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## HOUSE BILL 1428

State of Washington 66th Legislature 2019 Regular Session

By Representatives Shewmake, Tarleton, and Lekanoff; by request of Department of Commerce

- AN ACT Relating to the disclosure of attributes of electricity products; amending RCW 19.29A.050, 19.29A.060, and 19.29A.080; amending 2000 c 213 s 1 (uncodified); reenacting and amending RCW 19.29A.010; adding new sections to chapter 19.29A RCW; and repealing RCW 19.29A.070.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 7 **Sec. 1.** 2000 c 213 s 1 (uncodified) is amended to read as 8 follows:
- 9 (1) Consumer disclosure ensures that retail electric consumers 10 purchasing electric energy receive basic information about the 11 characteristics associated with their electric product in a form that 12 facilitates consumer understanding of retail electric energy service 13 and the development of new products responsive to consumer 14 preferences.
  - (2) The legislature finds and declares that there is a need for reliable, accurate, and timely information regarding fuel source( $(\tau)$ ) that is consistently collected, for all electricity products offered for retail sale in Washington.
- 19 (3) The desirability and feasibility of such disclosure has been 20 clearly established in nutrition labeling, uniform food pricing, 21 truth-in-lending, and other consumer information programs.

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(4) The legislature intends to establish a consumer disclosure standard under which retail suppliers in Washington disclose information on the fuel mix of the electricity products they sell. Fundamental to disclosure is a label that promotes consistency in content and format, that is accurate, reliable, and simple to understand, and that allows verification of the accuracy of information reported.

- (5) To ensure that consumer information is verifiable and accurate, certain characteristics of electricity generation must be tracked and compared with information provided to consumers.
- 11 (6) The legislature recognizes that the generation, transmission,
  12 and delivery of electricity occurs through a complex network of
  13 interconnected facilities and contractual arrangements. As a result,
  14 the legislature intends that the fuel characteristics disclosed under
  15 this chapter represent reasonable approximations that are suitable
  16 only for informational or disclosure purposes.
  - (7) The disclosures required by this chapter reflect the characteristics of electricity products offered by retail suppliers to customers. Nothing in this chapter prohibits a retail supplier from communicating to its customers, owners, taxpayers, or the general public information regarding its investment in or ownership of renewable or nonrenewable generating facilities, its production of electricity, or its wholesale market activities, as long as the information is provided separately from the electricity product content label.
- Sec. 2. RCW 19.29A.010 and 2015 c 285 s 1 are each reenacted and amended to read as follows:

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

- (1) "Biomass generation" ((means electricity derived from burning solid organic fuels from wood, forest, or field residue, or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic)) has the same meaning as "biomass energy" defined in RCW 19.285.030.
- (2) "Bonneville power administration system mix" means a generation mix sold by the Bonneville power administration that is net of any resource specific sales ((and that is net of any electricity sold to direct service industrial customers, as defined

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in section 3(8) of the Pacific Northwest electric power planning and conservation act (16 U.S.C. Sec. 839(a)(8))).

