

**ESHB 1589 - S AMD 880**

By Senator Nguyen

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that the  
4 state's gas and electrical companies face transformational change  
5 brought on by new technology, emerging opportunities for customers,  
6 and state clean energy laws. Chapter 19.405 RCW, the Washington clean  
7 energy transformation act, and chapter 70A.65 RCW, the Washington  
8 climate commitment act, require these companies to find innovative  
9 and creative solutions to equitably serve their customers, provide  
10 clean energy, reduce emissions, and keep rates fair, just,  
11 reasonable, and sufficient.

12 (2) Gas companies that serve over 500,000 gas customers in  
13 Washington state, which are also electrical companies, or large  
14 combination utilities, play an important role in providing affordable  
15 and reliable heating and other energy services, and in leading the  
16 implementation of state climate policies. As the state transitions to  
17 cleaner sources of energy, large combination utilities are an  
18 important partner in helping their customers make smart energy  
19 choices, including actively supporting the replacement of fossil  
20 fuel-based space and water heating equipment and other fossil fuel-  
21 based equipment with high-efficiency nonemitting equipment. Programs  
22 to accelerate the adoption of efficient, nonemitting appliances have  
23 the potential to allow large combination utilities to optimize the  
24 use of energy infrastructure, improve the management of energy loads,  
25 better manage the integration of variable renewable energy resources,  
26 reduce greenhouse gas emissions from the buildings sector, mitigate  
27 the environmental impacts of utility operations and power purchases,  
28 and improve health outcomes for occupants. Legislative clarity is  
29 important for utilities to offer programs and services, including  
30 incentives, in the decarbonization of homes and buildings for their  
31 customers.

32 (3) In order to meet the statewide greenhouse gas limits in the  
33 energy sectors of the economy, more resources must be directed toward

1 achieving decarbonization of residential and commercial heating loads  
2 and other loads that are served with fossil fuels, while continuing  
3 to protect all customers, but especially low-income customers,  
4 vulnerable populations, highly impacted communities, and overburdened  
5 communities. The legislature finds that regulatory innovation may be  
6 needed to remove barriers that large combination utilities may face  
7 to meet the state's public policy objectives and expectations. The  
8 enactment of chapter 188, Laws of 2021 (Engrossed Substitute Senate  
9 Bill No. 5295) began that regulatory transition from traditional  
10 cost-of-service regulation, with investor-owned gas and electrical  
11 companies using forward-looking multiyear rate plans and taking steps  
12 toward performance-based regulation. These steps are intended to  
13 provide certainty and stability to both customers and to investor-  
14 owned gas and electrical companies, aligning public policy objectives  
15 with investments, safety, and reliability.

16 (4) The legislature finds that as Washington transitions to 100  
17 percent clean electricity and as the state implements the Washington  
18 climate commitment act, switching from fossil fuel-based heating  
19 equipment and other fossil fuel-based appliances to high-efficiency  
20 nonemitting equipment will reduce climate impacts and fuel price  
21 risks for customers in the long term. This new paradigm requires a  
22 thoughtful transition to decarbonize the energy system to ensure that  
23 all customers benefit from the transition, that customers are  
24 protected, are not subject to sudden price shocks, and continue to  
25 receive needed energy services, with an equitable allocation of  
26 benefits and burdens. This transition will require careful and  
27 integrated planning by and between utilities, the commission, and  
28 customers, as well as new regulatory tools.

29 (5) It is the intent of the legislature to require large  
30 combination utilities to decarbonize their systems by: (a)  
31 Prioritizing efficient and cost-effective measures to transition  
32 customers off of the direct use of fossil fuels at the lowest  
33 reasonable cost to customers; (b) investing in the energy supply,  
34 storage, delivery, and demand-side resources that will be needed to  
35 serve any increase in electrical demand affordably and reliably; (c)  
36 maintaining safety and reliability as the gas system undergoes  
37 transformational changes; (d) integrating zero-carbon and carbon-  
38 neutral fuels to serve high heat and industrial loads where  
39 electrification may not be technically feasible; (e) managing peak  
40 demand of the electric system; and (f) ensuring an equitable

1 distribution of benefits to, and reduction of burdens for, vulnerable  
2 populations, highly impacted communities, and overburdened  
3 communities that have historically been underserved by utility energy  
4 efficiency programs, and may be disproportionately impacted by rising  
5 fuel and equipment costs or experience high energy burden.

6 (6) It is the intent of the legislature to support this  
7 transition by adopting requirements for large combination utilities  
8 to conduct integrated system planning to develop specific actions  
9 supporting gas system decarbonization and electrification, and  
10 reduction in the gas rate base.

11 (7) It is the intent of the legislature to encourage a robust  
12 competitive wholesale market for generation, storage, and demand-side  
13 resources to serve the state's electrical companies, other electric  
14 utilities, and end-users that secure their own power supply.

15 NEW SECTION. **Sec. 2.** The definitions in this section apply  
16 throughout this chapter unless the context clearly requires  
17 otherwise.

18 (1) "Carbon dioxide equivalent" has the same meaning as provided  
19 in RCW 70A.65.010.

20 (2) "Combined heat and power" has the same meaning as provided in  
21 RCW 19.280.020.

22 (3) "Commission" means the utilities and transportation  
23 commission.

24 (4) "Conservation and efficiency resources" means any reduction  
25 in electric or natural gas consumption that results from increases in  
26 the efficiency of energy use, production, transmission,  
27 transportation, or distribution.

28 (5) "Cost effective" means that a project or resource is, or is  
29 forecast to:

30 (a) Be reliable and available within the time it is needed; and

31 (b) Reduce greenhouse gas emissions and meet or reduce the energy  
32 demand or supply an equivalent level of energy service to the  
33 intended customers at an estimated long-term incremental system cost  
34 no greater than that of the least-cost similarly reliable and  
35 available alternative project or resource, or any combination  
36 thereof, including the cost of compliance with chapter 70A.65 RCW,  
37 based on the forward allowance ceiling price of allowances approved  
38 by the department of ecology under RCW 70A.65.160.

1 (6) "Costs of greenhouse gas emissions" means the costs of  
2 greenhouse gas emissions established in RCW 80.28.395 and 80.28.405.

3 (7) "Delivery system" includes any power line, pipe, equipment,  
4 apparatus, mechanism, machinery, instrument, or ancillary facility  
5 used by a large combination utility to deliver electricity or gas for  
6 ultimate consumption by a customer of the large combination utility.

7 (8) "Demand flexibility" means the capacity of demand-side loads  
8 to change their consumption patterns hourly or on another timescale.

9 (9) "Electrical company" has the same meaning as provided in RCW  
10 80.04.010.

11 (10)(a) "Electrification" means the installation of energy  
12 efficient electric end-use equipment.

13 (b) Electrification programs may include weatherization and  
14 conservation and efficiency measures.

15 (11) "Electrification readiness" means upgrades or changes  
16 required before the installation of energy efficient electric end-use  
17 equipment to prevent heat loss from homes including, but not limited  
18 to: Structural repairs, such as roof repairs, preweatherization,  
19 weatherization, and electrical panel and wiring upgrades.

20 (12) "Emissions baseline" means the actual cumulative greenhouse  
21 gas emissions of a large combination utility, calculated pursuant to  
22 chapter 70A.65 RCW, for the five-year period beginning January 1,  
23 2015, and ending December 31, 2019.

24 (13) "Emissions reduction period" means one of five periods of  
25 five calendar years each, with the five periods beginning on January  
26 1st of calendar years 2030, 2035, 2040, 2045, and 2050, respectively.

27 (14) "Emissions reduction target" means a targeted reduction of  
28 projected cumulative greenhouse gas emissions of a large combination  
29 utility approved by the commission for an emissions reduction period  
30 that is at least as stringent as the limits established in RCW  
31 70A.45.020.

32 (15) "Gas company" has the same meaning as provided in RCW  
33 80.04.010.

34 (16) "Geographically targeted electrification" means the  
35 geographically targeted transition of a portion of gas customers of  
36 the large combination utility with an intent to electrify loads of  
37 such customers and, in conjunction, to reduce capital and operational  
38 costs of gas operations of the large combination utility serving such  
39 customers.

1 (17) "Greenhouse gas" has the same meaning as provided in RCW  
2 70A.45.010.

3 (18) "Highly impacted community" has the same meaning as provided  
4 in RCW 19.405.020.

5 (19) "Integrated system plan" means a plan that the commission  
6 may approve, reject, or approve with conditions pursuant to section 3  
7 of this act.

8 (20) "Large combination utility" means a public service company  
9 that is both an electrical company and a gas company that serves more  
10 than 800,000 retail electric customers and 500,000 retail gas  
11 customers in the state of Washington as of June 30, 2024.

12 (21) "Low-income" has the same meaning as provided in RCW  
13 19.405.020.

