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## Environment & Energy Committee

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### E2SSB 5116

**Brief Description:** Supporting Washington's clean energy economy and transitioning to a clean, affordable, and reliable energy future.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Carlyle, Palumbo, McCoy, Pedersen, Wellman, Das, Rolfes, Frockt, Wilson, C., Kuderer, Nguyen, Keiser, Lias, Hunt, Saldaña, Darneille and Billig; by request of Governor Inslee).

#### Brief Summary of Engrossed Second Substitute Bill

- Requires all electric utilities to eliminate coal-fired resources from their allocation of electricity by December 31, 2025 (Coal Elimination Standard).
- Requires that all retail sales of electricity to Washington customers be greenhouse gas neutral by January 1, 2030 (Greenhouse Gas Neutral Standard).
- Establishes a statewide policy that nonemitting and renewable resources supply 100 percent of all retail sales of electricity to Washington customers by January 1, 2045 (Clean Energy Policy).
- Establishes an administrative penalty of \$60 per megawatt-hour of electric generation for noncompliance with the Coal Elimination Standard or Greenhouse Gas Neutral Standard.
- Extends the expiration date for a sales and use tax exemption for certain alternative energy machinery and equipment from January 1, 2020, to January 1, 2030.
- Amends the Energy Independence Act.

**Hearing Date:** 3/5/19

**Staff:** Nikkole Hughes (786-7156).

**Background:**

The Energy Independence Act.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Energy Independence Act (EIA) was approved by voters in 2006. The EIA requires an electric utility with more than 25,000 customers to meet targets for energy conservation and to meet a certain percent of its annual load with eligible renewable resources. Utilities that must comply with the EIA are called "qualifying utilities."

#### Greenhouse Gas Emissions Performance Standard.

A state greenhouse gas emissions performance standard exists for all baseload electric generation for which electric utilities enter into long-term financial commitments. "Baseload electric generation" means electric generation from a power plant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent. To meet the standard, electric generation must meet the lower of:

- 1,100 pounds of greenhouse gases per megawatt-hour (MWh); or
- the average available greenhouse gas emissions output as determined by the Department of Commerce (Commerce), which was recently lowered to 925 pounds per MWh from 970 pounds per MWh (WAC 194-26-020).

This standard does not apply to long-term financial commitments with the Bonneville Power Administration (BPA), electric generation facilities powered exclusively by renewable resources, or electric generation facilities powered by nuclear energy.

In order to update the standard, Commerce must conduct a survey every five years of new combined-cycle natural gas turbines commercially available and offered for sale by manufacturers in the United States.

#### Carbon Dioxide Mitigation.

Fossil-fueled thermal power plants with a generating capacity of 25 megawatts (MW) or greater must provide mitigation for 20 percent of the carbon dioxide emissions produced by the plant over a period of 30 years. This requirement applies to new power plants seeking site certification with the Energy Facility Site Evaluation Council or an order of approval after July 1, 2004, and to existing plants that increase the production of carbon dioxide emissions by 15 percent or more.

An applicant for a natural-gas fired power plant to be constructed in a county with a coal-fired power plant subject to the greenhouse gas emissions performance standard is exempt from the carbon dioxide mitigation requirement if the application is filed before December 31, 2025.

#### In-State Coal-Fired Electric Generation Facility.

The only coal-fired electric generation facility located in the state is the TransAlta coal plant in Centralia, Washington. In 2011 the state entered into a memorandum of agreement with TransAlta to transition the coal-fired units away from coal, with one unit shutting down in 2020 and the second unit by December 31, 2025.

#### Transition of Eligible Coal Units.

The Utilities and Transportation Commission (UTC) is authorized to, after conducting an adjudicative proceeding, allow an investor-owned utility (IOU) to place regulatory liabilities into a retirement account to cover decommissioning and remediation costs of eligible coal units that commenced operation before January 1, 1980. An "eligible coal plant" means a coal-fired electric generation facility that:

- had two or fewer generating units as of January 1, 1980, and four generating units as of January 1, 2016;
- has multiple owners; and
- serves retail customers in Washington with a portion of its load.

An "eligible coal unit" is any generating unit of an eligible coal plant.

Regulatory liabilities in a retirement account must:

- not be used for any purpose other than to fund and recover prudently incurred decommissioning and remediation costs for eligible coal units;
- not be reduced, altered, impaired, or limited from the date of the UTC's approval until all costs are recovered or paid in full; and
- provide that remaining funds in the retirement account be returned to the IOU's customers.