- (3) (("Coal generation" means the electricity produced by a generating facility that burns coal as the primary fuel source.
- $\frac{(4)}{(4)}$ ) "Commission" means the utilities and transportation commission.
- $((\frac{(5)}{(5)}))$  <u>(4)</u> "Conservation" means an increase in efficiency in the use of energy use that yields a decrease in energy consumption while providing the same or higher levels of service. Conservation includes low-income weatherization programs.
- $((\frac{(6)}{(6)}))$  "Consumer-owned utility" means a municipal electric utility formed under Title 35 RCW, a public utility district formed under Title 54 RCW, an irrigation district formed under chapter 87.03 RCW, a cooperative formed under chapter 23.86 RCW, or a mutual corporation or association formed under chapter 24.06 RCW, that is engaged in the business of distributing electricity to more than one retail electric customer in the state.
- (((+7+))) (6) "Declared resource" means an electricity source specifically identified by a retail supplier to serve retail electric customers. A declared resource includes a stated quantity of electricity tied directly to a specified generation facility or set of facilities either through ownership or contract purchase, or a contractual right to a stated quantity of electricity from a specified generation facility or set of facilities.
  - ((+8))) <u>(7)</u> "Department" means the department of commerce.
- ((+9+))) (8) "Electric meters in service" means those meters that record in at least nine of twelve calendar months in any calendar year not less than two hundred fifty kilowatt-hours per month.
- (((10))) <u>(9)</u> "Electric utility" means a consumer-owned or investor-owned utility as defined in this section.
- (((11))) (10) "Electricity" means electric energy measured in kilowatt-hours, or electric capacity measured in kilowatts, or both.
- ((12) "Electricity information coordinator" means the organization selected by the department under RCW 19.29A.080 to: (a) Compile generation data in the Northwest power pool by generating project and by resource category; (b) compare the quantity of electricity from declared resources reported by retail suppliers with available generation from such resources; (c) calculate the net system power mix; and (d) coordinate with other comparable organizations in the western interconnection.

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(13)) (11) "Electricity product" means the electrical energy produced by a generating facility or facilities that a retail supplier sells or offers to sell to retail electric customers in the state of Washington, provided that nothing in this title shall be construed to mean that electricity is a good or product for the purposes of Title 62A RCW, or any other purpose. It does not include electrical energy generated on-site at a retail electric customer's premises.

- 9 ((<del>(14)</del>)) (12) "Electricity product content label" means 10 information presented in a uniform format by a retail supplier to its 11 retail customers and disclosing the information required in RCW 12 19.29A.060 about the characteristics of an electricity product.
- 13 (13) "Fuel attribute" means the characteristic of electricity
  14 determined by the fuel used in the generation of that electricity.
  15 For a renewable resource, the fuel attribute is included in its
  16 nonpower attributes.
  - (14) "Fuel mix" means the ((actual or imputed)) sources of electricity sold to retail electric customers, expressed in terms of percentage contribution by resource category. The total fuel mix included in each disclosure shall total one hundred percent.
  - (15) (("Geothermal generation" means electricity derived from thermal energy naturally produced within the earth.
  - (16)) "Governing body" means the council of a city or town, the commissioners of an irrigation district, municipal electric utility, or public utility district, or the board of directors of an electric cooperative or mutual association that has the authority to set and approve rates.
  - (((17) "High efficiency cogeneration" means electricity produced by equipment, such as heat or steam used for industrial, commercial, heating, or cooling purposes, that meets the federal energy regulatory commission standards for qualifying facilities under the public utility regulatory policies act of 1978.
  - (18) "Hydroelectric generation" means a power source created when water flows from a higher elevation to a lower elevation and the flow is converted to electricity in one or more generators at a single facility.
- $\frac{(19)}{(16)}$  "Investor-owned utility" means a company owned by 38 investors that meets the definition of RCW 80.04.010 and is engaged 39 in distributing electricity to ((more than)) one or more retail electric customers in the state.

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(((20) "Landfill gas generation" means electricity produced by a generating facility that uses waste gases produced by the decomposition of organic materials in landfills.

