ~~((m) Assess nonpipeline alternatives, including geographically~~
7 ~~targeted electrification and demand response, as an alternative to~~
8 ~~replacing aging gas infrastructure or expanded gas capacity.~~
9 ~~Assessments must involve, at a minimum:~~

10 ~~(i) Identifying all known and planned gas infrastructure~~
11 ~~projects, including those without a fully defined scope or cost~~
12 ~~estimate, for at least the 10 years following the filing;~~

13 ~~(ii) Estimating programmatic expenses of maintaining that portion~~
14 ~~of the gas system for at least the 10 years following the filing; and~~

15 ~~(iii) Ranking all gas pipeline segments for their suitability for~~
16 ~~nonpipeline alternatives;~~

17 ~~(n))~~ (k) Assess distributed energy resources that meets the
18 requirements of RCW 19.280.100;

19 ~~((o))~~ (l) Provide an assessment and 20-year forecast of the
20 availability of and requirements for regional supply side resource
21 and delivery system capacity to provide and deliver electricity and
22 gas to the large combination utility's customers and to meet, as
23 applicable, the requirements of chapter 19.405 RCW and the state's
24 greenhouse gas emissions reduction limits in RCW 70A.45.020. The
25 delivery system assessment must identify the large combination
26 utility's expected needs to acquire new long-term firm rights,
27 develop new, or expand or upgrade existing, delivery system
28 facilities consistent with the requirements of this section and
29 reliability standards and take into account opportunities to make
30 more effective use of existing delivery facility capacity through
31 improved delivery system operating practices, conservation and
32 efficiency resources, distributed energy resources, demand response,
33 grid modernization, nonwires solutions, and other programs if
34 applicable;

35 ~~((p))~~ (m) Assess methods, commercially available technologies,
36 or facilities for integrating renewable resources and nonemitting
37 electric generation including, but not limited to, battery storage
38 and pumped storage, and addressing overgeneration events, if
39 applicable to the large combination utility's resource portfolio;

1 ~~((g))~~ (n) Provide a comparative evaluation of supply side
2 resources, delivery system resources, and conservation and efficiency
3 resources using lowest reasonable cost as a criterion;

4 ~~((r))~~ (o) Include a determination of resource adequacy metrics
5 for the integrated system plan consistent with the forecasts;

6 ~~((s))~~ (p) Forecast distributed energy resources that may be
7 installed by the large combination utility's customers and an
8 assessment of their effect on the large combination utility's load
9 and operations;

10 ~~((t))~~ (q) Identify an appropriate resource adequacy requirement
11 and measurement metric consistent with prudent utility practice in
12 implementing RCW 19.405.030 through 19.405.050;

13 ~~((u))~~ (r) Integrate demand forecasts, resource evaluations, and
14 resource adequacy requirements into a long-range assessment
15 describing the mix of supply side resources and conservation and
16 efficiency resources that will meet current and projected needs,
17 including mitigating overgeneration events and implementing RCW
18 19.405.030 through 19.405.050, at the lowest reasonable cost and risk
19 to the large combination utility and its customers, while maintaining
20 and protecting the safety, reliable operation, and balancing of the
21 energy system of the large combination utility;

22 ~~((v))~~ (s) Include an assessment, informed by the cumulative
23 impact analysis conducted under RCW 19.405.140, of: Energy and
24 nonenergy benefits and the avoidance and reductions of burdens to
25 vulnerable populations and highly impacted communities; long-term and
26 short-term public health and environmental benefits, costs, and
27 risks; and energy security and risk;

28 ~~((w))~~ (t) Include a 10-year clean energy action plan for
29 implementing RCW 19.405.030 through 19.405.050 at the lowest
30 reasonable cost, and at an acceptable resource adequacy standard;

31 ~~((x))~~ (u) Include an analysis of how the integrated system plan
32 accounts for:

33 (i) Model load forecast scenarios that consider the anticipated
34 levels of zero emissions vehicle use in a large combination utility's
35 service area, including anticipated levels of zero emissions vehicle
36 use in the large combination utility's service area provided in RCW
37 47.01.520, if feasible;

38 (ii) Analysis, research, findings, recommendations, actions, and
39 any other relevant information found in the electrification of
40 transportation plans submitted under RCW 80.28.365; and

1 (iii) Assumed use case forecasts and the associated energy
2 impacts, which may use the forecasts generated by the mapping and
3 forecasting tool created in RCW 47.01.520;

4 ~~((y))~~ (v) Establish that the large combination utility has:

5 (i) Consigned to auction for the benefit of ratepayers the
6 minimum required number of allowances allocated to the large
7 combination utility for the applicable compliance period pursuant to
8 RCW 70A.65.130, consistent with the climate commitment act, chapter
9 70A.65 RCW, and rules adopted pursuant to the climate commitment act;
10 and