### Energy Resource Plans.

Each electric utility must develop a resource plan. Utilities with 25,000 or more customers that are not fully served by the BPA must develop Integrated Resource Plans (IRPs). An IRP must, at a minimum, include:

- a range of forecasts, for at least the next 10 years, of projected customer demand;
- an assessment of commercially available conservation and efficiency resources;
- an assessment of commercially available, utility-scale renewable and nonrenewable generating technologies, including a comparison of the benefits and risks of purchasing power or building new resources;
- a comparative evaluation of renewable and nonrenewable generating resources;
- an assessment of methods, commercially available technologies, or facilities for integrating renewable resources and addressing overgeneration events;
- the integration of the demand forecasts and resource evaluations into a long-range assessment describing the mix of supply-side generating resources and conservation and efficiency resources that will meet current and projected needs, including mitigating overgeneration events, at the lowest reasonable cost and risk to the utility and its ratepayers; and
- a short-term plan identifying the specific actions to be taken by the utility consistent with the long-range IRP.

Utilities with fewer than 25,000 customers or that are fully served BPA customers must complete a less-detailed Resource Plan. This Resource Plan must estimate loads for the next five to 10 years, enumerate the resources that will be maintained or acquired to serve those loads, and explain why those resources were chosen.

### **Summary of Bill:**

#### Coal Elimination Standard.

On or before December 31, 2025, all electric utilities must eliminate coal-fired resources from their allocation of electricity. This does not include costs associated with decommissioning and remediation of these facilities. For the purposes of the Coal Elimination Standard, "coal-fired resource" does not include:

- an electric generating facility that is subject to an obligation to meet the state's Greenhouse Gas Emissions Performance Standard; or
- an electric generation facility that is included as part of certain limited duration wholesale power purchases.

The Utilities and Transportation Commission (UTC) must accelerate depreciation schedules for any coal-fired resource owned by investor-owned utilities by December 31, 2025. The UTC is authorized to accelerate the depreciation schedule for any qualified transmission line owned by an investor-owned utility when the UTC finds that the qualified transmission line is no longer used and useful and that there is no reasonable likelihood that the qualified transmission line will be utilized in the future.

The UTC must allow in rates, directly or indirectly, amounts on an investor-owned utility's books of account that the UTC finds represent prudently incurred undepreciated investment in a fossil fuel generating resource that has been retired from service when:

- the retirement is due to ordinary wear and tear, casualties, acts of God, acts of governmental authority, inability to procure or use fuel, termination or expiration of any ownership, and operation agreement affecting such a fossil fuel generating resource; or
- the UTC finds that the retirement is in the public interest.

#### Greenhouse Gas Neutral Standard.

All retail sales of electricity to Washington customers must be greenhouse gas neutral by January 1, 2030, and each year thereafter through December 31, 2044. An electric utility must demonstrate its compliance with this standard using a combination of nonemitting electric generation and renewable resources and other technologies that reduce greenhouse gas emissions. To achieve compliance, an electric utility must:

- pursue all cost-effective, reliable, and feasible conservation and efficiency resources to reduce or manage retail electric load; and
- use electricity from renewable resources and nonemitting electric generation in an amount equal to 100 percent of the utility's average annual retail electric load.

Through December 31, 2044, an electric utility may satisfy up to 20 percent of its compliance obligation with an alternative compliance option. An alternative compliance option may include any combination of the following:

- making an alternative compliance payment;
- using unbundled renewable energy credits, which may be banked and used for compliance within three years of being generated;
- investing in energy transformation projects; or
- using electricity from an energy recovery facility using municipal solid waste as the principal fuel source, where the facility was constructed prior to 1992 and the facility is operated in compliance with federal and state air quality standards.

Investments in energy transformation projects used to satisfy an alternative compliance option must use criteria to be developed by the Department of Ecology (Ecology) and must demonstrate certain quality standards. Energy transformation projects must be associated with the consumption of energy in Washington and must not create a new use of fossil fuels in Washington that results in a net increase of fossil fuel usage.