14 (22) "Lowest reasonable cost" means the lowest cost mix of  
15 demand-side and supply side resources and decarbonization measures  
16 determined through a detailed and consistent analysis of a wide range  
17 of commercially available resources and measures. At a minimum, this  
18 analysis must consider long-term costs and benefits, market-  
19 volatility risks, resource uncertainties, resource dispatchability,  
20 resource effect on system operation, the risks imposed on the large  
21 combination utility and its ratepayers, public policies regarding  
22 resource preference adopted by Washington state or the federal  
23 government, the cost of risks associated with environmental effects  
24 including potential spills and emissions of carbon dioxide, and the  
25 need for security of supply.

26 (23) "Multiyear rate plan" means a multiyear rate plan of a large  
27 combination utility filed with the commission pursuant to RCW  
28 80.28.425.

29 (24) "Natural gas" has the same meaning as provided in RCW  
30 19.405.020.

31 (25) "Nonemitting electric generation" has the same meaning as  
32 provided in RCW 19.405.020.

33 (26) "Nonpipeline alternative" means activities or investments  
34 that delay, reduce, or avoid the need to build, upgrade, or repair  
35 gas plant, such as pipelines and service lines.

36 (27) "Overburdened community" has the same meaning as provided in  
37 RCW 70A.65.010.

38 (28) "Overgeneration event" has the same meaning as provided in  
39 RCW 19.280.020.

1 (29) "Renewable resource" has the same meaning as provided in RCW  
2 19.405.020.

3 (30) "Supply side resource" means, as applicable: (a) Any  
4 resource that can provide capacity, electricity, or ancillary  
5 services to the large combination utility's electric delivery system;  
6 or (b) any resource that can provide conventional or nonconventional  
7 gas supplies to the large combination utility's gas delivery system.

8 (31) "System cost" means actual direct costs or an estimate of  
9 all direct costs of a project or resource over its effective life  
10 including, if applicable: The costs of transmission and distribution  
11 to the customers; waste disposal costs; permitting, siting,  
12 mitigation, and end-of-cycle decommissioning and remediation costs;  
13 fuel costs, including projected increases; resource integration and  
14 balancing costs; and such quantifiable environmental costs and  
15 benefits and other energy and nonenergy benefits as are directly  
16 attributable to the project or resource, including flexibility,  
17 resilience, reliability, greenhouse gas emissions reductions, and air  
18 quality.

19 (32) "Vulnerable populations" has the same meaning as provided in  
20 RCW 19.405.020.

21 NEW SECTION. **Sec. 3.** (1) The legislature finds that large  
22 combination utilities are subject to a range of reporting and  
23 planning requirements as part of the clean energy transition. The  
24 legislature further finds that current natural gas integrated  
25 resource plans under development might not yield optimal results for  
26 timely and cost-effective decarbonization. To reduce regulatory  
27 barriers, achieve equitable and transparent outcomes, and integrate  
28 planning requirements, the commission may consolidate a large  
29 combination utility's planning requirements for both gas and electric  
30 operations, including consolidation into a single integrated system  
31 plan that is approved by the commission.

32 (2)(a) By July 1, 2025, the commission shall complete a rule-  
33 making proceeding to implement consolidated planning requirements for  
34 gas and electric services for large combination utilities that may  
35 include plans required under: (i) RCW 19.280.030; (ii) RCW  
36 19.285.040; (iii) RCW 19.405.060; (iv) RCW 80.28.380; (v) RCW  
37 80.28.365; (vi) RCW 80.28.425; and (vii) RCW 80.28.130. The  
38 commission may extend the rule-making proceeding for 90 days for good  
39 cause shown. The large combination utilities' filing deadline

1 required in subsection (4) of this section will be extended  
2 commensurate to the rule-making extension period set by the  
3 commission. Subsequent planning requirements for future integrated  
4 system plans must be fulfilled on a timeline set by the commission.  
5 Large combination utilities that file integrated system plans are no  
6 longer required to file separate plans that are required in an  
7 integrated system plan. The statutorily required contents of any plan  
8 consolidated into an integrated system plan must be met by the  
9 integrated system plan.

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

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

31 (4) By January 1, 2027, and on a timeline set by the commission  
32 thereafter, large combination utilities shall file an integrated  
33 system plan demonstrating how the large combination utilities' plans  
34 are consistent with the requirements of this chapter and any rules  
35 and guidance adopted by the commission, and which:

36 (a) Achieve the obligations of all plans consolidated into the  
37 integrated system plan;

38 (b) Provide a range of forecasts, for at least the next 20 years,  
39 of projected customer demand that takes into account econometric data

1 and addresses changes in the number, type, and efficiency of customer  
2 usage;

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

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

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

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

29 (g) Achieve annual demand response and demand flexibility equal  
30 to or greater than 10 percent of winter and summer peak electric  
31 demand, unless the commission finds that a higher target is cost  
32 effective. However, the commission may accept a lower level of  
33 achievement if it determines that the requirement in this subsection  
34 (4)(g) is neither technically nor commercially feasible during the  
35 applicable emissions reduction period;

36 (h) Achieve all cost-effective electrification of end uses  
37 currently served by natural gas identified through an assessment of  
38 alternatives to known and planned gas infrastructure projects,  
39 including nonpipeline alternatives, rebates and incentives, and  
40 geographically targeted electrification;



- 1 (i) Include low-income electrification programs that must:
- 2 (i) Include rebates and incentives to low-income customers and  
3 customers experiencing high energy burden for the deployment of high-  
4 efficiency electric-only heat pumps in homes and buildings currently  
5 heating with wood, oil, propane, electric resistance, or gas;
- 6 (ii) Provide demonstrated material benefits to low-income  
7 participants including, but not limited to, decreased energy burden,  
8 the addition of air conditioning, and backup heat sources or energy  
9 storage systems, if necessary to protect health and safety in areas  
10 with frequent outages, or improved indoor air quality;
- 11 (iii) Enroll customers in energy assistance programs or provide  
12 bill assistance;
- 13 (iv) Provide dedicated funding for electrification readiness;
- 14 (v) Include low-income customer protections to mitigate energy  
15 burden, if electrification measures will increase a low-income  
16 participant's energy burden; and
- 17 (vi) Coordinate with community-based organizations in the gas or  
18 electrical company's service territory including, but not limited to,  
19 grantees of the department of commerce, community action agencies,  
20 and community-based nonprofit organizations, to remove barriers and  
21 effectively serve low-income customers;
- 22 (j) Accept as proof of eligibility for energy assistance  
23 enrollment in any means-tested public benefit, or low-income energy  
24 assistance program, for which eligibility does not exceed the low-  
25 income definition set by the commission pursuant to RCW 19.405.020;
- 26 (k) Assess the potential for geographically targeted  
27 electrification including, but not limited to, in overburdened  
28 communities, on gas plant that is fully depreciated or gas plant that  
29 is included in a proposal for geographically targeted electrification  
30 that requires accelerating depreciation pursuant to section 7(1) of  
31 this act for the gas plant subject to such electrification proposal;
- 32 (l) Assess commercially available supply side resources,  
33 including a comparison of the benefits and risks of purchasing  
34 electricity or gas or building new resources;
- 35 (m) Assess nonpipeline alternatives, including geographically  
36 targeted electrification and demand response, as an alternative to  
37 replacing aging gas infrastructure or expanded gas capacity.  
38 Assessments must involve, at a minimum:

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

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

6 (iii) Ranking all gas pipeline segments for their suitability for  
7 nonpipeline alternatives;

8 (n) Assess distributed energy resources that meets the  
9 requirements of RCW 19.280.100;

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

26 (p) Assess methods, commercially available technologies, or  
27 facilities for integrating renewable resources and nonemitting  
28 electric generation including, but not limited to, battery storage  
29 and pumped storage, and addressing overgeneration events, if  
30 applicable to the large combination utility's resource portfolio;

31 (q) Provide a comparative evaluation of supply side resources,  
32 delivery system resources, and conservation and efficiency resources  
33 using lowest reasonable cost as a criterion;

34 (r) Include a determination of resource adequacy metrics for the  
35 integrated system plan consistent with the forecasts;

36 (s) Forecast distributed energy resources that may be installed  
37 by the large combination utility's customers and an assessment of  
38 their effect on the large combination utility's load and operations;

1 (t) Identify an appropriate resource adequacy requirement and  
2 measurement metric consistent with prudent utility practice in  
3 implementing RCW 19.405.030 through 19.405.050;

4 (u) Integrate demand forecasts, resource evaluations, and  
5 resource adequacy requirements into a long-range assessment  
6 describing the mix of supply side resources and conservation and  
7 efficiency resources that will meet current and projected needs,  
8 including mitigating overgeneration events and implementing RCW  
9 19.405.030 through 19.405.050, at the lowest reasonable cost and risk  
10 to the large combination utility and its customers, while maintaining  
11 and protecting the safety, reliable operation, and balancing of the  
12 energy system of the large combination utility;