11 (ii) Prioritized, to the maximum extent permissible under the
12 climate commitment act, chapter 70A.65 RCW, revenues derived from the
13 auction of allowances allocated to the utility for the applicable
14 compliance period pursuant to RCW 70A.65.130, first to programs that
15 eliminate the cost burden for low-income ratepayers, such as bill
16 assistance, or nonvolumetric credits on ratepayer utility bills, ~~((or~~
17 ~~electrification—programs,))~~ and second to ~~((electrification))~~
18 programs benefiting residential and small commercial customers;

19 ~~((z))~~ (w) Propose an action plan outlining the specific actions
20 to be taken by the large combination utility in implementing the
21 integrated system plan following submission; and

22 ~~((aa))~~ (x) Report on the large combination utility's progress
23 towards implementing the recommendations contained in its previously
24 filed integrated system plan.

25 (5) ~~((In evaluating the lowest reasonable cost of decarbonization~~
26 ~~measures included in an integrated system plan, large combination~~
27 ~~utilities must apply a risk reduction premium that must account for~~
28 ~~the applicable allowance ceiling price approved by the department of~~
29 ~~ecology pursuant to the climate commitment act, chapter 70A.65 RCW.~~
30 ~~For the purpose of this chapter, the risk reduction premium is~~
31 ~~necessary to ensure that a large combination utility is making~~
32 ~~appropriate long-term investments to mitigate against the allowance~~
33 ~~and fuel price risks to customers of the large combination utility.~~

34 ~~(6))~~ The clean energy action plan must:

35 (a) Identify and be informed by the large combination utility's
36 10-year cost-effective conservation potential assessment as
37 determined under RCW 19.285.040, if applicable;

38 (b) Establish a resource adequacy requirement;

39 (c) Identify the potential cost-effective demand response and
40 load management programs that may be acquired;

1 (d) Identify renewable resources, nonemitting electric
2 generation, and distributed energy resources that may be acquired and
3 evaluate how each identified resource may be expected to contribute
4 to meeting the large combination utility's resource adequacy
5 requirement;

6 (e) Identify any need to develop new, or expand or upgrade
7 existing, bulk transmission and distribution facilities and document
8 existing and planned efforts by the large combination utility to make
9 more effective use of existing transmission capacity and secure
10 additional transmission capacity consistent with the requirements of
11 subsection (4) ~~((4))~~ (1) of this section; and

12 (f) Identify the nature and possible extent to which the large
13 combination utility may need to rely on alternative compliance
14 options under RCW 19.405.040(1)(b), if appropriate.

15 ~~((7))~~ (6) A large combination utility shall consider the social
16 cost of greenhouse gas emissions, as determined by the commission
17 pursuant to RCW 80.28.405, when developing integrated system plans
18 and clean energy action plans. A large combination utility must
19 incorporate the social cost of greenhouse gas emissions as a cost
20 adder when:

21 (a) Evaluating and selecting conservation policies, programs, and
22 targets;

23 (b) Developing integrated system plans and clean energy action
24 plans; and

25 (c) Evaluating and selecting intermediate term and long-term
26 resource options.

27 ~~((8))~~ (7) Plans developed under this section must be updated on
28 a regular basis, on intervals approved by the commission.

29 ~~((9))~~ (8)(a) To maximize transparency, the commission may
30 require a large combination utility to make the utility's data input
31 files available in a native format. Each large combination utility
32 shall publish its final plan either as part of an annual report or as
33 a separate document available to the public. The report may be in an
34 electronic form.

35 (b) Nothing in this subsection limits the protection of records
36 containing commercial information under RCW 80.04.095.

37 ~~((10))~~ (9) The commission shall establish by rule a cost test
38 for emissions reduction measures achieved by large combination
39 utilities to comply with state clean energy and climate policies. The
40 cost test must be used by large combination utilities under this

1 chapter for the purpose of determining the lowest reasonable cost of
2 decarbonization and low-income electrification measures in integrated
3 system plans, at the portfolio level, and for any other purpose
4 determined by the commission by rule.

5 ~~((11))~~ (10) The commission must approve, reject, or approve
6 with conditions an integrated system plan within 12 months of the
7 filing of such an integrated system plan. The commission may for good
8 cause shown extend the time by 90 days for a decision on an
9 integrated system plan filed on or before January 1, 2027, as such
10 date is extended pursuant to subsection (2)(a) of this section.