- (21) "Natural gas generation" means electricity produced by a generating facility that burns natural gas as the primary fuel source.
- (22) "Net system power mix" means the fuel mix in the Northwest power pool, net of: (a) Any declared resources in the Northwest power pool identified by in-state retail suppliers or out-of-state entities that offer electricity for sale to retail electric customers; (b) any electricity sold by the Bonneville power administration to direct service industrial customers; and (c) any resource specific sales made by the Bonneville power administration.
- (23) "Northwest power pool" means the generating resources included in the United States portion of the Northwest power pool area as defined by the western systems coordinating council.
- (24) "Oil generation" means electricity produced by a generating facility that burns oil as the primary fuel source.
- 19 <del>(25)</del>)) <u>(17) "Nonpower attributes" has the same meaning as defined</u>
  20 <u>in RCW 19.285.030.</u>
  - (18) "Private customer information" includes a retail electric customer's name, address, telephone number, and other personally identifying information.
    - (((26))) (19) "Proprietary customer information" means: (a) Information that relates to the source, technical configuration, destination, and amount of electricity used by a retail electric customer, a retail electric customer's payment history, and household data that is made available by the customer solely by virtue of the utility-customer relationship; and (b) information contained in a retail electric customer's bill.
  - ((<del>(27)</del>)) (20) "Renewable energy certificate" means a tradable certificate of proof of one megawatt-hour of electricity from a renewable resource. The certificate includes all of the nonpower attributes associated with that one megawatt-hour of electricity, and the certificate is verified by a renewable energy certificate tracking system specified by the department.
  - (21) "Renewable resource((s))" ((means electricity generation facilities fueled by: (a) Water; (b) wind; (c) solar energy; (d) geothermal energy; (e) landfill gas; or (f) biomass energy based on solid organic fuels from wood, forest, or field residues, or

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- dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic)) has the same meaning as defined in RCW 19.285.030.
  - ((<del>(28)</del>)) <u>(22)</u> "Resale" means the purchase and subsequent sale of electricity for profit, but does not include the purchase and the subsequent sale of electricity at the same rate at which the electricity was purchased.
- 9  $((\frac{(29)}{(29)}))$  "Retail electric customer" means a person or entity 10 that purchases electricity for ultimate consumption and not for 11 resale.
- (((30))) (24) "Retail supplier" means an electric utility that offers an electricity product for sale to retail electric customers in the state.
- 15  $((\frac{(31)}{)})$  <u>(25)</u> "Small utility" means any consumer-owned utility 16 with twenty-five thousand or fewer electric meters in service, or 17 that has an average of seven or fewer customers per mile of 18 distribution line.
- 19 ((<del>32)</del> "Solar generation" means electricity derived from 20 radiation from the sun that is directly or indirectly converted to 21 electrical energy.
- 22 (33))) (26) "Source and disposition report" means the report
  23 required in section 5 of this act.
  - (27) "State" means the state of Washington.

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- 25 ((<del>34</del>) "Waste incineration generation" means electricity derived 26 from burning solid or liquid wastes from businesses, households, 27 municipalities, or waste treatment operations.
- 28 (35) "Wind generation" means electricity created by movement of 29 air that is converted to electrical energy.))
- 30 (28) "Unspecified source" means an electricity source for which 31 the fuel attribute is unknown or has been separated from the energy.
- 32 **Sec. 3.** RCW 19.29A.050 and 2000 c 213 s 3 are each amended to 33 read as follows:
- (1) ((Beginning in 2001,)) Each retail supplier shall provide to its existing and new retail electric customers its annual fuel mix information by generation category as required in RCW 19.29A.060.
- 37 (2) Disclosures required under subsection (1) of this section 38 shall be provided through ((a disclosure)) an electricity product

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- <u>content</u> label presented in a ((standardized)) <u>uniform</u> format as required in RCW 19.29A.060(((-7))) <u>(6)</u>.
- (3) Except as provided in subsection  $((\frac{5}{}))$  (4) of this section, each retail supplier shall provide the  $(\frac{disclosure}{})$  electricity product content label:
- 6 (a) To each ((<del>of its</del>)) new retail electric customers at the time 7 service is established;
  - (b) To ((all of its)) each existing retail electric customer((s)), ((as a bill insert or other)) delivered with the customer's billing statement or as a separately mailed publication, not less than semiannually; ((and))
    - (c) On the retail supplier's publicly accessible web site; and
  - (d) As part of any marketing material, in <u>electronic</u>, paper, written, or other media format, that is used primarily to promote the sale of any specific electricity product being advertised, contracted for, or offered for sale to current or prospective retail electric customers.
  - (4) ((In addition to the disclosure requirements under subsection (3) of this section, each retail supplier shall provide to each electric customer it serves, at least two additional times per year, a publication that contains either:
    - (a) The disclosure label;