13 (v) Include an assessment, informed by the cumulative impact  
14 analysis conducted under RCW 19.405.140, of: Energy and nonenergy  
15 benefits and the avoidance and reductions of burdens to vulnerable  
16 populations and highly impacted communities; long-term and short-term  
17 public health and environmental benefits, costs, and risks; and  
18 energy security and risk;

19 (w) Include a 10-year clean energy action plan for implementing  
20 RCW 19.405.030 through 19.405.050 at the lowest reasonable cost, and  
21 at an acceptable resource adequacy standard;

22 (x) Include an analysis of how the integrated system plan  
23 accounts for:

24 (i) Model load forecast scenarios that consider the anticipated  
25 levels of zero emissions vehicle use in a large combination utility's  
26 service area, including anticipated levels of zero emissions vehicle  
27 use in the large combination utility's service area provided in RCW  
28 47.01.520, if feasible;

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

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

35 (y) Establish that the large combination utility has:

36 (i) Consigned to auction for the benefit of ratepayers the  
37 minimum required number of allowances allocated to the large  
38 combination utility for the applicable compliance period pursuant to  
39 RCW 70A.65.130, consistent with the climate commitment act, chapter

1 70A.65 RCW, and rules adopted pursuant to the climate commitment act;  
2 and

3 (ii) Prioritized, to the maximum extent permissible under the  
4 climate commitment act, chapter 70A.65 RCW, revenues derived from the  
5 auction of allowances allocated to the utility for the applicable  
6 compliance period pursuant to RCW 70A.65.130, first to programs that  
7 eliminate the cost burden for low-income ratepayers, such as bill  
8 assistance, nonvolumetric credits on ratepayer utility bills, or  
9 electrification programs, and second to electrification programs  
10 benefiting residential and small commercial customers;

11 (z) Propose an action plan outlining the specific actions to be  
12 taken by the large combination utility in implementing the integrated  
13 system plan following submission; and

14 (aa) Report on the large combination utility's progress towards  
15 implementing the recommendations contained in its previously filed  
16 integrated system plan.

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

26 (6) The clean energy action plan must:

27 (a) Identify and be informed by the large combination utility's  
28 10-year cost-effective conservation potential assessment as  
29 determined under RCW 19.285.040, if applicable;

30 (b) Establish a resource adequacy requirement;

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

33 (d) Identify renewable resources, nonemitting electric  
34 generation, and distributed energy resources that may be acquired and  
35 evaluate how each identified resource may be expected to contribute  
36 to meeting the large combination utility's resource adequacy  
37 requirement;

38 (e) Identify any need to develop new, or expand or upgrade  
39 existing, bulk transmission and distribution facilities and document  
40 existing and planned efforts by the large combination utility to make

1 more effective use of existing transmission capacity and secure  
2 additional transmission capacity consistent with the requirements of  
3 subsection (4) (o) of this section; and

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

7 (7) A large combination utility shall consider the social cost of  
8 greenhouse gas emissions, as determined by the commission pursuant to  
9 RCW 80.28.405, when developing integrated system plans and clean  
10 energy action plans. A large combination utility must incorporate the  
11 social cost of greenhouse gas emissions as a cost adder when:

12 (a) Evaluating and selecting conservation policies, programs, and  
13 targets;

14 (b) Developing integrated system plans and clean energy action  
15 plans; and

16 (c) Evaluating and selecting intermediate term and long-term  
17 resource options.

18 (8) Plans developed under this section must be updated on a  
19 regular basis, on intervals approved by the commission.

20 (9)(a) To maximize transparency, the commission may require a  
21 large combination utility to make the utility's data input files  
22 available in a native format. Each large combination utility shall  
23 publish its final plan either as part of an annual report or as a  
24 separate document available to the public. The report may be in an  
25 electronic form.

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

28 (10) The commission shall establish by rule a cost test for  
29 emissions reduction measures achieved by large combination utilities  
30 to comply with state clean energy and climate policies. The cost test  
31 must be used by large combination utilities under this chapter for  
32 the purpose of determining the lowest reasonable cost of  
33 decarbonization and electrification measures in integrated system  
34 plans, at the portfolio level, and for any other purpose determined  
35 by the commission by rule.

36 (11) The commission must approve, reject, or approve with  
37 conditions an integrated system plan within 12 months of the filing  
38 of such an integrated system plan. The commission may for good cause  
39 shown extend the time by 90 days for a decision on an integrated

1 system plan filed on or before January 1, 2027, as such date is  
2 extended pursuant to subsection (2) (a) of this section.

3 (12) In determining whether to approve the integrated system  
4 plan, reject the integrated system plan, or approve the integrated  
5 system plan with conditions, the commission must evaluate whether the  
6 plan is in the public interest, and includes the following:

7 (a) The equitable distribution and prioritization of energy  
8 benefits and reduction of burdens to vulnerable populations, highly  
9 impacted communities, and overburdened communities;

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

12 (c) Health and safety concerns;

13 (d) Economic development;

14 (e) Equity;

15 (f) Energy security and resiliency;

16 (g) Whether the integrated system plan:

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

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

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

24 (iv) Results in a reasonable cost to customers, and projects the  
25 rate impacts of specific actions, programs, and investments on  
26 customers;

27 (v) Would maintain system reliability and reduces long-term costs  
28 and risks to customers;

29 (vi) Would lead to new construction career opportunities and  
30 prioritizes a transition of natural gas and electricity utility  
31 workers to perform work on construction and maintenance of new and  
32 existing renewable energy infrastructure; and

33 (vii) Describes specific actions that the large combination  
34 utility plans to take to achieve the requirements of the integrated  
35 system plan.

36 NEW SECTION. **Sec. 4.** Large combination utilities shall work in  
37 good faith with other utilities, independent power producers, power  
38 marketers, end-use customers, and interested parties in the region to  
39 develop market structures and mechanisms that require the sale of

1 wholesale electricity from generating resources in a manner that  
2 allows the greenhouse gas attributes of those resources to be  
3 accounted for when they are sold into organized markets.

4 NEW SECTION. **Sec. 5.** (1) Concurrent with an application for an  
5 integrated system plan pursuant to section 3 of this act, a large  
6 combination utility may propose to construct a new renewable or  
7 nonemitting electric generation or transmission facility, make a  
8 significant investment in an existing renewable or nonemitting  
9 electric generation or transmission facility, purchase an existing  
10 renewable or nonemitting electric generation or transmission  
11 facility, or enter into a power purchase agreement for the purchase  
12 of renewable or nonemitting electric energy or capacity for a period  
13 of five years or longer. The large combination utility may submit an  
14 application to the commission seeking a certificate of necessity for  
15 that construction, investment, or purchase, including entering into a  
16 power purchase agreement, if that construction, investment, or  
17 purchase costs \$100,000,000 or more, requires the utility to begin  
18 incurring significant portions of those costs more than five years  
19 before the facility is estimated to be in service, and all or a  
20 portion of the costs would be allocable to retail customers in this  
21 state. A significant investment may include a group of investments  
22 undertaken jointly and located on the same site for a singular  
23 purpose, such as increasing the capacity of an existing renewable or  
24 nonemitting electric generation or transmission plant. Applications  
25 must be submitted in conjunction with a large combination utility's  
26 integrated system plan. However, a large combination utility may  
27 submit an application outside of the integrated system plan process  
28 for a time-sensitive project.

29 (2) A large combination utility submitting an application under  
30 this section may request one or more of the following:

31 (a) A certificate of necessity that the electric energy or  
32 capacity to be supplied or transmitted as a result of the proposed  
33 construction, investment, or purchase, including entering into a  
34 power purchase agreement, is needed;

35 (b) A certificate of necessity that the size, fuel type, and  
36 other design characteristics of the existing or proposed electric  
37 generation or transmission facility or the terms of the power  
38 purchase agreement represent the most appropriate and reasonable  
39 means of meeting that power need;

1 (c) A certificate of necessity that the estimated purchase or  
2 capital costs of and the financing plan for the existing or proposed  
3 electric generation or transmission facility including, but not  
4 limited to, the costs of siting and licensing a new facility and the  
5 estimated cost of power from the new or proposed electric generation  
6 facility, or the cost of transmission on the new or proposed electric  
7 transmission facility, are reasonable; or

8 (d) A request to: (i) Recognize, accrue, and defer the allowance  
9 for funds used during construction; and (ii) recover financing  
10 interest costs in base rates on construction work in progress for  
11 capital improvements approved under this section prior to the assets  
12 being considered used and useful.

13 (3) The commission may approve, reject, or approve with  
14 conditions an application under this section if it is in the public  
15 interest, and the construction, investment, or purchase, including  
16 entering into a power purchase agreement, complies with the  
17 commission's administrative rules governing electric resource  
18 procurement.

