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HOUSE BILL 1458

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State of Washington

65th Legislature

2017 Regular Session

By Representatives Fitzgibbon, Fey, and Farrell

1 AN ACT Relating to electric energy performance baselines; and  
2 amending RCW 19.285.030 and 19.285.080.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (12) "Eligible renewable resource" means:

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

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

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

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

3 (d) Qualified biomass energy; or

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

12 (13) "Energy performance baseline" means current normalized  
13 electrical energy use of an existing building.

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

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

19 ((+15)) (16)(a) "Nonpower attributes" means all environmentally  
20 related characteristics, exclusive of energy, capacity reliability,  
21 and other electrical power service attributes, that are associated  
22 with the generation of electricity from a renewable resource,  
23 including but not limited to the facility's fuel type, geographic  
24 location, vintage, qualification as an eligible renewable resource,  
25 and avoided emissions of pollutants to the air, soil, or water, and  
26 avoided emissions of carbon dioxide and other greenhouse gases.

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

36 ((+16)) (17) "Pacific Northwest" has the same meaning as defined  
37 for the Bonneville power administration in section 3 of the Pacific  
38 Northwest electric power planning and conservation act (94 Stat.  
39 2698; 16 U.S.C. Sec. 839a).

1       ~~((17))~~ (18) "Public facility" has the same meaning as defined  
2 in RCW 39.35C.010.

3       ~~((18))~~ (19) "Qualified biomass energy" means electricity  
4 produced from a biomass energy facility that: (a) Commenced operation  
5 before March 31, 1999; (b) contributes to the qualifying utility's  
6 load; and (c) is owned either by: (i) A qualifying utility; or (ii)  
7 an industrial facility that is directly interconnected with  
8 electricity facilities that are owned by a qualifying utility and  
9 capable of carrying electricity at transmission voltage.

10       ~~((19))~~ (20) "Qualifying utility" means an electric utility, as  
11 the term "electric utility" is defined in RCW 19.29A.010, that serves  
12 more than twenty-five thousand customers in the state of Washington.  
13 The number of customers served may be based on data reported by a  
14 utility in form 861, "annual electric utility report," filed with the  
15 energy information administration, United States department of  
16 energy.

17       ~~((20))~~ (21) "Renewable energy credit" means a tradable  
18 certificate of proof of at least one megawatt-hour of an eligible  
19 renewable resource where the generation facility is not powered by  
20 freshwater. The certificate includes all of the nonpower attributes  
21 associated with that one megawatt-hour of electricity, and the  
22 certificate is verified by a renewable energy credit tracking system  
23 selected by the department.

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

31       ~~((22))~~ (23) "Rule" means rules adopted by an agency or other  
32 entity of Washington state government to carry out the intent and  
33 purposes of this chapter.

34       ~~((23))~~ (24) "Year" means the twelve-month period commencing  
35 January 1st and ending December 31st.

36       **Sec. 2.** RCW 19.285.080 and 2007 c 1 s 8 are each amended to read  
37 as follows:

1 (1) The commission may adopt rules to ensure the proper  
2 implementation and enforcement of this chapter as it applies to  
3 investor-owned utilities.

4 (2) The department shall adopt rules concerning only process,  
5 timelines, and documentation to ensure the proper implementation of  
6 this chapter as it applies to qualifying utilities that are not  
7 investor-owned utilities. Those rules include, but are not limited  
8 to, rules associated with a qualifying utility's development of  
9 conservation targets under RCW 19.285.040(1); a qualifying utility's  
10 decision to pursue alternative compliance in RCW 19.285.040(2) (d) or  
11 (i) or 19.285.050(1); and the format and content of reports required  
12 in RCW 19.285.070. Nothing in this subsection may be construed to  
13 restrict the rate-making authority of the commission or a qualifying  
14 utility as otherwise provided by law.

15 (3) The commission and department may coordinate in developing  
16 rules related to process, timelines, and documentation that are  
17 necessary for implementation of this chapter.

18 (4) Pursuant to the administrative procedure act, chapter 34.05  
19 RCW, rules needed for the implementation of this chapter must be  
20 adopted by December 31, 2007. These rules may be revised as needed to  
21 carry out the intent and purposes of this chapter.

22 (5) The commission shall adopt rules to require investor-owned  
23 utilities that are regulated under this chapter to develop and  
24 implement a program to achieve greater energy savings in existing  
25 residential and nonresidential building stock that fall below current  
26 standards of the Washington state energy code by using the buildings'  
27 energy performance baseline to calculate financial incentives.

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