- 23 (b) A customer service phone number to request a disclosure 24 label; or
  - (c) A reference to an electronic form of the disclosure label.
  - (5) Small utilities and mutual light and power companies shall provide the disclosure label not less than annually through a publication that is distributed to all their retail electric customers, and have disclosure label information available in their main business office)) Each small utility and mutual light and power company shall provide the electricity product content label not less than annually through a publication that is distributed to all its retail electric customers, publicly display the electricity product content label at its main business office, and provide the electricity product content label on its publicly accessible web site. If a small utility or mutual company engages in marketing a specific electric product new to that utility it shall provide the ((disclosure)) electricity product content label described in subsection (3)(((e))) (d) of this section.

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- **Sec. 4.** RCW 19.29A.060 and 2000 c 213 s 4 are each amended to 2 read as follows:
  - (1) Each retail supplier ((shall disclose the fuel mix of each electricity product it offers to retail electric customers as follows:
  - (a) For an electricity product comprised entirely of declared resources, a retail supplier shall disclose the fuel mix for the electricity product based on the quantity of electric generation from those declared resources for the previous calendar year and any adjustment, if taken, available under subsection (6) of this section.
  - (b) For an electricity product comprised of no declared resources, a retail supplier shall report the fuel mix for the electricity product as the fuel mix of net system power for the previous calendar year, as determined by the electricity information coordinator under RCW 19.29A.080.
  - (c) For an electricity product comprised of a combination of declared resources and the net system power, a retail supplier shall disclose the fuel mix for the electricity product as a weighted average of the megawatt-hours from declared resources and the megawatt-hours from the net system power mix for the previous calendar year according to the proportion of declared resources and net system power contained in the electricity product)) must disclose to its customers the fuel characteristics of each electricity product it offers to retail electric customers using information consistent with the retail supplier's source and disposition report.
  - (2) The <u>fuel characteristics</u> disclosures required by this section ((<del>shall</del>)) <u>must</u> identify <u>for each electricity product</u> the percentage of the total electricity product sold by a retail supplier during the previous calendar year from each of the following categories, <u>using a uniform format specified</u> by the department:
    - (a) Coal ((generation));
    - (b) Hydroelectric ((generation));
    - (c) Natural gas ((generation));
- 34 (d) Nuclear ((generation)); ((and))
- 35 (e) Petroleum;
- 36 <u>(f) Solar;</u>

- 37 <u>(g) Wind;</u>
- 38 <u>(h)</u> Other generation, except that when a component of the other 39 generation category meets or exceeds two percent of the total 40 electricity product sold by a retail supplier during the previous

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calendar year, the retail supplier shall identify the component or components and display the fuel mix percentages for these component sources((, which may include, but are not limited to: (i) Biomass generation; (ii) geothermal generation; (iii) landfill gas generation; (iv) oil generation; (v) solar generation; (vi) waste incineration; or (vii) wind generation)). A retail supplier may voluntarily identify any component or components within the other generation category that comprises two percent or less of annual sales; and

(i) Unspecified sources.

- (3) ((Retail suppliers may separately report a subcategory of natural gas generation to identify high efficiency cogeneration.
- (4) Except as provided in subsection (3) of this section, )) If the percentage amount of unspecified sources identified in subsection (2) of this section exceeds zero for an electricity product, the retail supplier must include on the label a general description of unspecified sources and an explanation of why some power sources are unknown to the retail supplier.
- ((disclosure)) electricity product content label any environmental quality or environmental impact qualifier, other than those permitted or required by this chapter, related to any of the generation categories disclosed.
- (5) For the portion of an electricity product purchased from the Bonneville power administration,  $\underline{a}$  retail supplier(( $\underline{s}$ )) may (( $\underline{disclose}$ ))  $\underline{incorporate}$  the Bonneville power administration system mix  $\underline{in}$  its  $\underline{disclosure}$ .
- (6) ((A retail supplier may adjust its reported fuel mix for known changes in its declared resources for the current year based on any changes in its sources of electricity supply from either generation or contracts. If a retail supplier changes its fuel mix during a calendar year, it shall report those changes to the electricity information coordinator.
- (7))) Disclosure of the fuel mix information required in this section shall be made in the following uniform format: A tabular format with two columns, where the first column shall alphabetically list each category and the second column shall display the corresponding percentage of the total that each category represents. The percentage shall be reported as a numeric value rounded to the nearest one percent. The percentages listed for the categories