19 (4) In a certificate of necessity under this section, the  
20 commission may specify the estimated costs included for the  
21 construction of or significant investment in the electric generation  
22 or transmission facility, the estimated price included for the  
23 purchase of the existing electric generation or transmission  
24 facility, or the estimated price included for the purchase of power  
25 pursuant to the terms of the power purchase agreement.

26 (5) The large combination utility shall file reports to the  
27 commission regarding the status of any project for which a  
28 certificate of necessity has been granted under this section,  
29 including an update concerning the cost and schedule of that project  
30 at intervals determined by the commission.

31 (6) If the commission denies any of the relief requested by a  
32 large combination utility, the large combination utility may withdraw  
33 its application or proceed with the proposed construction, purchase,  
34 investment, or power purchase agreement without a certificate and the  
35 assurance granted under this section under its ordinary course of  
36 business.

37 (7) If the assumptions underlying an approved certificate of  
38 necessity materially change, a large combination utility shall  
39 request, or the commission or potential intervenor on its own motion  
40 may initiate, a proceeding to review whether it is reasonable to



1 complete an unfinished project for which a certificate of necessity  
2 has been granted. The commission shall list the assumptions  
3 underlying an approved certificate in the order approving the  
4 certificate. If the commission finds that the completion of the  
5 project is no longer reasonable, the commission may modify or cancel  
6 approval of the certificate of necessity. The commission may allow  
7 recovery of reasonable costs already incurred or committed to by  
8 contract. Once the commission finds that completion of the project is  
9 no longer reasonable, the commission may limit future cost recovery  
10 to those costs that could not be reasonably avoided. Nothing in this  
11 subsection may be construed as amending, modifying, or repealing any  
12 existing authority of the commission to ascertain and determine the  
13 fair value for rate-making purposes of the property of any large  
14 combination utility.

15 (8) A proposed or existing supplier of electric generation  
16 capacity that seeks to provide electric generation energy or capacity  
17 resources to the large combination utility may submit a written  
18 proposal directly to the commission as an alternative to the  
19 construction, investment, or purchase, including entering into a  
20 power purchase agreement, for which the certificate of necessity is  
21 sought under this section. The entity submitting an alternative  
22 proposal under this subsection has standing to intervene and the  
23 commission may allow reasonable discovery in the contested case  
24 proceeding conducted under this subsection. In evaluating an  
25 alternative proposal, the commission may consider the cost of the  
26 alternative proposal and the submitting entity's qualifications,  
27 technical competence, capability, reliability, creditworthiness, and  
28 past performance. In reviewing an application, the commission may  
29 consider any alternative proposals submitted under this subsection.  
30 This subsection does not limit the ability of any other person to  
31 submit to the commission an alternative proposal to the construction,  
32 investment, or purchase, including entering into a power purchase  
33 agreement, for which a certificate of necessity is sought under this  
34 subsection and to petition for and be granted leave to intervene in  
35 the contested case proceeding conducted under this subsection under  
36 the rules of practice and procedure of the commission. This  
37 subsection does not authorize the commission to order or otherwise  
38 require a large combination utility to adopt any alternative proposal  
39 submitted under this subsection.

1        NEW SECTION.     **Sec. 6.**     (1) Large combination utilities must  
2 include the following in calculating the emissions baseline and  
3 projected cumulative emissions for an emissions reduction period,  
4 consistent with reporting of greenhouse gas emissions pursuant to the  
5 Washington clean air act, chapter 70A.15 RCW:

6        (a) Methane leaked from the transportation and delivery of gas  
7 from the gas distribution and service pipelines from the city gate to  
8 customer end use;

9        (b) Greenhouse gas emissions resulting from the combustion of gas  
10 by customers not otherwise subject to federal greenhouse gas  
11 emissions reporting and excluding all transport customers; and

12        (c) Emissions of methane resulting from leakage from delivery of  
13 gas to other gas companies.

14        (2) In calculating an emissions reduction target, a large  
15 combination utility must show its emissions baseline and projected  
16 cumulative greenhouse gas emissions for the applicable emissions  
17 reduction period separately and must show that the total emissions  
18 reductions are projected to make progress toward the achievement of  
19 the emissions reduction targets identified in the applicable  
20 integrated system plan. The final calculation must be presented on a  
21 carbon dioxide equivalent basis.

22        (3) All emissions are metric tons of carbon dioxide equivalent as  
23 reported to the federal environmental protection agency pursuant to  
24 40 C.F.R. 98, either subpart W (methane) or subpart NN (carbon  
25 dioxide), or successor reporting requirements.

26        NEW SECTION.     **Sec. 7.**     (1) In any multiyear rate plan filed by a  
27 large combination utility pursuant to RCW 80.28.425 and in accordance  
28 with this chapter, the large combination utility must include an  
29 updated depreciation study that reduces the gas rate base consistent  
30 with an approved integrated system plan, and the commission may adopt  
31 depreciation schedules that accelerate cost recovery and reduce the  
32 rate base for any gas plant. The commission shall approve a  
33 depreciation schedule that depreciates all gas plants in service as  
34 of July 1, 2024, by a date no later than January 1, 2050, in any  
35 multiyear rate plan, but the commission may adjust depreciation  
36 schedules for gas plants as necessary when considering future  
37 multiyear rate plans to address affordability provided all plants in  
38 service as of July 1, 2024, are fully depreciated by 2050.

1 (2) In any multiyear rate plan proposed by a large combination  
2 utility, the company may propose a merger of regulated gas and  
3 electric operations into a single rate base. The commission may  
4 approve the merger of electric and gas rate bases if the commission  
5 finds that the proposal will result in a net benefit to customers of  
6 the large combination utility and includes reasonable rate  
7 protections for low-income natural gas and electric customers.

8 (3) For a large combination utility that has merged gas and  
9 electricity rate bases, the large combination utility must monetize  
10 benefits received from any applicable federal and state tax and other  
11 incentives for the benefit of customers. These benefits must be  
12 separately accounted for and amortized on a schedule designed to  
13 mitigate the rate impacts to customers after the rate bases are  
14 combined. These credits may not be used for any other purpose, unless  
15 directed by the commission.

16 (4) For the first multiyear rate plan proposed by a large  
17 combination utility following commission approval or approval with  
18 conditions of the initial integrated system plan identified in  
19 section 3 of this act, the commission may for good cause shown extend  
20 the deadline for a decision set forth under RCW 80.04.130 by up to 60  
21 days.

22 NEW SECTION. **Sec. 8.** (1) Beginning January 1, 2025, no large  
23 combination utility may offer any form of rebate, incentive, or other  
24 inducement to residential gas customers to purchase any natural gas  
25 appliance or equipment. Until January 1, 2031, rebates and incentives  
26 for commercial and industrial gas customers are not included in this  
27 requirement. Rebates and incentives for electric heat pumps that  
28 include natural gas backups may be offered until January 1, 2031.

29 (2) By November 1, 2025, a large combination utility must  
30 initiate and maintain an effort to educate its ratepayers about the  
31 benefits of electrification and the availability of rebates,  
32 incentives, or other inducements to purchase energy efficient  
33 electric appliances and equipment including, but not limited to, the  
34 maintenance of an educational website and the inclusion of  
35 educational materials in monthly billing statements.

36 (3) Beginning January 1, 2031, a large combination utility may  
37 not include electric air source heat pumps with gas backups as part  
38 of its electrification programs.

1       **Sec. 9.** RCW 19.280.030 and 2023 c 229 s 2 are each amended to  
2 read as follows:

3       Each electric utility must develop a plan consistent with this  
4 section.

5       (1) Utilities with more than 25,000 customers that are not full  
6 requirements customers must develop or update an integrated resource  
7 plan by September 1, 2008. At a minimum, progress reports reflecting  
8 changing conditions and the progress of the integrated resource plan  
9 must be produced every two years thereafter. An updated integrated  
10 resource plan must be developed at least every four years subsequent  
11 to the 2008 integrated resource plan. The integrated resource plan,  
12 at a minimum, must include:

13       (a) A range of forecasts, for at least the next 10 years or  
14 longer, of projected customer demand which takes into account  
15 econometric data and customer usage;

16       (b) An assessment of commercially available conservation and  
17 efficiency resources, as informed, as applicable, by the assessment  
18 for conservation potential under RCW 19.285.040 for the planning  
19 horizon consistent with (a) of this subsection. Such assessment may  
20 include, as appropriate, opportunities for development of combined  
21 heat and power as an energy and capacity resource, demand response  
22 and load management programs, and currently employed and new policies  
23 and programs needed to obtain the conservation and efficiency  
24 resources;

25       (c) An assessment of commercially available, utility scale  
26 renewable and nonrenewable generating technologies including a  
27 comparison of the benefits and risks of purchasing power or building  
28 new resources;