### Clean Energy Implementation Plans.

The UTC, after a hearing, must adopt, reject, or adopt with conditions, by order, interim targets for meeting the Greenhouse Gas Neutral Standard and a Clean Energy Implementation Plan for each investor-owned utility. Interim targets and Clean Energy Implementation Plans must be informed by the Clean Energy Action Plans submitted under a utility's Integrated Resource Plan (IRP) and must be adopted no later than six months after the Clean Energy Plan has been submitted. Initial interim targets must be adopted by December 31, 2022. The UTC must, at minimum, adopt interim targets for energy efficiency, demand response, and renewable energy. The UTC may adopt more stringent targets and periodically adjust or expedite timelines if it can be demonstrated that such targets can be achieved in a manner consistent with the following:

- maintaining and protecting the safety, reliable operation, and balancing of the electric system;
- planning to meet the standard at the lowest reasonable cost, considering risk;
- ensuring that all customers are benefiting from the transition to clean energy; and
- ensuring that no customer or class of customers is unreasonably harmed by resulting increases in the cost of utility-supplied electricity necessary to comply with the Greenhouse Gas Neutral Standard.

The governing body of a consumer-owned utility must, after a public meeting, adopt interim targets and a Clean Energy Implementation Plan, informed by the Clean Energy Action Plan submitted under a utility's IRP or Resource Plan. Interim targets and Clean Energy Implementation Plans must be submitted to the State Auditor and made available to the public. The governing body must, at a minimum, adopt interim targets for energy efficiency, demand response, and renewable energy. The governing body may adopt more stringent targets and periodically adjust or expedite timelines if it can be demonstrated that such targets can be achieved in a manner consistent with the following:

- maintaining and protecting the safety, reliable operation, and balancing of the electric system;
- planning to meet the standard at the lowest reasonable cost, considering risk;
- ensuring that all customers are benefiting from the transition to clean energy; and
- ensuring that no customer or class of customers is unreasonably harmed by resulting increases in the cost of utility-supplied electricity necessary to comply with the Greenhouse Gas Neutral Standard.

In meeting its interim targets, an electric utility must, consistent with any applicable requirements of the Energy Independence Act (EIA), pursue all cost-effective, reliable, and feasible conservation and efficiency resources, and demand response. In making new investments, an electric utility must, to the maximum extent feasible:

- achieve targets at the lowest reasonable cost, considering risk;
- consider acquisition of existing renewable resources; and
- in the acquisition of newly constructed resources, rely on renewable resources and energy storage.

### Clean Energy Policy.

It is the policy of the state that nonemitting electric generation and electricity from renewable resources supply 100 percent of all sales of electricity to Washington retail electric customers by January 1, 2045.

Each electric utility must incorporate this policy into all relevant planning and resource acquisition practices.

In planning to meet projected demand, an electric utility must, consistent with any applicable requirements under the EIA, pursue all cost-effective, reliable, and feasible conservation and efficiency resources, and demand response. In making new investments, an electric utility must, to the maximum extent feasible:

- achieve targets at the lowest reasonable cost, considering risk;
- consider acquisition of existing renewable resources; and
- in the acquisition of newly constructed resources, rely on renewable resources and energy storage.

The UTC, Department of Commerce, Energy Facility Site Evaluation Council, Department of Ecology, and all other state agencies must incorporate the Clean Energy Policy into all relevant planning.

Nothing in the Clean Energy Policy prohibits an electric utility from purchasing power from an energy recovery facility using municipal solid waste as the principal fuel source, where the facility was constructed prior to 1992 and the facility is operated in compliance with federal and state air quality standards.

#### Hydroelectric Generation and Purchases from the Bonneville Power Administration.

In complying with the Greenhouse Gas Neutral Standard and Clean Energy Policy, an electric utility may not use hydroelectric generation that requires new diversions, new impoundments, new bypass reaches, or expansion of existing reservoirs, unless otherwise required for the operation of a pumped storage facility. An electric utility that owns and operates hydroelectric generating facilities may make efficiency or other requirements to its existing hydroelectric generating facilities and may install hydroelectric generation in pipes, culverts, irrigation canals, and other manmade waterways.

Nothing in the Greenhouse Gas Neutral Standard or Clean Energy Policy prohibits an electric utility from purchasing or exchanging power from the Bonneville Power Administration.

#### Market Customers.

Customers who become market customers after the effective date of this act must comply with the obligations of the Greenhouse Gas Neutral Standard and the Clean Energy Policy. A market customer that purchases electricity exclusively from carbon-free resources and eligible renewable resources, as defined under the EIA as of January 1, 2019, pursuant to a special contract with an investor-owned utility, is subject to the requirements of that contract and not to the Greenhouse Gas Neutral Standard or Clean Energy Policy.