11 ~~((12))~~ (11) In determining whether to approve the integrated
12 system plan, reject the integrated system plan, or approve the
13 integrated system plan with conditions, the commission must evaluate
14 whether the plan is in the public interest, and includes the
15 following:

16 (a) The equitable distribution and prioritization of energy
17 benefits and reduction of burdens to vulnerable populations, highly
18 impacted communities, and overburdened communities;

19 (b) Long-term and short-term public health, economic, and
20 environmental benefits and the reduction of costs and risks;

21 (c) Health and safety concerns;

22 (d) Economic development;

23 (e) Equity;

24 (f) Energy security and resiliency;

25 (g) Whether the integrated system plan:

26 (i) Would achieve a proportional share of reductions in
27 greenhouse gas emissions for each emissions reduction period on the
28 gas and electric systems;

29 (ii) Would achieve the energy efficiency and demand response
30 targets in subsection (4)(e) and (g) of this section;

31 ~~((iii) (Would achieve cost-effective electrification of end uses
32 as required by subsection (4)(h) of this section;~~

33 ~~(iv))~~ Results in a reasonable cost to customers, and projects
34 the rate impacts of specific actions, programs, and investments on
35 customers;

36 ~~((v))~~ (iv) Would maintain system reliability and reduces long-
37 term costs and risks to customers;

38 ~~((vi))~~ (v) Would lead to new construction career opportunities
39 ~~((and prioritizes a transition of natural gas and electricity~~

1 utility)) for workers to perform work on construction and maintenance
2 of new and existing renewable energy infrastructure; and

3 ~~((vii))~~ (vi) Describes specific actions that the large
4 combination utility plans to take to achieve the requirements of the
5 integrated system plan.

6 (12) The commission shall not approve, or approve with
7 conditions, an integrated system plan that requires or incentivizes a
8 large combination utility to terminate natural gas service to
9 customers.

10 (13) The commission shall not approve, or approve with
11 conditions, an integrated system plan that authorizes a large
12 combination utility to require a customer to involuntarily switch
13 fuel use either by restricting access to natural gas service or by
14 implementing planning requirements that would make access to natural
15 gas service cost-prohibitive.

16 **Sec. 6.** RCW 19.27A.020 and 2018 c 207 s 7 are each amended to
17 read as follows:

18 (1) The state building code council in the department of
19 enterprise services shall adopt rules to be known as the Washington
20 state energy code as part of the state building code.

21 (2) The council shall follow the legislature's standards set
22 forth in this section to adopt rules to be known as the Washington
23 state energy code. The Washington state energy code shall be designed
24 to:

25 (a) Construct increasingly energy efficient homes and buildings
26 ~~((that help achieve the broader goal of building zero fossil-fuel~~
27 ~~greenhouse gas emission homes and buildings)) by the year 2031;~~

28 (b) Require new buildings to meet a certain level of energy
29 efficiency, but allow flexibility in building design, construction,
30 and heating equipment efficiencies within that framework; and

31 (c) Allow space heating equipment efficiency to offset or
32 substitute for building envelope thermal performance.

33 (3) The Washington state energy code may not in any way prohibit,
34 penalize, or discourage the use of gas for any form of heating, or
35 for uses related to any appliance or equipment, in any building.

36 (4) The Washington state energy code shall take into account
37 regional climatic conditions. One climate zone includes: Adams,
38 Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield,
39 Grant, Kittitas, Klickitat, Lincoln, Okanogan, Pend Oreille,

1 Skamania, Spokane, Stevens, Walla Walla, Whitman, and Yakima
2 counties. The other climate zone includes all other counties not
3 listed in this subsection (~~(3)~~) (4). The assignment of a county to
4 a climate zone may not be changed by adoption of a model code or
5 rule. Nothing in this section prohibits the council from adopting the
6 same rules or standards for each climate zone.

7 (~~(4)~~) (5) The Washington state energy code for residential
8 buildings shall be the 2006 edition of the Washington state energy
9 code, or as amended by rule by the council.

10 (~~(5)~~) (6) The minimum state energy code for new nonresidential
11 buildings shall be the Washington state energy code, 2006 edition, or
12 as amended by the council by rule.

13 (~~(6)~~) (7)(a) Except as provided in (b) of this subsection, the
14 Washington state energy code for residential structures shall preempt
15 the residential energy code of each city, town, and county in the
16 state of Washington.

17 (b) The state energy code for residential structures does not
18 preempt a city, town, or county's energy code for residential
19 structures which exceeds the requirements of the state energy code
20 and which was adopted by the city, town, or county prior to March 1,
21 1990. Such cities, towns, or counties may not subsequently amend
22 their energy code for residential structures to exceed the
23 requirements adopted prior to March 1, 1990.

24 (~~(7)~~) (8) The state building code council shall consult with
25 the department of enterprise services as provided in RCW 34.05.310
26 prior to publication of proposed rules. The director of the
27 department of enterprise services shall recommend to the state
28 building code council any changes necessary to conform the proposed
29 rules to the requirements of this section.

30 (~~(8)~~) (9) The state building code council shall evaluate and
31 consider adoption of the international energy conservation code in
32 Washington state in place of the existing state energy code.