29       (d) A comparative evaluation of renewable and nonrenewable  
30 generating resources, including transmission and distribution  
31 delivery costs, and conservation and efficiency resources using  
32 "lowest reasonable cost" as a criterion;

33       (e) An assessment of methods, commercially available  
34 technologies, or facilities for integrating renewable resources,  
35 including but not limited to battery storage and pumped storage, and  
36 addressing overgeneration events, if applicable to the utility's  
37 resource portfolio;

38       (f) An assessment and 20-year forecast of the availability of and  
39 requirements for regional generation and transmission capacity to  
40 provide and deliver electricity to the utility's customers and to

1 meet the requirements of chapter 288, Laws of 2019 and the state's  
2 greenhouse gas emissions reduction limits in RCW 70A.45.020. The  
3 transmission assessment must identify the utility's expected needs to  
4 acquire new long-term firm rights, develop new, or expand or upgrade  
5 existing, bulk transmission facilities consistent with the  
6 requirements of this section and reliability standards;

7 (i) If an electric utility operates transmission assets rated at  
8 115,000 volts or greater, the transmission assessment must take into  
9 account opportunities to make more effective use of existing  
10 transmission capacity through improved transmission system operating  
11 practices, energy efficiency, demand response, grid modernization,  
12 nonwires solutions, and other programs if applicable;

13 (ii) An electric utility that relies entirely or primarily on a  
14 contract for transmission service to provide necessary transmission  
15 services may comply with the transmission requirements of this  
16 subsection by requesting that the counterparty to the transmission  
17 service contract include the provisions of chapter 288, Laws of 2019  
18 and chapter 70A.45 RCW as public policy mandates in the transmission  
19 service provider's process for assessing transmission need, and  
20 planning and acquiring necessary transmission capacity;

21 (iii) An electric utility may comply with the requirements of  
22 this subsection (1)(f) by relying on and incorporating the results of  
23 a separate transmission assessment process, conducted individually or  
24 jointly with other utilities and transmission system users, if that  
25 assessment process meets the requirements of this subsection;

26 (g) A determination of resource adequacy metrics for the resource  
27 plan consistent with the forecasts;

28 (h) A forecast of distributed energy resources that may be  
29 installed by the utility's customers and an assessment of their  
30 effect on the utility's load and operations;

31 (i) An identification of an appropriate resource adequacy  
32 requirement and measurement metric consistent with prudent utility  
33 practice in implementing RCW 19.405.030 through 19.405.050;

34 (j) The integration of the demand forecasts, resource  
35 evaluations, and resource adequacy requirement into a long-range  
36 assessment describing the mix of supply side generating resources and  
37 conservation and efficiency resources that will meet current and  
38 projected needs, including mitigating overgeneration events and  
39 implementing RCW 19.405.030 through 19.405.050, at the lowest  
40 reasonable cost and risk to the utility and its customers, while

1 maintaining and protecting the safety, reliable operation, and  
2 balancing of its electric system;

3 (k) An assessment, informed by the cumulative impact analysis  
4 conducted under RCW 19.405.140, of: Energy and nonenergy benefits and  
5 the avoidance and reductions of burdens to vulnerable populations and  
6 highly impacted communities; long-term and short-term public health  
7 and environmental benefits, costs, and risks; and energy security and  
8 risk;

9 (l) A 10-year clean energy action plan for implementing RCW  
10 19.405.030 through 19.405.050 at the lowest reasonable cost, and at  
11 an acceptable resource adequacy standard, that identifies the  
12 specific actions to be taken by the utility consistent with the  
13 long-range integrated resource plan; and

14 (m) An analysis of how the plan accounts for:

15 (i) Modeled load forecast scenarios that consider the anticipated  
16 levels of zero emissions vehicle use in a utility's service area,  
17 including anticipated levels of zero emissions vehicle use in the  
18 utility's service area provided in RCW 47.01.520, if feasible;

19 (ii) Analysis, research, findings, recommendations, actions, and  
20 any other relevant information found in the electrification of  
21 transportation plans submitted under RCW 35.92.450, 54.16.430, and  
22 80.28.365; and

23 (iii) Assumed use case forecasts and the associated energy  
24 impacts. Electric utilities may, but are not required to, use the  
25 forecasts generated by the mapping and forecasting tool created in  
26 RCW 47.01.520. This subsection (1)(m)(iii) applies only to plans due  
27 to be filed after September 1, 2023.

28 (2) The clean energy action plan must:

29 (a) Identify and be informed by the utility's 10-year cost-  
30 effective conservation potential assessment as determined under RCW  
31 19.285.040, if applicable;

32 (b) Establish a resource adequacy requirement;

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

35 (d) Identify renewable resources, nonemitting electric  
36 generation, and distributed energy resources that may be acquired and  
37 evaluate how each identified resource may be expected to contribute  
38 to meeting the utility's resource adequacy requirement;

39 (e) Identify any need to develop new, or expand or upgrade  
40 existing, bulk transmission and distribution facilities and document

1 existing and planned efforts by the utility to make more effective  
2 use of existing transmission capacity and secure additional  
3 transmission capacity consistent with the requirements of subsection  
4 (1)(f) of this section; and

5 (f) Identify the nature and possible extent to which the utility  
6 may need to rely on alternative compliance options under RCW  
7 19.405.040(1)(b), if appropriate.

8 (3)(a) An electric or large combination utility shall consider  
9 the social cost of greenhouse gas emissions, as determined by the  
10 commission for investor-owned utilities pursuant to RCW 80.28.405 and  
11 the department for consumer-owned utilities, when developing  
12 integrated resource plans and clean energy action plans. An electric  
13 utility must incorporate the social cost of greenhouse gas emissions  
14 as a cost adder when:

15 (i) Evaluating and selecting conservation policies, programs, and  
16 targets;

17 (ii) Developing integrated resource plans and clean energy action  
18 plans; and

19 (iii) Evaluating and selecting intermediate term and long-term  
20 resource options.

21 (b) For the purposes of this subsection (3): (i) Gas consisting  
22 largely of methane and other hydrocarbons derived from the  
23 decomposition of organic material in landfills, wastewater treatment  
24 facilities, and anaerobic digesters must be considered a nonemitting  
25 resource; and (ii) qualified biomass energy must be considered a  
26 nonemitting resource.

27 (4) To facilitate broad, equitable, and efficient implementation  
28 of chapter 288, Laws of 2019, a consumer-owned energy utility may  
29 enter into an agreement with a joint operating agency organized under  
30 chapter 43.52 RCW or other nonprofit organization to develop and  
31 implement a joint clean energy action plan in collaboration with  
32 other utilities.

33 (5) All other utilities may elect to develop a full integrated  
34 resource plan as set forth in subsection (1) of this section or, at a  
35 minimum, shall develop a resource plan that:

36 (a) Estimates loads for the next five and 10 years;

37 (b) Enumerates the resources that will be maintained and/or  
38 acquired to serve those loads;

39 (c) Explains why the resources in (b) of this subsection were  
40 chosen and, if the resources chosen are not: (i) Renewable resources;

1 (ii) methods, commercially available technologies, or facilities for  
2 integrating renewable resources, including addressing any  
3 overgeneration event; or (iii) conservation and efficiency resources,  
4 why such a decision was made;

5 (d) By December 31, 2020, and in every resource plan thereafter,  
6 identifies how the utility plans over a 10-year period to implement  
7 RCW 19.405.040 and 19.405.050; and

8 (e) Accounts for:

9 (i) Modeled load forecast scenarios that consider the anticipated  
10 levels of zero emissions vehicle use in a utility's service area,  
11 including anticipated levels of zero emissions vehicle use in the  
12 utility's service area provided in RCW 47.01.520, if feasible;

13 (ii) Analysis, research, findings, recommendations, actions, and  
14 any other relevant information found in the electrification of  
15 transportation plans submitted under RCW 35.92.450, 54.16.430, and  
16 80.28.365; and

17 (iii) Assumed use case forecasts and the associated energy  
18 impacts. Electric utilities may, but are not required to, use the  
19 forecasts generated by the mapping and forecasting tool created in  
20 RCW 47.01.520. This subsection (5)(e)(iii) applies only to plans due  
21 to be filed after September 1, 2023.

22 (6) Assessments for demand-side resources included in an  
23 integrated resource plan may include combined heat and power systems  
24 as one of the measures in a conservation supply curve. The value of  
25 recoverable waste heat resulting from combined heat and power must be  
26 reflected in analyses of cost-effectiveness under this subsection.

27 (7) An electric utility that is required to develop a resource  
28 plan under this section must complete its initial plan by September  
29 1, 2008.

30 (8) Plans developed under this section must be updated on a  
31 regular basis, on intervals approved by the commission or the  
32 department, or at a minimum on intervals of two years.

