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**SUBSTITUTE HOUSE BILL 2586**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** House Environment & Energy (originally sponsored by Representatives Ramel, Fitzgibbon, Shewmake, Doglio, Stonier, Mead, Duerr, Lekanoff, Hudgins, and Macri)

1 AN ACT Relating to the electrification of homes and buildings;  
2 adding a new section to chapter 35.92 RCW; adding a new section to  
3 chapter 54.16 RCW; and creating a new section.

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

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

6 (1) Programs for the electrification of homes and buildings have  
7 the potential to allow electric utilities to optimize the use of  
8 electric grid infrastructure, improve the management of electric  
9 loads, better manage the integration of variable renewable energy  
10 resources, reduce greenhouse gas emissions from the buildings sector,  
11 and improve indoor air quality.

12 (2) Legislative clarity is important for utilities to offer  
13 programs and services, including incentives, in the electrification  
14 of homes and buildings for their customers. It is the intent of the  
15 legislature to achieve parity among all electric utilities so that  
16 each utility, depending on its unique circumstances, can determine  
17 its appropriate role in advancing home and building electrification  
18 for its customers.

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

1 (1) The governing authority of an electric utility formed under  
2 this chapter may adopt a beneficial electrification plan that  
3 establishes a finding that utility outreach and investment in the  
4 electrification of homes and buildings will provide net benefits to  
5 its customers. Prior to adopting a beneficial electrification plan,  
6 the governing authority must request the input of any natural gas  
7 company serving customers in the electric utility's service area on  
8 the development of the plan.

9 (2) A beneficial electrification plan adopted under subsection  
10 (1) of this section must identify options and program schedules for  
11 the electrification of various energy end-uses or other energy  
12 sources.

13 (3) In adopting a beneficial electrification plan under  
14 subsection (1) of this section, the governing authority of an  
15 electric utility formed under this chapter must determine that the  
16 sum of the benefits of an electrification option equals or exceeds  
17 the sum of its costs. As part of this determination, the governing  
18 authority may differentiate the level of benefits and costs accrued  
19 to highly impacted communities and vulnerable populations in the  
20 electric utility's service area, as those terms are defined in RCW  
21 19.405.020.

22 (a) The benefits of beneficial electrification considered by a  
23 governing authority may include, but are not limited to:

24 (i) Utility revenue from increased retail load from beneficial  
25 electrification;

26 (ii) Distribution system efficiencies resulting from demand  
27 response or other load management opportunities, including direct  
28 control and dynamic pricing, associated with the increased retail  
29 load;

30 (iii) System reliability improvements;

31 (iv) The opportunity for indoor and outdoor air quality benefits  
32 to existing utility customers and customers from projects constructed  
33 after the effective date of this section; and

34 (v) The opportunity for greenhouse gas emissions reductions from  
35 existing utility customers and customers from projects constructed  
36 after the effective date of this section, consistent with the  
37 emission reduction targets recommended by the department of ecology  
38 under RCW 70.235.020.

39 (b) The costs of beneficial electrification considered by a  
40 governing authority must include, but are not limited to:

1 (i) The electricity, which must be demonstrated to have a lower  
2 greenhouse gas emissions profile than direct-use and highly-efficient  
3 natural gas, used to serve the increased retail load from beneficial  
4 electrification;

5 (ii) Any conservation measures used to offset load impacts of  
6 beneficial electrification;

7 (iii) Any upgrades to the utility's distribution system or load  
8 management practices and equipment made necessary by the increased  
9 retail load; and

10 (iv) The cost of the incentive, advertising, or other inducements  
11 used to encourage customers to electrify an energy end-use currently  
12 served by a different fuel source.

13 (4) An electric utility formed under this chapter may, upon  
14 making a determination in accordance with subsection (1) of this  
15 section, offer incentives and other programs to accelerate the  
16 beneficial electrification of homes and buildings for its customers,  
17 including the promotion of electrically powered equipment,  
18 advertising beneficial electrification programs and projects,  
19 educational programs, and customer incentives or rebates. An electric  
20 utility offering such incentives and other programs must, when  
21 practical, prioritize service to highly impacted communities in the  
22 electric utility's service area, as that term is defined in RCW  
23 19.405.020.

