
SENATE BILL 5090

State of Washington

64th Legislature

2015 Regular Session

By Senators Brown, Hewitt, and Sheldon

Read first time 01/14/15. Referred to Committee on Energy,
Environment & Telecommunications.

1 AN ACT Relating to providing an additional alternative compliance
2 option in the energy independence act to promote the use of clean
3 energy in the future; and amending RCW 19.285.030 and 19.285.050.

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

5 **Sec. 1.** RCW 19.285.030 and 2014 c 45 s 1 are each amended to
6 read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) "Attorney general" means the Washington state office of the
10 attorney general.

11 (2) "Auditor" means: (a) The Washington state auditor's office or
12 its designee for qualifying utilities under its jurisdiction that are
13 not investor-owned utilities; or (b) an independent auditor selected
14 by a qualifying utility that is not under the jurisdiction of the
15 state auditor and is not an investor-owned utility.

16 (3)(a) "Biomass energy" includes: (i) Organic by-products of
17 pulping and the wood manufacturing process; (ii) animal manure; (iii)
18 solid organic fuels from wood; (iv) forest or field residues; (v)
19 untreated wooden demolition or construction debris; (vi) food waste
20 and food processing residuals; (vii) liquors derived from algae;
21 (viii) dedicated energy crops; and (ix) yard waste.

1 (b) "Biomass energy" does not include: (i) Wood pieces that have
2 been treated with chemical preservatives such as creosote,
3 pentachlorophenol, or copper-chrome-arsenic; (ii) wood from old
4 growth forests; or (iii) municipal solid waste.

5 (4) "Coal transition power" has the same meaning as defined in
6 RCW 80.80.010.

7 (5) "Commission" means the Washington state utilities and
8 transportation commission.

9 (6) "Conservation" means any reduction in electric power
10 consumption resulting from increases in the efficiency of energy use,
11 production, or distribution.

12 (7) "Cost-effective" has the same meaning as defined in RCW
13 80.52.030.

14 (8) "Council" means the Washington state apprenticeship and
15 training council within the department of labor and industries.

16 (9) "Customer" means a person or entity that purchases
17 electricity for ultimate consumption and not for resale.

18 (10) "Department" means the department of commerce or its
19 successor.

20 (11) "Distributed generation" means an eligible renewable
21 resource where the generation facility or any integrated cluster of
22 such facilities has a generating capacity of not more than five
23 megawatts.

24 (12) "Eligible renewable resource" means:

25 (a) Electricity from a generation facility powered by a renewable
26 resource other than freshwater that commences operation after March
27 31, 1999, where: (i) The facility is located in the Pacific
28 Northwest; or (ii) the electricity from the facility is delivered
29 into Washington state on a real-time basis without shaping, storage,
30 or integration services;

31 (b) Incremental electricity produced as a result of efficiency
32 improvements completed after March 31, 1999, to hydroelectric
33 generation projects owned by a qualifying utility and located in the
34 Pacific Northwest where the additional generation does not result in
35 new water diversions or impoundments;

36 (c) Hydroelectric generation from a project completed after March
37 31, 1999, where the generation facility is located in irrigation
38 pipes, irrigation canals, water pipes whose primary purpose is for
39 conveyance of water for municipal use, and wastewater pipes located

1 in Washington where the generation does not result in new water
2 diversions or impoundments;

3 (d) Qualified biomass energy; or

4 (e) For a qualifying utility that serves customers in other
5 states, electricity from a generation facility powered by a renewable
6 resource other than freshwater that commences operation after March
7 31, 1999, where: (i) The facility is located within a state in which
8 the qualifying utility serves retail electrical customers; and (ii)
9 the qualifying utility owns the facility in whole or in part or has a
10 long-term contract with the facility of at least twelve months or
11 more.

12 (13) "Investor-owned utility" has the same meaning as defined in
13 RCW 19.29A.010.

14 (14) "Load" means the amount of kilowatt-hours of electricity
15 delivered in the most recently completed year by a qualifying utility
16 to its Washington retail customers.

17 (15)(a) "Nonpower attributes" means all environmentally related
18 characteristics, exclusive of energy, capacity reliability, and other
19 electrical power service attributes, that are associated with the
20 generation of electricity from a renewable resource, including but
21 not limited to the facility's fuel type, geographic location,
22 vintage, qualification as an eligible renewable resource, and avoided
23 emissions of pollutants to the air, soil, or water, and avoided
24 emissions of carbon dioxide and other greenhouse gases.