#### Administrative Penalty and Pathways for Alternative or Relief from Compliance.

An electric utility that fails to comply with the Coal Elimination Standard or Greenhouse Gas Neutral Standard must pay an administrative penalty in the amount of \$60 for each megawatt-hour of electric generation used to meet load that is not electricity from a renewable resource or nonemitting electric generation. Beginning in 2027, this penalty must be adjusted on a biennial basis according to the rate of change of inflation. Beginning in 2040, the UTC may by rule

increase this penalty for investor-owned utilities if the UTC determines that doing so will accelerate utilities' compliance with the standards and that doing so is in the public interest.

An electric utility may, without incurring a penalty for noncompliance, opt to make a payment in the amount of the administrative penalty as an alternative compliance payment under the Greenhouse Gas Neutral Standard.

*Relief from the Administrative Penalty and Temporary Exemptions.*

Upon its own motion or at the request of an investor-owned utility, and after a hearing, the UTC may issue an order relieving the utility of its administrative penalty obligation if it finds that:

- after taking all reasonable measures, the investor-owned utility's compliance with the Coal Elimination Standard or Greenhouse Gas Neutral Standard is likely to result in conflicts with or compromises to its obligation to comply with the mandatory and enforceable reliability standards of the North American Electric Reliability Corporation (NERC), violate prudent utility practice for assuring resource adequacy, or compromise the power quality or integrity of its system; or
- the investor-owned utility is unable to comply with the standards due to reasons beyond the reasonable control of the utility.

If the UTC issues an order that relieves an investor-owned utility of its administrative penalty obligation, the UTC may issue an order temporarily exempting the utility from the Greenhouse Gas Neutral Standard.

The Attorney General may relieve a consumer-owned utility of its administrative penalty obligation if he or she finds that:

- after taking all reasonable measures, the consumer-owned utility's compliance with the Coal Elimination Standard or Greenhouse Gas Neutral Standard is likely to result in conflicts with or compromises to its obligation to comply with the mandatory and enforceable reliability standards of the NERC, violate prudent utility practice for assuring resource adequacy, or compromise the power quality or integrity of its system; or
- the consumer-owned utility is unable to comply with the standards due to reasons beyond the reasonable control of the utility.

The Attorney General may issue a finding temporarily exempting a consumer-owned utility from the Greenhouse Gas Neutral Standard.

*Relief from the Coal Elimination Standard or Greenhouse Gas Neutral Standard.*

Upon petition by an investor-owned utility, and after a hearing, the UTC may issue an order relieving the utility of its requirements under the Coal Elimination Standard or Greenhouse Gas Neutral Standard if it finds that the utility had no choice but to use electric generation that is not electricity from a renewable resource or nonemitting electric generation to maintain the reliability and safety of the grid. The UTC may use its standard practices and procedures to make a reliability determination.

The Attorney General may relieve a consumer-owned utility of its requirements under the Coal Elimination Standard or Greenhouse Gas Neutral Standard if the Auditor finds that the utility had no choice but to use electric generation that is not electricity from a renewable resource or

nonemitting electric generation to maintain reliability and safety of the grid based on documentation submitted by the governing body of the consumer-owned utility.

*Demonstrating Compliance Through Clean Energy Implementation Plans.*

An electric utility's Clean Energy Implementation Plan must identify specific actions to be taken by the utility over the next four years to meet its interim targets under the Greenhouse Gas Neutral Standard and other compliance obligations. The average annual incremental cost of compliance with the Greenhouse Gas Neutral Standard and Clean Energy Policy for each year during the implementation period identified in the Clean Energy Implementation Plan may not exceed a 2 percent increase of:

- in the case of an investor-owned utility, the investor-owned utility's weather-adjusted sales to customers for electric operations reported by the investor-owned utility in its most recent basis report filed with the UTC; or,
- in the case of a consumer-owned utility, the consumer-owned utility's retail revenue requirement, compared to the previous year.

An electric utility may use the identification of specific actions to be taken over the next four years and the incremental costs of such actions as a basis for compliance with the Greenhouse Gas Neutral Standard or Clean Energy Policy. If it does, it must demonstrate that it has maximized investments in renewable and nonemitting resources prior to using alternative compliance options allowed under the Greenhouse Gas Neutral Standard.

