S-0592.1		

## SENATE BILL 5228

State of Washington 62nd Legislature 2011 Regular Session

By Senators Rockefeller, Honeyford, Delvin, Kline, and Chase

Read first time 01/18/11. Referred to Committee on Environment, Water & Energy.

AN ACT Relating to small facility siting; amending RCW 80.50.040, 80.50.060, 80.50.071, and 80.50.100; reenacting and amending RCW 80.50.020 and 80.50.090; adding new sections to chapter 80.50 RCW; creating a new section; providing an effective date; and declaring an emergency.

## 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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NEW SECTION. Sec. 1. The legislature finds that small alternative energy resource facilities provide various benefits to local communities such as: Reducing emissions of air, soil, and water pollutants; creating local jobs; securing a diversified energy supply; and contributing to the development of a clean, sustainable energy industry. The legislature finds that the implementation of state policies that support the development of small alternative energy resource facilities may be hindered by the lack of appropriate local ordinances to permit the siting of these facilities.

The legislature finds that the energy facility site evaluation council maintains the necessary expertise to evaluate proposed energy projects, balancing the demand for new energy facilities with protection of environmental quality and safety of energy facilities.

p. 1 SB 5228

The legislature intends to ensure that small alternative energy resource facilities are sited in a timely manner in local jurisdictions where there are no existing ordinances to permit these facilities, where applicable ordinances have not been updated in over ten years, or where ordinances have been adopted that impede the timely permitting of these facilities.

Additionally, it is the intent of the legislature to encourage local governments to enter into interlocal agreements with the energy facility site evaluation council for the purpose of authorizing the council to issue permits for small alternative energy resource facilities that are proposed within the geographic jurisdiction of a local government, if the local government determines that it would be more cost-effective for the council to permit these facilities.

The legislature finds that it may be more cost-effective in some cases for the state to provide a centralized small renewable energy resource facility permitting agency than for each county and municipality to maintain individual permitting staff.

**Sec. 2.** RCW 80.50.020 and 2010 c 152 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) "Alternative energy resource" includes energy facilities of the following types: (a) Wind; (b) solar energy; (c) geothermal energy; (d) landfill gas; (e) wave or tidal action; or (f) biomass energy based on solid organic fuels from wood, forest, or field residues, 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.
- 29 (2) "Applicant" means any person who makes application for a site 30 certification pursuant to the provisions of this chapter.
  - (3) "Application" means any request for approval of a particular site or sites filed in accordance with the procedures established pursuant to this chapter, unless the context otherwise requires.
  - (4) "Associated facilities" means storage, transmission, handling, or other related and supporting facilities connecting an energy plant with the existing energy supply, processing, or distribution system, including, but not limited to, communications, controls, mobilizing or

maintenance equipment, instrumentation, and other types of ancillary 1 2 transmission equipment, off-line storage or venting required for efficient operation or safety of the transmission system and overhead, 3 4 and surface or subsurface lines of physical access for the inspection, maintenance, and safe operations of the transmission facility and new 5 6 transmission lines constructed to operate at nominal voltages of at 7 least 115,000 volts to connect a thermal power plant or alternative 8 energy facilities to the northwest power grid. However, common carrier 9 railroads or motor vehicles shall not be included.

(5) "Biofuel" has the same meaning as defined in RCW 43.325.010.

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- (6) "Certification" means a binding agreement between an applicant and the state which shall embody compliance to the siting guidelines, in effect as of the date of certification, which have been adopted pursuant to RCW 80.50.040 as now or hereafter amended as conditions to be met prior to or concurrent with the construction or operation of any energy facility.
- 17 (7) "Construction" means on-site improvements, excluding 18 exploratory work, which cost in excess of two hundred fifty thousand 19 dollars.
  - (8) "Council" means the energy facility site evaluation council created by RCW 80.50.030.
    - (9) "Counsel for the environment" means an assistant attorney general or a special assistant attorney general who shall represent the public in accordance with RCW 80.50.080.
    - (10) "Electrical transmission facilities" means electrical power lines and related equipment.
    - (11) "Energy facility" means an energy plant or transmission facilities: PROVIDED, That the following are excluded from the provisions of this chapter:
  - (a) Facilities for the extraction, conversion, transmission or storage of water, other than water specifically consumed or discharged by energy production or conversion for energy purposes; and
  - (b) Facilities operated by and for the armed services for military purposes or by other federal authority for the national defense.
- 35 (12) "Energy plant" means the following facilities together with 36 their associated facilities:
- 37 (a) Any nuclear power facility where the primary purpose is to 38 produce and sell electricity;