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- identified must sum to one hundred percent with the table displaying such a total.
- (7) A retail supplier may include with the electricity product

  content label additional information concerning the quantity of

  renewable energy certificates, if not otherwise included in the

  retail supplier's declared resources, that are retired for compliance
- NEW SECTION. Sec. 5. (1) Each retail supplier must report to the department each year, based on actual and verified activity in the prior year, the following information on its sources and uses of electricity in Washington:

with RCW 19.285.040(2) in the reporting year.

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- 12 (a) Load, including losses, delivered to retail electric 13 customers;
- 14 (b) Purchases or receipts of electricity from declared resources 15 used to serve retail electric customers, by generating facility and 16 fuel type; and
  - (c) Purchases or receipts of electricity from unspecified sources used to serve retail electric customers.
  - (2) The following requirements and limitations apply to the reporting of declared resources:
    - (a) A retail supplier must report an electricity purchase or receipt as a declared resource if the retail supplier was the direct or indirect owner of the generating facility or acquired the electricity in a transaction, supported by an auditable contract trail, in which the buyer and seller specified the source or set of sources of the electricity.
    - (b) A retail supplier must exclude from its declared resources all sales or deliveries of electricity to entities other than its retail electric customers, where the buyer and seller specified the source or set of sources of the electricity.
    - (c) A retail supplier may not report a declared resource as a renewable resource if there exists a renewable energy certificate or other instrument representing the nonpower attributes of the electricity and the retail supplier does not own the renewable energy certificate or instrument.
  - (d) For an electricity product that is an optional product complying with RCW 19.29A.090, a retail supplier may report as a declared resource any combination of renewable energy certificates and electricity that meets the requirements of RCW 19.29A.090.

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- 1 (3) Each retail supplier must report as an unspecified source any 2 electricity source that was acquired in a transaction where the fuel 3 attribute was not specified by the seller or provider or was not 4 included in the transaction.
- 5 (4) A retail supplier that offers more than one electricity 6 product must report the required source information separately for 7 each product.
- 8 (5) Each retail supplier must report the information required by 9 this section as annual totals in megawatt-hours.
- 10 (6) The department must determine fuel mix percentages for each retail supplier based on the information provided in source and disposition reports. Each retail supplier's fuel mix percentages must reflect, to the extent possible, the declared resources reported by that retail supplier.
- NEW SECTION. Sec. 6. (1) Any renewable energy certificate included in the source and disposition report must be created and retired within the certificate tracking system approved by the department and must represent renewable generation of a generating facility located in the region of the tracking system.
- 20 (2) A renewable energy certificate retired for any of the 21 following purposes may not be included in the source and disposition 22 report:
- 23 (a) Voluntary renewable energy programs, except where the 24 electricity product is an optional product complying with RCW 25 19.29A.090;
- 26 (b) Mandatory renewable portfolio standards other than the energy 27 independence act, chapter 19.285 RCW; and
- (c) Any other purpose established by rule by the department.
- 29 (3) A retail supplier must retire any renewable energy 30 certificates included in its source and report within one year after 31 submitting its report.
- NEW SECTION. Sec. 7. The department must develop and publish an estimate of the fuel characteristics of the generation sources reasonably available to serve Washington customers and not included as a declared resource of any retail supplier. The department may include or exclude any electricity source as it deems reasonable to accurately represent the characteristics of residual electricity supplies used by retail suppliers in Washington. The department must

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- 1 make available documentation of the inputs and calculations used in 2 making the estimate.
  - Sec. 8. RCW 19.29A.080 and 2000 c 213 s 6 are each amended to read as follows:

- (1) ((For the purpose of selecting the electricity information coordinator, the department shall form a work group of interested parties. The department shall invite interested parties, including, but not limited to, representatives from investor-owned utilities, consumer-owned utilities, the commission, the attorney general's office, consumer advocacy groups, and the environmental community to participate in the work group. In the event an appropriate regional entity is not selected by November 1, 2000, the department shall serve as the electricity information coordinator after notifying the committees of the senate and house of representatives with jurisdiction over energy matters)) The department may adopt administrative rules under chapter 34.05 RCW to implement the provisions of this chapter.
- (2) The department may receive any lawful gifts, grants, or endowments from public or private sources that are made from time to time, in trust or otherwise, for the use and benefit of the department in implementing this section, and may spend such gifts, grants, or endowments for the purposes of implementing this section.
- (3) ((As a condition for an appropriate regional entity to be selected under this section to serve as the electricity information coordinator, it must agree to compile the following information:
- (a) Actual generation by fuel mix in the Northwest power pool for the prior calendar year, expressed in megawatt-hours. This data will be compiled as it becomes available.
- (b) Adjustments to the actual generation for the prior calendar year that are known and provided to the electricity information coordinator by the end of January of the current calendar year to reflect known changes in declared resources for the current year and changes due to interconnection of new generating resources or decommissioning or sale of existing resources or contracts. These adjustments shall include supporting documentation.
- (c) The amount of electricity from declared resources that retail suppliers will identify in their fuel mix disclosures during the current calendar year. Retail suppliers shall make this data available by the end of January each year)) The department must

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regularly seek input from retail providers, consumers, environmental advocates, the Bonneville power administration, other state disclosure programs, and other stakeholders regarding potential improvements to the disclosure program established by this act.

- (4) ((Retail suppliers shall make available)) <u>Each retail</u> supplier must make available to the department upon request the following information to support the ownership or contractual rights to declared resources:
- (a) Documentation of ownership of declared resources by retail suppliers; or
  - (b) Documentation of contractual rights by retail suppliers to a stated quantity of electricity from a specific generating facility.
- ((If the documentation referred to in either (a) or (b) of this subsection is not available, the retail supplier may not identify the electricity source as a declared resource and instead must report the net system power mix for the quantity of electric generation from that resource.
- (5) If the documentation referred to in either subsection (4) (a) or (b) of this section is not available, the retail supplier may not identify the electricity source as a declared resource and instead must report the net system power mix for the quantity of electric generation from that resource.
- (6) As a condition for an appropriate regional entity to be selected under this section to serve as the electricity information coordinator, it must agree to:
- (a) Coordinate with comparable entities or organizations in the western interconnection;
- (b) On or before May 1st of each year, or as soon thereafter as practicable once the data in subsection (3)(a) of this section is available, calculate and make available the net system power mix as follows:
- (i) The actual Northwest power pool generation for the prior calendar year;
- (ii) Plus any adjustments to the Northwest power pool generation
  as made available to the electricity information coordinator by the
  end of January of the current calendar year pursuant to RCW
  19.29A.060(6);
- 38 (iii) Less the quantity of electricity associated with declared 39 resources claimed by retail suppliers for the current calendar year;

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- 1 (iv) Plus other adjustments necessary to ensure that the same 2 resource output is not declared more than once;
- 3 (c) To the extent the information is available, verify that the 4 quantity of electricity associated with the declared resources does 5 not exceed the available generation from those resources.
- 6 (7) Subsections (3) and (6) of this section apply to the 7 department in the event the department assumes the functions of the 8 electricity information coordinator.))
- 9 <u>NEW SECTION.</u> **Sec. 9.** Sections 1 and 5 through 7 of this act are 10 each added to chapter 19.29A RCW.
- NEW SECTION. Sec. 10. RCW 19.29A.070 (Actions required of department—Convene work group—Report to legislature) and 2000 c 213 s 5 are each repealed.

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