33 (9) (a) Plans shall not be a basis to bring legal action against  
34 electric utilities. However, nothing in this subsection (9)(a) may be  
35 construed as limiting the commission or any party from bringing any  
36 action pursuant to Title 80 RCW, this chapter, or chapter 19.405 RCW  
37 against any large combination utility related to an integrated system  
38 plan submitted pursuant to section 3 of this act.



1 (b) The commission may approve, reject, or approve with  
2 conditions, any integrated system plans submitted by a large  
3 combination utility as defined in section 2 of this act.

4 (10)(a) To maximize transparency, the commission, for investor-  
5 owned utilities, or the governing body, for consumer-owned utilities,  
6 may require an electric utility to make the utility's data input  
7 files available in a native format. Each electric utility shall  
8 publish its final plan either as part of an annual report or as a  
9 separate document available to the public. The report may be in an  
10 electronic form.

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

13 (11) The commission may require a large combination utility as  
14 defined in section 2 of this act to incorporate the requirements of  
15 this section into an integrated system plan established under section  
16 3 of this act.

17 NEW SECTION. **Sec. 10.** (1) When an integrated system plan of a  
18 large combination utility proposes geographically targeted  
19 electrification of all or a portion of a service area in which the  
20 large combination utility provides gas service to such a service area  
21 and one or more consumer-owned utilities provide electric service to  
22 such a service area, the integrated system plan of the large  
23 combination utility must include a process for outreach by the large  
24 combination utility to all consumer-owned utilities providing  
25 electric service to such a service area. As part of that outreach,  
26 the large combination utility shall provide gas delivery data of  
27 sufficient granularity for the consumer-owned electric company to  
28 assess the sufficiency of the capacity of the electric distribution  
29 system to accommodate the additional load from electrification at the  
30 circuit level. This data must be provided at least one plan cycle  
31 prior to electrification actions by the large combination utility to  
32 allow affected consumer-owned electric companies sufficient time to  
33 upgrade electrical distribution equipment and materials as needed to  
34 preserve system reliability.

35 (2) Consumer-owned utilities are encouraged to:

36 (a) Work with large combination utilities providing gas service  
37 within their service areas to identify opportunities for  
38 electrification and mitigating grid impacts by the large combination  
39 utility;

1 (b) Account for the costs of greenhouse gas emissions, set total  
2 energy savings and greenhouse gas emissions reduction goals, and  
3 develop and implement electrification programs in collaboration with  
4 large combination utilities providing gas service in service areas of  
5 consumer-owned utilities; and

6 (c) Include an electrification plan or transportation  
7 electrification program as part of collaboration with large  
8 combination utilities.

9 (3) Nothing in this section may be construed as expanding or  
10 contracting the authority of any electric utility with regard to the  
11 designation of the boundaries of adjoining service areas that each  
12 electric utility must observe.

13 NEW SECTION. **Sec. 11.** (1) For any project in an integrated  
14 system plan of a large combination utility that is part of a  
15 competitive solicitation and with a cost of more than \$10,000,000,  
16 the large combination utility must certify to the commission that any  
17 work associated with such a project will be constructed by a prime  
18 contractor and its subcontractors in a way that includes community  
19 workforce agreements or project labor agreements and the payment of  
20 area standard prevailing wages and apprenticeship utilization  
21 requirements, provided the following apply:

22 (a) The project owner and the prime contractor and all of its  
23 subcontractors, regardless of tier, have the absolute right to select  
24 any qualified and responsible bidder for the award of contracts on a  
25 specified project without reference to the existence or nonexistence  
26 of any agreements between such a bidder and any party to such a  
27 project labor agreement, and only when such a bidder is willing,  
28 ready, and able to become a party to, signs a letter of assent, and  
29 complies with such an agreement or agreements, should it be  
30 designated the successful bidder; and

31 (b) It is understood that this is a self-contained, stand-alone  
32 agreement, and that by virtue of having become bound to such an  
33 agreement or agreements, neither the prime contractor nor the  
34 subcontractors are obligated to sign any other local, area, or  
35 national agreement.

36 (2) Nothing in this section supersedes RCW 19.28.091 or 19.28.261  
37 or chapter 49.17 RCW, without regard to project cost.

1        NEW SECTION.    **Sec. 12.**    The commission may adopt rules to ensure  
2 the proper implementation and enforcement of this act.

3        **Sec. 13.**    RCW 80.24.010 and 2022 c 159 s 1 are each amended to  
4 read as follows:

5        Every public service company subject to regulation by the  
6 commission shall, on or before the date specified by the commission  
7 for filing annual reports under RCW 80.04.080, file with the  
8 commission a statement on oath showing its gross operating revenue  
9 from intrastate operations for the preceding calendar year or portion  
10 thereof and pay to the commission a fee equal to one-tenth of one  
11 percent of the first (~~(fifty thousand dollars)~~) \$50,000 of gross  
12 operating revenue, plus four-tenths of one percent of any gross  
13 operating revenue in excess of (~~(fifty thousand dollars)~~) \$50,000,  
14 except that a large combination utility as defined in section 2 of  
15 this act shall pay a fee equal to 0.001 percent of the first \$50,000  
16 of gross operating revenue, plus 0.005 percent of any gross operating  
17 revenue in excess of \$50,000: PROVIDED, That the commission may, by  
18 rule, set minimum fees that do not exceed the cost of collecting the  
19 fees. The commission may by rule waive any or all of the minimum fee  
20 established pursuant to this section.

21        The percentage rates of gross operating revenue to be paid in any  
22 year may be decreased by the commission for any class of companies  
23 subject to the payment of such fees, by general order entered before  
24 March 1st of such year, and for such purpose such companies shall be  
25 classified as follows:

26        Electrical, gas, water, telecommunications, and irrigation  
27 companies shall constitute class one. Every other company subject to  
28 regulation by the commission, for which regulatory fees are not  
29 otherwise fixed by law shall pay fees as herein provided and shall  
30 constitute additional classes according to kinds of businesses  
31 engaged in.

32        Any payment of the fee imposed by this section made after its due  
33 date shall include a late fee of two percent of the amount due.  
34 Delinquent fees shall accrue interest at the rate of one percent per  
35 month.

36        **Sec. 14.**    RCW 19.405.060 and 2019 c 288 s 6 are each amended to  
37 read as follows:

1 (1) (a) By January 1, 2022, and every four years thereafter, each  
2 investor-owned utility must develop and submit to the commission:

3 (i) A four-year clean energy implementation plan for the  
4 standards established under RCW 19.405.040(1) and 19.405.050(1) that  
5 proposes specific targets for energy efficiency, demand response, and  
6 renewable energy; and

7 (ii) Proposed interim targets for meeting the standard under RCW  
8 19.405.040(1) during the years prior to 2030 and between 2030 and  
9 2045.

10 (b) An investor-owned utility's clean energy implementation plan  
11 must:

12 (i) Be informed by the investor-owned utility's clean energy  
13 action plan developed under RCW 19.280.030;

14 (ii) Be consistent with subsection (3) of this section; and

15 (iii) Identify specific actions to be taken by the investor-owned  
16 utility over the next four years, consistent with the utility's long-  
17 range integrated resource plan and resource adequacy requirements,  
18 that demonstrate progress toward meeting the standards under RCW  
19 19.405.040(1) and 19.405.050(1) and the interim targets proposed  
20 under (a) (i) of this subsection. The specific actions identified must  
21 be informed by the investor-owned utility's historic performance  
22 under median water conditions and resource capability and by the  
23 investor-owned utility's participation in centralized markets. In  
24 identifying specific actions in its clean energy implementation plan,  
25 the investor-owned utility may also take into consideration any  
26 significant and unplanned loss or addition of load it experiences.

27 (c) The commission, after a hearing, must by order approve,  
28 reject, or approve with conditions an investor-owned utility's clean  
29 energy implementation plan and interim targets. The commission may,  
30 in its order, recommend or require more stringent targets than those  
31 proposed by the investor-owned utility. The commission may  
32 periodically adjust or expedite timelines if it can be demonstrated  
33 that the targets or timelines can be achieved in a manner consistent  
34 with the following:

35 (i) Maintaining and protecting the safety, reliable operation,  
36 and balancing of the electric system;

37 (ii) Planning to meet the standards at the lowest reasonable  
38 cost, considering risk;

39 (iii) Ensuring that all customers are benefiting from the  
40 transition to clean energy: Through the equitable distribution of

1 energy and nonenergy benefits and the reduction of burdens to  
2 vulnerable populations and highly impacted communities; long-term and  
3 short-term public health and environmental benefits and reduction of  
4 costs and risks; and energy security and resiliency; and

5 (iv) Ensuring that no customer or class of customers is  
6 unreasonably harmed by any resulting increases in the cost of  
7 utility-supplied electricity as may be necessary to comply with the  
8 standards.