25 (b) "Nonpower attributes" does not include any aspects, claims,
26 characteristics, and benefits associated with the on-site capture and
27 destruction of methane or other greenhouse gases at a facility
28 through a digester system, landfill gas collection system, or other
29 mechanism, which may be separately marketable as greenhouse gas
30 emission reduction credits, offsets, or similar tradable commodities.
31 However, these separate avoided emissions may not result in or
32 otherwise have the effect of attributing greenhouse gas emissions to
33 the electricity.

34 (16) "Pacific Northwest" has the same meaning as defined for the
35 Bonneville power administration in section 3 of the Pacific Northwest
36 electric power planning and conservation act (94 Stat. 2698; 16
37 U.S.C. Sec. 839a).

38 (17) "Public facility" has the same meaning as defined in RCW
39 39.35C.010.

1 (18) "Qualified biomass energy" means electricity produced from a
2 biomass energy facility that: (a) Commenced operation before March
3 31, 1999; (b) contributes to the qualifying utility's load; and (c)
4 is owned either by: (i) A qualifying utility; or (ii) an industrial
5 facility that is directly interconnected with electricity facilities
6 that are owned by a qualifying utility and capable of carrying
7 electricity at transmission voltage.

8 (19) "Qualifying utility" means an electric utility, as the term
9 "electric utility" is defined in RCW 19.29A.010, that serves more
10 than twenty-five thousand customers in the state of Washington. The
11 number of customers served may be based on data reported by a utility
12 in form 861, "annual electric utility report," filed with the energy
13 information administration, United States department of energy.

14 (20) "Renewable energy credit" means a tradable certificate of
15 proof of at least one megawatt-hour of an eligible renewable resource
16 where the generation facility is not powered by freshwater. The
17 certificate includes all of the nonpower attributes associated with
18 that one megawatt-hour of electricity, and the certificate is
19 verified by a renewable energy credit tracking system selected by the
20 department.

21 (21) "Renewable resource" means: (a) Water; (b) wind; (c) solar
22 energy; (d) geothermal energy; (e) landfill gas; (f) wave, ocean, or
23 tidal power; (g) gas from sewage treatment facilities; (h) biodiesel
24 fuel as defined in RCW 82.29A.135 that is not derived from crops
25 raised on land cleared from old growth or first-growth forests where
26 the clearing occurred after December 7, 2006; or (i) biomass energy.

27 (22) "Rule" means rules adopted by an agency or other entity of
28 Washington state government to carry out the intent and purposes of
29 this chapter.

30 (23) "Small modular reactor" means: (a) A scalable nuclear power
31 plant using reactors that each have a gross power output no greater
32 than fifty megawatts electric; (b) where each reactor is designed for
33 factory manufacturing and ease of transport, such as by truck, rail,
34 or barge; and (c) where each reactor is installed in its own isolated
35 bay in a reactor building that may contain no more than twelve
36 reactors.

37 (24) "Year" means the twelve-month period commencing January 1st
38 and ending December 31st.

1 **Sec. 2.** RCW 19.285.050 and 2007 c 1 s 5 are each amended to read
2 as follows:

3 (1)(a) A qualifying utility shall be considered in compliance
4 with an annual target created in RCW 19.285.040(2) for a given year
5 if: (i) The utility invested four percent of its total annual retail
6 revenue requirement on the incremental costs of eligible renewable
7 resources, the cost of renewable energy credits, or a combination of
8 both(~~, but~~); or (ii) the utility acquired electricity from a small
9 modular reactor after December 31, 2019, and invested two percent of
10 its total annual retail revenue requirement on the incremental costs
11 of eligible renewable resources, the cost of renewable energy
12 credits, or a combination of both. A utility may elect to invest more
13 than (~~this amount~~) the amounts specified in (a)(i) or (ii) of this
14 subsection.

15 (b) The incremental cost of an eligible renewable resource is
16 calculated as the difference between the levelized delivered cost of
17 the eligible renewable resource, regardless of ownership, compared to
18 the levelized delivered cost of an equivalent amount of reasonably
19 available substitute resources that do not qualify as eligible
20 renewable resources, where the resources being compared have the same
21 contract length or facility life.

22 (2) An investor-owned utility is entitled to recover all
23 prudently incurred costs associated with compliance with this
24 chapter. The commission shall address cost recovery issues of
25 qualifying utilities that are investor-owned utilities that serve
26 both in Washington and in other states in complying with this
27 chapter.

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