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**SUBSTITUTE HOUSE BILL 1512**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** House Environment & Energy (originally sponsored by Representatives Fey, Steele, Valdez, Ortiz-Self, Fitzgibbon, Klippert, Tarleton, Mead, Pollet, Jenkins, Boehnke, Slatter, DeBolt, Dent, Chapman, Frame, Stanford, Tharinger, and Macri)

1 AN ACT Relating to the electrification of transportation;  
2 amending RCW 80.28.360; adding a new section to chapter 35.92 RCW;  
3 adding a new section to chapter 54.16 RCW; adding a new section to  
4 chapter 80.28 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that:

7 (1) Programs for the electrification of transportation have the  
8 potential to allow electric utilities to optimize the use of electric  
9 grid infrastructure, improve the management of electric loads, and  
10 better manage the integration of variable renewable energy resources.  
11 Depending upon each utility's unique circumstances, electrification  
12 of transportation programs may provide cost-effective energy  
13 efficiency, through more efficient use of energy resources, and more  
14 efficient use of the electric delivery system. Electrification of  
15 transportation may result in cost savings and benefits for all  
16 ratepayers.

17 (2) State policy can achieve the greatest return on investment in  
18 reducing greenhouse gas emissions and improving air quality by  
19 expediting the transition to alternative fuel vehicles, including  
20 electric vehicles. Potential benefits associated with electrification  
21 of transportation include the monetization of environmental

1 attributes associated with carbon reduction in the transportation  
2 sector.

3 (3) Legislative clarity is important for utilities to offer  
4 programs and services, including incentives, in the electrification  
5 of transportation for their customers. It is the intent of the  
6 legislature to achieve parity among all electric utilities, so each  
7 electric utility, depending on its unique circumstances, can  
8 determine its appropriate role in the development of electrification  
9 of transportation infrastructure.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 35.92  
11 RCW to read as follows:

12 (1) The governing authority of an electric utility formed under  
13 this chapter may adopt an electrification of transportation plan  
14 that, at a minimum, establishes a finding that utility outreach and  
15 investment in the electrification of transportation infrastructure  
16 does not increase net costs to ratepayers in excess of one-quarter of  
17 one percent.

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

29 (3) An electric utility formed under this chapter may, upon  
30 making a determination in accordance with subsection (1) of this  
31 section, offer incentive programs in the electrification of  
32 transportation for its customers, including the promotion of electric  
33 vehicle adoption and advertising programs to promote the utility's  
34 services, incentives, or rebates.

35 NEW SECTION. **Sec. 3.** A new section is added to chapter 54.16  
36 RCW to read as follows:

37 (1) The commission of a public utility district may adopt an  
38 electrification of transportation plan that, at a minimum,

1 establishes a finding that outreach and investment in the  
2 electrification of transportation infrastructure does not increase  
3 net costs to ratepayers in excess of one-quarter of one percent.

4 (2) In adopting an electrification of transportation plan under  
5 subsection (1) of this section, the commission of a public utility  
6 district may consider some or all of the following: (a) The  
7 applicability of multiple options for electrification of  
8 transportation across all customer classes; (b) the impact of  
9 electrification on the district's load, and whether demand response  
10 or other load management opportunities, including direct load control  
11 and dynamic pricing, are operationally appropriate; (c) system  
12 reliability and distribution system efficiencies; (d)  
13 interoperability concerns, including the interoperability of hardware  
14 and software systems in electrification of transportation proposals;  
15 and (e) overall customer experience.

16 (3) A public utility district may, upon making a determination in  
17 accordance with subsection (1) of this section, offer incentive  
18 programs in the electrification of transportation for its customers,  
19 including the promotion of electric vehicle adoption and advertising  
20 programs to promote the district's services, incentives, or rebates.

21 NEW SECTION. **Sec. 4.** A new section is added to chapter 80.28  
22 RCW to read as follows:

23 (1) An electric utility regulated by the utilities and  
24 transportation commission under this chapter may submit to the  
25 commission an electrification of transportation plan that deploys  
26 electric vehicle supply equipment or provides other electric  
27 transportation programs, services, or incentives to support  
28 electrification of transportation, provided that such electric  
29 vehicle supply equipment, programs, or services may not increase  
30 costs to customers in excess of one-quarter of one percent above the  
31 benefits of electric transportation to all customers over a period  
32 consistent with the utility's planning horizon under its most recent  
33 integrated resource plan.

34 (2) In reviewing an electrification of transportation plan under  
35 subsection (1) of this section, the commission may consider the  
36 following: (a) The applicability of multiple options for  
37 electrification of transportation across all customer classes; (b)  
38 the impact of electrification on the utility's load, and whether  
39 demand response or other load management opportunities, including

1 direct load control and dynamic pricing, are operationally  
2 appropriate; (c) system reliability and distribution system  
3 efficiencies; (d) interoperability concerns, including the  
4 interoperability of hardware and software systems in electrification  
5 of transportation proposals; (e) the benefits and costs of the  
6 planned actions; and (f) the overall customer experience.

7 (3) The commission must issue an acknowledgment of an  
8 electrification of transportation plan within six months of the  
9 submittal of the plan. The commission may establish by rule the  
10 requirements for preparation and submission of an electrification of  
11 transportation plan. An electric utility may submit a plan under this  
12 section before or during rule-making proceedings.

13 **Sec. 5.** RCW 80.28.360 and 2015 c 220 s 2 are each amended to  
14 read as follows:

15 (1) In establishing rates for each electrical company regulated  
16 under this title, the commission may allow an incentive rate of  
17 return on investment through December 31, 2030, on capital  
18 expenditures for electric vehicle supply equipment that is deployed  
19 for the benefit of ratepayers, provided that the capital expenditures  
20 do not increase costs to ratepayers in excess of one-quarter of one  
21 percent. The commission must consider and may adopt other policies to  
22 improve access to and promote fair competition in the provision of  
23 electric vehicle supply equipment.

24 (2) An incentive rate of return on investment under this section  
25 may be allowed only if the company chooses to pursue capital  
26 investment in electric vehicle supply equipment on a fully regulated  
27 basis similar to other capital investments behind a customer's meter.  
28 In the case of an incentive rate of return on investment allowed  
29 under this section, an increment of up to two percent must be added  
30 to the rate of return on common equity allowed on the company's other  
31 investments.

32 (3) The incentive rate of return on investment authorized in  
33 subsection (2) of this section applies only to projects which have  
34 been installed after July 1, 2015(~~(, and which are reasonably~~  
35 ~~expected, at the time they are placed in the rate base, to result in~~  
36 ~~real and tangible benefits for ratepayers by being installed and~~  
37 ~~located where electric vehicles are most likely to be parked for~~  
38 ~~intervals longer than two hours)).~~

1           (4) The incentive rate of return on investment increment pursuant  
2 to this section may be earned only for a period up to the depreciable  
3 life of the electric vehicle supply equipment as defined in the  
4 depreciation schedules developed by the company and submitted to the  
5 commission for review. When the capital investment has fully  
6 depreciated, an electrical company may gift the electric vehicle  
7 supply equipment to the owner of the property on which it is located.

8           (5) By December 31, 2017, the commission must report to the  
9 appropriate committees of the legislature with regard to the use of  
10 any incentives allowed under this section, the quantifiable impacts  
11 of the incentives on actual electric vehicle deployment, and any  
12 recommendations to the legislature about utility participation in the  
13 electric vehicle market.

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