9 (2) (a) By January 1, 2022, and every four years thereafter, each  
10 consumer-owned utility must develop and submit to the department a  
11 four-year clean energy implementation plan for the standards  
12 established under RCW 19.405.040(1) and 19.405.050(1) that:

13 (i) Proposes interim targets for meeting the standard under RCW  
14 19.405.040(1) during the years prior to 2030 and between 2030 and  
15 2045, as well as specific targets for energy efficiency, demand  
16 response, and renewable energy;

17 (ii) Is informed by the consumer-owned utility's clean energy  
18 action plan developed under RCW 19.280.030(1) or other ten-year plan  
19 developed under RCW 19.280.030(5);

20 (iii) Is consistent with subsection (4) of this section; and

21 (iv) Identifies specific actions to be taken by the consumer-  
22 owned utility over the next four years, consistent with the utility's  
23 long-range resource plan and resource adequacy requirements, that  
24 demonstrate progress towards meeting the standards under RCW  
25 19.405.040(1) and 19.405.050(1) and the interim targets proposed  
26 under (a) (i) of this subsection. The specific actions identified must  
27 be informed by the consumer-owned utility's historic performance  
28 under median water conditions and resource capability and by the  
29 consumer-owned utility's participation in centralized markets. In  
30 identifying specific actions in its clean energy implementation plan,  
31 the consumer-owned utility may also take into consideration any  
32 significant and unplanned loss or addition of load it experiences.

33 (b) The governing body of the consumer-owned utility must, after  
34 a public meeting, adopt the consumer-owned utility's clean energy  
35 implementation plan. The clean energy implementation plan must be  
36 submitted to the department and made available to the public. The  
37 governing body may adopt more stringent targets than those proposed  
38 by the consumer-owned utility and periodically adjust or expedite  
39 timelines if it can be demonstrated that such targets or timelines  
40 can be achieved in a manner consistent with the following:

1 (i) Maintaining and protecting the safety, reliable operation,  
2 and balancing of the electric system;

3 (ii) Planning to meet the standards at the lowest reasonable  
4 cost, considering risk;

5 (iii) Ensuring that all customers are benefiting from the  
6 transition to clean energy: Through the equitable distribution of  
7 energy and nonenergy benefits and reduction of burdens to vulnerable  
8 populations and highly impacted communities; long-term and short-term  
9 public health and environmental benefits and reduction of costs and  
10 risks; and energy security and resiliency; and

11 (iv) Ensuring that no customer or class of customers is  
12 unreasonably harmed by any resulting increases in the cost of  
13 utility-supplied electricity as may be necessary to comply with the  
14 standards.

15 (3)(a) An investor-owned utility must be considered to be in  
16 compliance with the standards under RCW 19.405.040(1) and  
17 19.405.050(1) if, over the four-year compliance period, the average  
18 annual incremental cost of meeting the standards or the interim  
19 targets established under subsection (1) of this section equals a two  
20 percent increase of the investor-owned utility's weather-adjusted  
21 sales revenue to customers for electric operations above the previous  
22 year, as reported by the investor-owned utility in its most recent  
23 commission basis report. All costs included in the determination of  
24 cost impact must be directly attributable to actions necessary to  
25 comply with the requirements of RCW 19.405.040 and 19.405.050.

26 (b) If an investor-owned utility relies on (a) of this subsection  
27 as a basis for compliance with the standard under RCW 19.405.040(1),  
28 then it must demonstrate that it has maximized investments in  
29 renewable resources and nonemitting electric generation prior to  
30 using alternative compliance options allowed under RCW  
31 19.405.040(1)(b).

32 (4)(a) A consumer-owned utility must be considered to be in  
33 compliance with the standards under RCW 19.405.040(1) and  
34 19.405.050(1) if, over the four-year compliance period, the average  
35 annual incremental cost of meeting the standards or the interim  
36 targets established under subsection (2) of this section meets or  
37 exceeds a two percent increase of the consumer-owned utility's retail  
38 revenue requirement above the previous year. All costs included in  
39 the determination of cost impact must be directly attributable to

1 actions necessary to comply with the requirements of RCW 19.405.040  
2 and 19.405.050.

3 (b) If a consumer-owned utility relies on (a) of this subsection  
4 as a basis for compliance with the standard under RCW 19.405.040(1),  
5 and it has not met eighty percent of its annual retail electric load  
6 using electricity from renewable resources and nonemitting electric  
7 generation, then it must demonstrate that it has maximized  
8 investments in renewable resources and nonemitting electric  
9 generation prior to using alternative compliance options allowed  
10 under RCW 19.405.040(1)(b).

11 (5) The commission, for investor-owned utilities, and the  
12 department, for consumer-owned utilities, must adopt rules  
13 establishing the methodology for calculating the incremental cost of  
14 compliance under this section, as compared to the cost of an  
15 alternative lowest reasonable cost portfolio of investments that are  
16 reasonably available.

17 (6) The commission may require a large combination utility as  
18 defined in section 2 of this act to incorporate the requirements of  
19 this section into an integrated system plan established under section  
20 3 of this act.

21 **Sec. 15.** RCW 80.28.130 and 2011 c 214 s 22 are each amended to  
22 read as follows:

23 Whenever the commission finds, after hearing had upon its own  
24 motion or upon complaint, that repairs or improvements, to, or  
25 changes in, any gas plant, electrical plant, system of sewerage, or  
26 water system ought to be made, or that any additions or extensions  
27 should reasonably be made thereto, in order to promote the security  
28 or convenience of the public or employees, or in order to secure  
29 adequate service or facilities for manufacturing, distributing or  
30 supplying gas, electricity, wastewater company services, or water,  
31 the commission may enter an order directing that such reasonable  
32 repairs, improvements, changes, additions or extensions of such gas  
33 plant, electrical plant, system of sewerage, or water system be made.  
34 The commission may require a large combination utility as defined in  
35 section 2 of this act to incorporate any existing pipeline safety and  
36 replacement plans under this section into an integrated system plan  
37 established under section 3 of this act.

1       **Sec. 16.** RCW 80.28.365 and 2019 c 287 s 5 are each amended to  
2 read as follows:

3       (1) An electric utility regulated by the utilities and  
4 transportation commission under this chapter may submit to the  
5 commission an electrification of transportation plan that deploys  
6 electric vehicle supply equipment or provides other electric  
7 transportation programs, services, or incentives to support  
8 electrification of transportation. The plans should align to a period  
9 consistent with either the utility's planning horizon under its most  
10 recent integrated resource plan or the time frame of the actions  
11 contemplated in the plan, and may include:

12       (a) Any programs that the utility is proposing contemporaneously  
13 with the plan filing or anticipates later in the plan period;

14       (b) Anticipated benefits of transportation electrification, based  
15 on a forecast of electric transportation in the utilities' service  
16 territory; and

17       (c) Anticipated costs of programs, subject to the restrictions in  
18 RCW 80.28.360.

19       (2) In reviewing an electrification of transportation plan under  
20 subsection (1) of this section, the commission may consider the  
21 following: (a) The applicability of multiple options for  
22 electrification of transportation across all customer classes; (b)  
23 the impact of electrification on the utility's load, and whether  
24 demand response or other load management opportunities, including  
25 direct load control and dynamic pricing, are operationally  
26 appropriate; (c) system reliability and distribution system  
27 efficiencies; (d) interoperability concerns, including the  
28 interoperability of hardware and software systems in electrification  
29 of transportation proposals; and (e) the benefits and costs of the  
30 planned actions.

31       (3) The commission must issue an acknowledgment of an  
32 electrification of transportation plan within six months of the  
33 submittal of the plan. The commission may establish by rule the  
34 requirements for preparation and submission of an electrification of  
35 transportation plan. An electric utility may submit a plan under this  
36 section before or during rule-making proceedings.

37       (4) The commission may require a large combination utility as  
38 defined in section 2 of this act to incorporate the requirements of  
39 this section into an integrated system plan established under section  
40 3 of this act.



1       **Sec. 17.** RCW 80.28.380 and 2019 c 285 s 11 are each amended to  
2 read as follows:

3       (1) Each gas company must identify and acquire all conservation  
4 measures that are available and cost-effective. Each company must  
5 establish an acquisition target every two years and must demonstrate  
6 that the target will result in the acquisition of all resources  
7 identified as available and cost-effective. The cost-effectiveness  
8 analysis required by this section must include the costs of  
9 greenhouse gas emissions established in RCW 80.28.395. The targets  
10 must be based on a conservation potential assessment prepared by an  
11 independent third party and approved by the commission. Conservation  
12 targets must be approved by order by the commission. The initial  
13 conservation target must take effect by 2022.

14       (2) The commission may require a large combination utility as  
15 defined in section 2 of this act to incorporate the requirements of  
16 this section into an integrated system plan established under section  
17 3 of this act.