The UTC, for investor-owned utilities, or the Auditor, for consumer-owned utilities, must consider an electric utility to be in compliance with its interim targets under the Greenhouse Gas Neutral Standard if an electric utility demonstrates compliance with its Clean Energy Implementation Plan.

The UTC or Auditor, as applicable, must also consider an electric utility to be in compliance with renewable energy targets under the EIA if the electric utility demonstrates that it has achieved the limit on the incremental cost of actions identified in its Clean Energy Implementation Plan.

*Incremental Cost Cap for Certain Consumer-owned Utilities.*

For a consumer-owned utility with fewer than 250,000 customers that owns a natural gas-fired generation facility located in the state as of January 1, 2019, the Auditor must consider the utility to be in compliance with both the Greenhouse Gas Neutral Standard and the renewable energy targets under the Energy Independence Act if the utility demonstrates that its incremental cost of compliance exceeds 5 percent of the utility's annual retail revenue in a given year. The Auditor must determine the utility's incremental cost of compliance by comparing the cost of selected renewable and nonemitting resource portfolios with the lowest cost alternative portfolio of resources that are reasonably available to the utility.

Reporting Requirements.

By January 1, 2021, and at least every two years thereafter, the UTC and Commerce must submit a joint report to the Legislature that includes the following:

- a review of the Coal Elimination Standard, Greenhouse Gas Neutral Standard, and Clean Energy Policy focused on technologies, forecasts, and existing transmission, and an evaluation of safety, environmental protection, affordability, and system reliability;

- an evaluation identifying the potential benefits and impacts on system reliability associated with achieving the Greenhouse Gas Neutral Standard and the Clean Energy Policy; and
- an evaluation identifying the nature of any anticipated financial costs and benefits to electric utilities, including customer rate impacts and benefits.

If the joint report indicates adverse system reliability impacts from implementation of the Greenhouse Gas Neutral Standard or Clean Energy Policy, then the Governor, consistent with his or her statutory grant of emergency powers, may suspend or delay implementation of the Greenhouse Gas Neutral Standard or Clean Energy Policy until system reliability impacts can be addressed. Adverse system reliability impacts may include, but are not limited to, the inability of electric utilities or transmission operators to meet reliability standards mandated by law and required by prudent utility practices.

#### Rulemaking Authority.

The UTC may adopt rules to ensure the proper implementation and enforcement of the Coal Elimination Standard, Greenhouse Gas Neutral Standard, and Clean Energy Policy as applied to investor-owned utilities.

The Department of Commerce may adopt rules to ensure the proper implementation and enforcement of the Coal Elimination Standard, Greenhouse Gas Neutral Standard, and Clean Energy Policy are applied to consumer-owned utilities. Nothing in this authority may be construed to restrict the ratemaking authority of the governing body of a consumer-owned utility.

The Department of Commerce must also adopt rules establishing reporting requirements for electric utilities to demonstrate compliance with the Coal Elimination Standard, Greenhouse Gas Neutral Standard, and Clean Energy Policy.

Rules must be adopted by January 1, 2021, and may be revised as needed.

#### Clean Energy Action Plans and Energy Resource Planning.

By December 31, 2020, and in each subsequent plan, an electric utility must include Clean Energy Action Plans and strategies for meeting the Greenhouse Gas Neutral Standard and Clean Energy Policy in its IRP or Resource Plan.

#### Low-income Energy Assistance.

Each electric utility must make funding available for energy assistance to low-income households by July 31, 2021.

#### Asset Condemnation.

For an asset acquired or used to comply with this act that is condemned by a consumer-owned utility, compensation must include the stranded cost, if applicable, and the greater of the:

- book value of the asset; or
- fair market value of that asset, which may include replacement value.

#### Sales and Use Tax Exemption for Alternative Energy Machinery and Equipment.

The expiration date for a sales and use tax exemption for certain alternative energy machinery and equipment is extended from January 1, 2020, to January 1, 2030.

Beginning January 1, 2020, through December 31, 2030, the purchaser of eligible alternative energy machinery and equipment is entitled to an exemption, in the form of a remittance, in an amount equal to:

- 50 percent of the state and local sales tax paid, if the Department of Labor and Industries (L&I) certifies that the project meets certain labor and procurement standards;
- 75 percent of the state and local sales tax paid, if L&I certifies that the project meets certain labor and procurement standards and compensates workers at prevailing wage rates; or
- 100 percent of the state and local sales tax paid, if L&I certifies that the project is developed under a community workforce agreement or project labor agreement.