33 (~~(9)~~) (10) The definitions in RCW 19.27A.140 apply throughout
34 this section.

35 **Sec. 7.** RCW 19.27A.025 and 2024 c 170 s 4 are each amended to
36 read as follows:

37 (1) The minimum state energy code for new and renovated
38 nonresidential buildings, as specified in this chapter, shall be the
39 Washington state energy code, 1986 edition, as amended. The state

1 building code council may, by rule adopted pursuant to chapter 34.05
2 RCW, RCW 19.27.031, and RCW 19.27.---, 19.27.---, and 19.27.---
3 (sections 6, 7, and 8, chapter 170, Laws of 2024), amend that code's
4 requirements for new nonresidential buildings provided that:

5 (a) Such amendments increase the energy efficiency of typical
6 newly constructed nonresidential buildings; and

7 (b) Any new measures, standards, or requirements adopted must be
8 technically feasible, commercially available, and developed to yield
9 the lowest overall cost to the building owner and occupant while
10 meeting the energy reduction goals established under RCW 19.27A.160.

11 (2) In considering amendments to the state energy code for
12 nonresidential buildings, the state building code council shall
13 establish and consult with a technical advisory group in accordance
14 with RCW 19.27.--- (section 7, chapter 170, Laws of 2024) including
15 representatives of appropriate state agencies, local governments,
16 general contractors, building owners and managers, design
17 professionals, utilities, and other interested and affected parties.

18 (3) Decisions to amend the Washington state energy code for new
19 nonresidential buildings shall be made prior to December 15th of any
20 year and shall not take effect before the end of the regular
21 legislative session in the next year. Any disputed provisions within
22 an amendment presented to the legislature shall be approved by the
23 legislature before going into effect. A disputed provision is one
24 which was adopted by the state building code council with less than a
25 two-thirds vote of the voting members. Substantial amendments to the
26 code shall be adopted no more frequently than every three years
27 except as allowed in RCW 19.27.031 and RCW 19.27.--- (section 6,
28 chapter 170, Laws of 2024).

29 (4) When amending a code under this section, the state building
30 code council shall not in any way prohibit, penalize, or discourage
31 the use of gas for any form of heating, or for uses related to any
32 appliance or equipment, in any building.

33 **Sec. 8.** RCW 19.27A.045 and 2024 c 170 s 5 are each amended to
34 read as follows:

35 (1) The state building code council shall maintain the state
36 energy code for residential structures in a status which is
37 consistent with the state's interest as set forth in section 1,
38 chapter 2, Laws of 1990. In maintaining the Washington state energy
39 code for residential structures, beginning in 1996 the council shall

1 review the Washington state energy code every three years. After
2 January 1, 1996, by rule adopted pursuant to chapter 34.05 RCW, RCW
3 19.27.031, and RCW 19.27.---, 19.27.---, and 19.27.--- (sections 6,
4 7, and 8, chapter 170, Laws of 2024), the council may amend any
5 provisions of the Washington state energy code to increase the energy
6 efficiency of newly constructed residential buildings. Decisions to
7 amend the Washington state energy code for residential structures
8 shall be made prior to December 1st of any year and shall not take
9 effect before the end of the regular legislative session in the next
10 year.

11 (2) When amending a code under this section, the state building
12 code council shall not in any way prohibit, penalize, or discourage
13 the use of gas for any form of heating, or for uses related to any
14 appliance or equipment, in any building.

15 NEW SECTION. Sec. 9. A new section is added to chapter 35.21
16 RCW to read as follows:

17 A city or town shall not in any way prohibit, penalize, or
18 discourage the use of gas for any form of heating, or for uses
19 related to any appliance or equipment, in any building.

20 NEW SECTION. Sec. 10. A new section is added to chapter 36.01
21 RCW to read as follows:

22 A county shall not in any way prohibit, penalize, or discourage
23 the use of gas for any form of heating, or for uses related to any
24 appliance or equipment, in any building.

25 NEW SECTION. Sec. 11. A new section is added to chapter 70A.15
26 RCW to read as follows:

27 An authority shall not in any way prohibit, penalize, or
28 discourage the use of gas for any form of heating, or for uses
29 related to any appliance or equipment, in any building.

30 NEW SECTION. Sec. 12. The following acts or parts of acts are
31 each repealed:

- 32 (1) 2024 c 351 s 1 (uncodified);
- 33 (2) RCW 80.--.--- and 2024 c 351 s 7;
- 34 (3) RCW 80.--.--- and 2024 c 351 s 8;
- 35 (4) RCW 80.--.--- and 2024 c 351 s 10; and
- 36 (5) 2024 c 351 s 21 (uncodified).

1 NEW SECTION. **Sec. 13.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.