18       **Sec. 18.** RCW 80.28.425 and 2021 c 188 s 2 are each amended to  
19 read as follows:

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

36       (2) The commission may approve, disapprove, or approve with  
37 modifications any proposal to recover from ratepayers up to five  
38 percent of the total revenue requirement approved by the commission  
39 for each year of a multiyear rate plan for tariffs that reduce the

1 energy burden of low-income residential customers including, but not  
2 limited to: (a) Bill assistance programs; or (b) one or more special  
3 rates. For any multiyear rate plan approved under this section  
4 resulting in a rate increase, the commission must approve an increase  
5 in the amount of low-income bill assistance to take effect in each  
6 year of the rate plan where there is a rate increase. At a minimum,  
7 the amount of such low-income assistance increase must be equal to  
8 double the percentage increase, if any, in the residential base rates  
9 approved for each year of the rate plan. The commission may approve a  
10 larger increase to low-income bill assistance based on an appropriate  
11 record.

12 (3) (a) If it approves a multiyear rate plan, the commission shall  
13 separately approve rates for each of the initial rate year, the  
14 second rate year and, if applicable, the third rate year, and the  
15 fourth rate year.

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

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

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

37 (e) If the commission approves a multiyear rate plan with a  
38 duration of three or four years, then the electrical company must  
39 update its power costs as of the rate effective date of the third  
40 rate year. The proceeding to update the electrical company's power

1 costs is subject to the same standards that apply to other rate  
2 filings made under this title.

3 (4) Subject to subsection (5) of this section, the commission may  
4 by order establish terms, conditions, and procedures for a multiyear  
5 rate plan and ensure that rates remain fair, just, reasonable, and  
6 sufficient during the course of the plan.

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

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

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

1 execution of competitive procurement practices, attainment of state  
2 energy and emissions reduction policies, rapid integration of  
3 renewable energy resources, and fair compensation of utility  
4 employees.

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

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

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

14 (11) The commission may require a large combination utility as  
15 defined in section 2 of this act to incorporate the requirements of  
16 this section into an integrated system plan established under section  
17 3 of this act.

18 NEW SECTION. Sec. 19. This chapter may be known and cited as  
19 the Washington decarbonization act for large combination utilities.

20 NEW SECTION. Sec. 20. Sections 2 through 8, 10 through 12 and  
21 19 of this act constitute a new chapter in Title 80 RCW.

22 NEW SECTION. Sec. 21. If any provision of this act or its  
23 application to any person or circumstance is held invalid, the  
24 remainder of the act or the application of the provision to other  
25 persons or circumstances is not affected.

26 NEW SECTION. Sec. 22. This act is necessary for the immediate  
27 preservation of the public peace, health, or safety, or support of  
28 the state government and its existing public institutions, and takes  
29 effect immediately."

**ESHB 1589 - S AMD 880**  
By Senator Nguyen

1 On page 1, line 2 of the title, after "future;" strike the  
2 remainder of the title and insert "amending RCW 19.280.030,  
3 80.24.010, 19.405.060, 80.28.130, 80.28.365, 80.28.380, and  
4 80.28.425; adding a new chapter to Title 80 RCW; creating a new  
5 section; and declaring an emergency."

EFFECT: (1) Removes the prohibition on specific large gas companies in Washington from furnishing or supplying gas service to any commercial or residential location that did not receive or file an application for gas service as of June 30, 2023.

(2) Removes the section that authorizes a large combination utility to provide a customer with any approved nonemitting energy under the utility's obligation to serve statute.

(3) Restructures the process for the utilities and transportation commission (UTC) to consolidate a large combination utility's planning requirements for both gas and electric operations into a single integrated system plan (ISP), by July 1, 2025, rather than September 1, 2023, and allows the UTC to extend the proceeding 90 days for good cause shown.

(a) Requires a large combination utility to file an ISP by January 1, 2027, and be updated on a regular basis, but authorizes the UTC to set a timeline for future ISPs.

(b) Requires the ISP to satisfy a number of requirements, including, among others: Components of integrated resource plans and clean energy action plans; low-income electrification programs, which includes demonstrated material benefits to low-income participants; an action plan for specific actions needed to implement an ISP; and a report on the progress of an ISP.

(c) Specifies that the UTC must complete a rule-making proceeding to implement consolidated planning requirements for gas and electric services for large combination utilities that may include plans required under a specific statute, rather than chapters in the RCW. Authorizes a large combination utility to incorporate the requirements of the following statutes into an integrated system plan:

(i) RCW 19.280.030, relating to integrated resource plans;

(ii) RCW 19.405.060, relating to clean energy implementation plans under the clean energy transformation act;

(iii) RCW 80.28.130, relating to the UTC authority for hearings on repairs or improvements to any gas plant, electrical plant, sewage systems, or water systems;

(iv) RCW 80.28.380, relating to electrification of transportation plans regulated by the UTC;

(v) RCW 80.28.365, relating conservation targets for gas companies; and

(vi) RCW 80.28.425, relating to multiyear rate plans.

(d) Clarifies that a large combination utility that files an integrated system plan is no longer required to file separate plans that are required in an integrated system plan.

(4) Directs a large combination utility to consider the social cost of greenhouse gas emissions when developing ISPs and clean energy action plans.

(5) Directs a large combination utility to apply a risk reduction premium in evaluating the lowest reasonable cost of decarbonization measures in an ISP that must account for the applicable allowance ceiling price approved by the department of ecology under the climate

commitment act, to ensure that the utility is making appropriate long-term investments to mitigate against allowance and fuel price risks to customers and the utility.

(6) Removes the cost-effective cost recovery mechanism, including the requirement that a majority of total capacity and energy needed to meet the requirements of the clean energy transformation act (CETA) must be supplied from resources owned and operated by the combination utility.

(7) Directs that no large combination utility may offer any form of rebate, incentive, or other inducement to residential gas customers to purchase any natural gas appliance or equipment beginning January 1, 2025. Specifies that this requirement does not apply to electric heat pumps with natural gas backups or commercial or industrial customers until January 1, 2031.

(8) Directs that, by November 1, 2025, a large combination utility must educate its ratepayers about the benefits of electrification and availability of rebates, incentives, or other inducements to purchase energy efficient electric appliances and equipment.

(9) Directs a large combination utility to work in good faith with other specified stakeholders to develop market structures and mechanisms that account for the greenhouse gas attributes of wholesale electricity generation when it is sold into organized markets.

(10) Authorizes a large combination utility to seek a certificate of necessity along with an ISP in order to construct a new renewable or nonemitting electric generation or transmission facility, make a significant investment in an existing facility, or enter into a power purchase agreement for renewable or nonemitting electric energy or capacity.

(a) Allows a certificate to be submitted outside the ISP process for a time-sensitive project.

(b) Directs that if the assumptions underlying an approved certificate of necessity materially change, a large combination utility must request, or the UTC or potential intervenor on its own motion may initiate, a proceeding to review whether it is reasonable to complete an unfinished project with a certificate of necessity.

(c) Directs that nothing under the certificate of necessity provisions changes the existing authority of the UTC to ascertain and determine the fair value of property for rate-making purposes.

(d) Clarifies that the UTC may approve, reject, or approve with conditions a large combination utility's application for a certificate of necessity if the construction, investment, or purchase is in the public interest and complies with the UTC's administrative rules governing electric resource procurement.

(11) Removes the provision requiring incremental depreciation for each year of a multiyear rate plan equal to one percent of the gas revenue requirement for the preceding year, and instead directs the UTC to approve a depreciation schedule, with adjustments for affordability, that depreciates all gas plants in service as of July 1, 2024, by a date no later than January 1, 2050.

(12) Directs that when an ISP proposes geographically targeted electrification of all or a portion of a large combination utility's service area and one or more consumer-owned utilities (COUs) provide electric service to the same service area, the ISP must include a process for outreach to all of these COUs.

(13) Authorizes the UTC to assess a fee on combination utilities of 0.5 percent of intrastate gross operating revenues.

(14) Directs that current law may not be construed as limiting the UTC or any party from bringing any action pursuant to the law

governing public utilities or CETA against a large combination utility related to a submitted ISP.

(15) Replaces the term "combination utility" with "large combination utility" to mean a public service company that is both an electrical company and a large gas company serving a specified number of customers in Washington as of June 30, 2024.

(16) Reinserts the severability clause.

(17) Makes technical corrections.

(18) Makes changes to the underlying ENET striker to:

(a) Remove the requirement that the UTC must avoid commercial and residential rate classes subsidizing; and

(b) Direct that the project owner, rather than the large combination utility, and the prime contractor and subcontractors have the absolute right to select bidders for the award of contracts on a specified project under a large combination utility's ISP that is part of a competitive solicitation and costs more than \$10,000,000.

--- END ---