24 (5) For the purposes of this section, "beneficial  
25 electrification" means electrification of an energy end-use in a way  
26 that provides a net benefit to the utility or utility customers  
27 consistent with subsection (3) of this section.

28 (6) Nothing in this section limits the existing authority of an  
29 electric utility formed under this chapter to offer incentives and  
30 other programs to accelerate the electrification of homes and  
31 buildings for its customers if such electrification is in the direct  
32 economic interest of the electric utility or its customers.

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

35 (1) The commission of a public utility district may adopt a  
36 beneficial electrification plan that establishes a finding that  
37 outreach and investment in the electrification of homes and buildings  
38 will provide net benefits to its customers. Prior to adopting a  
39 beneficial electrification plan, the commission of a public utility

1 district must request the input of any natural gas company serving  
2 customers in the public utility district's service area on the  
3 development of the plan.

4 (2) A beneficial electrification plan adopted under subsection  
5 (1) of this section must identify options and program schedules for  
6 the electrification of various energy end-uses or other energy  
7 sources.

8 (3) In adopting a beneficial electrification plan under  
9 subsection (1) of this section, the commission of a public utility  
10 district must determine that the sum of the benefits of an  
11 electrification option equals or exceeds the sum of its costs. As  
12 part of this determination, the commission may differentiate the  
13 level of benefits and costs accrued to highly impacted communities  
14 and vulnerable populations in the public utility district's service  
15 area, as those terms are defined in RCW 19.405.020.

16 (a) The benefits of beneficial electrification considered by a  
17 commission may include, but are not limited to:

18 (i) Utility revenue from increased retail load from beneficial  
19 electrification;

20 (ii) Distribution system efficiencies resulting from demand  
21 response or other load management opportunities, including direct  
22 control and dynamic pricing, associated with the increased retail  
23 load;

24 (iii) System reliability improvements;

25 (iv) The opportunity for indoor and outdoor air quality benefits  
26 to existing utility customers and customers from projects constructed  
27 after the effective date of this section; and

28 (v) The opportunity for greenhouse gas emissions reductions from  
29 existing utility customers and customers from projects constructed  
30 after the effective date of this section, consistent with the  
31 emission reduction targets recommended by the department of ecology  
32 under RCW 70.235.020.

33 (b) The costs of beneficial electrification considered by a  
34 commission must include, but are not limited to:

35 (i) The electricity, which must be demonstrated to have a lower  
36 greenhouse gas emissions profile than direct-use and highly efficient  
37 natural gas, used to serve the increased retail load from beneficial  
38 electrification;

39 (ii) Any conservation measures used to offset load impacts of  
40 beneficial electrification;

1 (iii) Any upgrades to the utility's distribution system or load  
2 management practices and equipment made necessary by the increased  
3 retail load; and

4 (iv) The cost of the incentive, advertising, or other inducements  
5 used to encourage customers to electrify an energy end-use currently  
6 served by a different fuel source.

7 (4) A public utility district may, upon making a determination in  
8 accordance with subsection (1) of this section, offer incentives and  
9 other programs to accelerate the beneficial electrification of homes  
10 and buildings for its customers, including the promotion of  
11 electrically powered equipment, advertising beneficial  
12 electrification programs and projects, educational programs, and  
13 customer incentives or rebates. A public utility district offering  
14 such incentives and other programs must, when practical, prioritize  
15 service to highly impacted communities in the public utility  
16 district's service area, as that term is defined in RCW 19.405.020.

17 (5) For the purposes of this section, "beneficial  
18 electrification" means electrification of an energy end-use in a way  
19 that provides a net benefit to the utility or utility customers  
20 consistent with subsection (3) of this section.

21 (6) Nothing in this section limits the existing authority of the  
22 commission of a public utility district to offer incentives and other  
23 programs to accelerate the electrification of homes and buildings for  
24 its customers if such electrification is in the direct economic  
25 interest of the public utility district or its customers.

26 NEW SECTION. **Sec. 4.** If any provision of this act or its  
27 application to any person or circumstance is held invalid, the  
28 remainder of the act or the application of the provision to other  
29 persons or circumstances is not affected.

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