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**SUBSTITUTE SENATE BILL 5588**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senate Environment, Energy & Technology (originally sponsored by Senators Hawkins, Palumbo, Ericksen, Van De Wege, Fortunato, Short, Billig, Hobbs, Braun, Takko, Warnick, Sheldon, Wagoner, Hunt, Das, Zeiger, Wellman, King, Nguyen, Hasegawa, Kuderer, Bailey, Rivers, Holy, Wilson, L., Padden, Walsh, Dhingra, Frockt, Keiser, Lias, O'Ban, and Wilson, C.)

1       AN ACT Relating to authorizing the production, distribution, and  
2       sale of renewable hydrogen; and amending RCW 54.04.190.

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

4       **Sec. 1.** RCW 54.04.190 and 2015 c 31 s 1 are each amended to read  
5       as follows:

6       (1) In addition to any other authority provided by law, public  
7       utility districts are authorized to produce and distribute biodiesel,  
8       ethanol, and ethanol blend fuels, including entering into crop  
9       purchase contracts for a dedicated energy crop for the purpose of  
10      generating electricity or producing biodiesel produced from  
11      Washington feedstocks, cellulosic ethanol, and cellulosic ethanol  
12      blend fuels for use in internal operations of the electric utility  
13      and for sale or distribution.

14      (2) In addition to any other authority provided by law:

15      (a) Public utility districts are authorized to produce renewable  
16      natural gas and renewable hydrogen and utilize the renewable natural  
17      gas or renewable hydrogen they produce for internal operations.

18      (b) Public utility districts may sell renewable natural gas or  
19      renewable hydrogen that is delivered into a gas transmission pipeline  
20      located in the state of Washington or delivered in pressurized  
21      containers:

1 (i) At wholesale; ~~((or))~~  
2 (ii) To an end-use customer; or  
3 (iii) If delivered in a pressurized container, or if the end-use  
4 customer takes delivery of the renewable natural gas or renewable  
5 hydrogen through a pipeline, and the end-use customer is an eligible  
6 purchaser of natural gas from sellers other than the gas company from  
7 which that end-use customer takes transportation service and:

8 (A) When the sale is made to an end-use customer in the state of  
9 Washington, the sale is made pursuant to a transportation tariff  
10 approved by the Washington utilities and transportation commission;  
11 or

12 (B) When the sale to an end-use customer is made outside of the  
13 state of Washington, the sale is made pursuant to a transportation  
14 tariff approved by the state agency which regulates retail sales of  
15 natural gas.

16 (c) Public utility districts may sell renewable natural gas or  
17 renewable hydrogen at wholesale or to an end-use customer through a  
18 pipeline directly from renewable natural gas or renewable hydrogen  
19 production facilities to facilities that compress, liquefy, or  
20 dispense compressed natural gas ~~((or))~~, liquefied natural gas, or  
21 renewable hydrogen fuel for end use as a transportation fuel.

22 (d) Public utility districts may sell renewable hydrogen at  
23 wholesale or to an end-use customer in pressurized containers  
24 directly from renewable hydrogen production facilities to facilities  
25 that utilize renewable hydrogen as a nonutility related input for a  
26 manufacturing process.

27 (3) Except as provided in subsection (2)(b) ~~((+ii+))~~ (iii) of this  
28 section, nothing in this section authorizes a public utility district  
29 to sell renewable natural gas or renewable hydrogen delivered by  
30 pipeline to an end-use customer of a gas company.

31 (4)(a) Except as provided in this subsection (4), nothing in this  
32 section authorizes a public utility district to own or operate  
33 natural gas distribution pipeline systems used to serve retail  
34 customers.

35 (b) For the purposes of subsection (2)(b) of this section, public  
36 utility districts are authorized to own and operate interconnection  
37 pipelines that connect renewable natural gas or renewable hydrogen  
38 production facilities to gas transmission pipelines.

39 (c) For the purposes of subsection (2)(c) of this section, public  
40 utility districts may own and/or operate pipelines to supply, and/or

1 compressed natural gas ~~((or))~~, liquefied natural gas, or renewable  
2 hydrogen facilities to provide, renewable natural gas or renewable  
3 hydrogen for end use as a transportation fuel if all such pipelines  
4 and facilities are located in the county in which the public utility  
5 district is authorized to provide utility service.

6 (5) Exercise of the authorities granted under this section to  
7 public utility districts does not subject them to the jurisdiction of  
8 the utilities and transportation commission, except that public  
9 utility districts are subject only to administration and enforcement  
10 by the commission of state and federal requirements related to  
11 pipeline safety and fees payable to the commission that are  
12 applicable to such administration and enforcement.

13 (6) ~~((For purposes of this subsection:))~~ The definitions in this  
14 subsection apply throughout this section unless the context clearly  
15 requires otherwise.

16 (a) "Renewable natural gas" means a gas consisting largely of  
17 methane and other hydrocarbons derived from the decomposition of  
18 organic material in landfills, wastewater treatment facilities, and  
19 anaerobic digesters.

20 (b) "Renewable hydrogen" means hydrogen produced using renewable  
21 resources both as the source for the hydrogen and the source for the  
22 energy input into the production process.

23 (c) "Renewable resource" means: (i) Water; (ii) wind; (iii) solar  
24 energy; (iv) geothermal energy; (v) renewable natural gas; (vi)  
25 renewable hydrogen; (vii) wave, ocean, or tidal power; (viii)  
26 biodiesel fuel that is not derived from crops raised on land cleared  
27 from old growth or first growth forests; or (ix) biomass energy.

28 (d) "Gas company" has the same meaning as in RCW 80.04.010.

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