In order to qualify for the remittance, installation of the eligible machinery and equipment must commence no earlier than January 1, 2020, and be completed by December 31, 2030.

The Department of Labor and Industries must adopt rules to implement the requirements for qualification by December 1, 2019.

#### Investor-Owned Utility Ratemaking and Cost Deferral.

The UTC has the power upon complaint or upon its own motion to determine the fair value, for ratemaking purposes, of the property of an investor-owned utility that is used and useful for service in the state by or during the rate effective period. The valuation may include consideration of any property of the investor-owned utility acquired or constructed by or during the rate effective period, including the reasonable costs of construction work in progress, to the extent the UTC finds that such an inclusion is in the public interest and will yield fair, just, reasonable, and sufficient rates.

The UTC may provide changes to rates for up to 48 months after the rate effective date using any standard, formula, method, or theory of valuation reasonably calculated to arrive at fair, just, reasonable, and sufficient rates. The UTC must establish an appropriate process to identify, review, and approve investor-owned utility property that becomes used and useful for service in the state after the rate effective date.

An investor-owned utility may account for and defer for later consideration by the UTC costs incurred in connection with major projects in the investor-owned utility's Clean Energy Implementation Plan or selected in the utility's solicitation of bids for delivering electric capacity, energy, capacity and energy, or conservation.

#### Transition of Eligible Coal Units.

The definition of "eligible coal plant" is amended to mean a coal-fired electric generation facility that:

- is owned in whole or in part by more than one electrical company as of January 1, 2026; and
- provides, as a portion of the load served by the coal-fired electric generation facility, electricity paid for in rates by customers in the state of Washington.

#### Energy Independence Act.

Beginning January 1, 2030, a qualifying utility is considered to be in compliance with an annual renewable energy target under the EIA if the utility uses electricity from renewable resources, nonemitting electric generation, and renewable energy credits in an amount equal to 100 percent of the utility's average annual retail electric load.

The definition of "eligible renewable resource" is expanded to include federal incremental hydroelectricity.

#### State Energy Strategy.

By December 31, 2020, and at least once every eight years thereafter, Commerce must review the State Energy Strategy to align it with the requirements of the Coal Elimination Standard, Greenhouse Gas Neutral Standard, and Clean Energy Policy. The Department of Commerce must establish an Energy Strategy Advisory Committee to provide guidance for each review.

#### Studies and Analyses.

By December 31, 2020, the Department of Health must conduct a cumulative impact analysis to designate the communities highly impacted by fossil fuel pollution and climate change in Washington. By December 31, 2021, Commerce and the UTC must adopt rules establishing the requirements for incorporating the cumulative impact analysis into the criteria for developing Clean Energy Action Plans.

By January 1, 2020, Commerce must convene an Energy and Climate Policy Advisory Committee to develop recommendations to the Legislature for the coordination of existing resources, or the establishment of new ones, for the purposes of:

- examining the costs and benefits of energy-related policies, programs, functions, activities, and incentives; and
- conducting other energy-related studies and analyses as may be directed by the Legislature.

The Energy and Climate Policy Advisory Committee must consist of, at minimum, representatives of each of the state's public four-year institutions of higher education, the Pacific Northwest National Laboratory, and the Washington State Institute for Public Policy.

By December 31, 2020, the Energy Facility Site Evaluation Council must convene a transmission corridors work group and report its findings to the Governor and the appropriate committees of the Legislature.

#### Definitions.

"Energy transformation project" means a project or program that provides energy-related goods or services other than the generation of electricity and that results in a reduction in fossil fuel consumption by the customers of an electric utility and in the emission of greenhouse gases attributable to that consumption.

"Nonemitting electric generation" means electricity from a generating facility or resource, including a distributed energy resource, that provides electric energy, capacity, or ancillary services to an electric utility and that does not emit greenhouse gases as a by-product of energy generation. "Nonemitting electric generation" does not include renewable resources.

"Qualified transmission line" means an overhead transmission line that is:

- designed to carry a voltage in excess of 100,000 volts;
- owned in whole or in part by an investor-owned utility; and
- primarily or exclusively used by an investor-owned utility as of the effective date of the act to transmit electricity generated by a coal-fired resource.

"Unbundled renewable energy credit" includes thermal renewable energy credits.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 1, 2019.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.