p. 3 SB 5228

(b) Any nonnuclear stationary thermal power plant with generating capacity of three hundred fifty thousand kilowatts or more, measured using maximum continuous electric generating capacity, less minimum auxiliary load, at average ambient temperature and pressure, and floating thermal power plants of one hundred thousand kilowatts or more suspended on the surface of water by means of a barge, vessel, or other floating platform;

- (c) Facilities which will have the capacity to receive liquefied natural gas in the equivalent of more than one hundred million standard cubic feet of natural gas per day, which has been transported over marine waters;
- (d) Facilities which will have the capacity to receive more than an average of fifty thousand barrels per day of crude or refined petroleum or liquefied petroleum gas which has been or will be transported over marine waters, except that the provisions of this chapter shall not apply to storage facilities unless occasioned by such new facility construction;
- (e) Any underground reservoir for receipt and storage of natural gas as defined in RCW 80.40.010 capable of delivering an average of more than one hundred million standard cubic feet of natural gas per day; ((and))
- (f) Facilities capable of processing more than twenty-five thousand barrels per day of petroleum or biofuel into refined products except where such biofuel production is undertaken at existing industrial facilities.
- (13) "Independent consultants" means those persons who have no financial interest in the applicant's proposals and who are retained by the council to evaluate the applicant's proposals, supporting studies, or to conduct additional studies.
- 30 (14) "Land use plan" means a comprehensive plan or land use element 31 thereof adopted by a unit of local government pursuant to chapter 32 35.63, 35A.63, 36.70, or 36.70A RCW, or as otherwise designated by 33 chapter 325, Laws of 2007.
- 34 (15) "Person" means an individual, partnership, joint venture, 35 private or public corporation, association, firm, public service 36 company, political subdivision, municipal corporation, government 37 agency, public utility district, or any other entity, public or 38 private, however organized.

1 (16) "Preapplicant" means a person considering applying for a site 2 certificate agreement for any transmission facility.

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- (17) "Preapplication process" means the process which is initiated by written correspondence from the preapplicant to the council, and includes the process adopted by the council for consulting with the preapplicant and with cities, towns, and counties prior to accepting applications for all transmission facilities.
- 8 (18) "Secretary" means the secretary of the United States 9 department of energy.
- 10 (19) "Site" means any proposed or approved location of an energy 11 facility, alternative energy resource, or electrical transmission 12 facility.
  - (20) "Thermal power plant" means, for the purpose of certification, any electrical generating facility using any fuel for distribution of electricity by electric utilities.
  - (21) "Transmission facility" means any of the following together with their associated facilities:
    - (a) Crude or refined petroleum or liquid petroleum product transmission pipeline of the following dimensions: A pipeline larger than six inches minimum inside diameter between valves for the transmission of these products with a total length of at least fifteen miles;
    - (b) Natural gas, synthetic fuel gas, or liquefied petroleum gas transmission pipeline of the following dimensions: A pipeline larger than fourteen inches minimum inside diameter between valves, for the transmission of these products, with a total length of at least fifteen miles for the purpose of delivering gas to a distribution facility, except an interstate natural gas pipeline regulated by the United States federal power commission.
    - (22) "Zoning ordinance" means an ordinance of a unit of local government regulating the use of land and adopted pursuant to chapter 35.63, 35A.63, 36.70, or 36.70A RCW or Article XI of the state Constitution, or as otherwise designated by chapter 325, Laws of 2007.
- 34 (23) "Small alternative energy resource facility" means any 35 facility that meets the definition of a "net metering system" under RCW 36 80.60.010.

p. 5 SB 5228

Sec. 3. RCW 80.50.040 and 2001 c 214 s 6 are each amended to read as follows:

The council shall have the following powers:

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- (1) To adopt, ((promulgate,)) amend, or rescind suitable rules and regulations, pursuant to chapter 34.05 RCW, to carry out the provisions of this chapter, and the policies and practices of the council in connection therewith;
- (2) To develop and apply environmental and ecological guidelines in relation to the type, design, location, construction, and operational conditions of certification of energy facilities subject to this chapter;
- 12 (3) To establish rules of practice for the conduct of public 13 hearings pursuant to the provisions of the <u>administrative procedure</u> 14 act, as found in chapter 34.05 RCW;
- 15 (4) To prescribe the form, content, and necessary supporting documentation for site certification;
  - (5) To receive applications for energy facility locations and to investigate the sufficiency thereof;
- 19 (6) To make and contract, when applicable, for independent studies 20 of sites proposed by the applicant;
- 21 (7) To conduct hearings on the proposed location of the energy 22 facilities;
  - (8) To prepare written reports to the governor which shall include:
    (a) A statement indicating whether the application is in compliance with the council's guidelines, (b) criteria specific to the site and transmission line routing, (c) a council recommendation as to the disposition of the application, and (d) a draft certification agreement when the council recommends approval of the application;
  - (9) To prescribe the means for monitoring of the effects arising from the construction and the operation of energy facilities to ((assure)) ensure continued compliance with terms of certification and/or permits issued by the council pursuant to chapter 90.48 RCW or subsection (12) of this section: PROVIDED, That any on-site inspection required by the council shall be performed by other state and local agencies pursuant to interagency agreement: PROVIDED FURTHER, That the council may retain authority for determining compliance relative to monitoring or may delegate authority for ensuring compliance with the

1 terms of the certificate and/or permits to other state or local
2 agencies;

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- (10) To integrate its site evaluation activity with activities of federal agencies having jurisdiction in such matters to avoid unnecessary duplication;
- (11) To present state concerns and interests to other states, regional organizations, and the federal government on the location, construction, and operation of any energy facility which may affect the environment, health, or safety of the citizens of the state of Washington;
- 11 (12) To issue permits in compliance with applicable provisions of 12 the federally approved state implementation plan adopted in accordance 13 with the <u>f</u>ederal <u>c</u>lean <u>a</u>ir <u>a</u>ct, as now existing or hereafter amended, 14 for the new construction, reconstruction, or enlargement or operation of energy facilities: PROVIDED, That such permits shall become 15 16 effective only if the governor approves an application 17 certification and executes a certification agreement pursuant to this chapter: AND PROVIDED FURTHER, That all such permits be conditioned 18 19 upon compliance with all provisions of the federally approved state implementation plan which apply to energy facilities covered within the 20 21 provisions of this chapter; ((and))
- 22 (13) To serve as an interagency coordinating body for energy-23 related issues; and
  - (14) To issue site permits, using generally established safety standards as provided under section 8(5) of this act, for the construction, reconstruction, or enlargement of small alternative energy resource facilities.
- 28 **Sec. 4.** RCW 80.50.060 and 2007 c 325 s 2 are each amended to read 29 as follows:
  - (1) The provisions of this chapter apply to the construction of energy facilities which includes the new construction of energy facilities and the reconstruction or enlargement of existing energy facilities where the net increase in physical capacity or dimensions resulting from such reconstruction or enlargement meets or exceeds those capacities or dimensions set forth in RCW 80.50.020 (( $\frac{7}{100}$ ) and (21). No construction of such energy facilities may be

p. 7 SB 5228

undertaken, except as otherwise provided in this chapter, after July 15, 1977, without first obtaining certification in the manner provided in this chapter.

- (2) The provisions of this chapter apply to the construction, reconstruction, or enlargement of a new or existing energy facility that exclusively uses alternative energy resources and chooses to receive certification under this chapter, regardless of the generating capacity of the project.
- (3)(a) The provisions of this chapter apply to the construction, reconstruction, or modification of electrical transmission facilities when:
  - (i) The facilities are located in a national interest electric transmission corridor as specified in RCW 80.50.045;
  - (ii) An applicant chooses to receive certification under this chapter, and the facilities are: (A) Of a nominal voltage of at least one hundred fifteen thousand volts and are located in a completely new corridor, except for the terminus of the new facility or interconnection of the new facility with the existing grid, and the corridor is not otherwise used for electrical transmission facilities; and (B) located in more than one jurisdiction that has promulgated land use plans or zoning ordinances; or
  - (iii) An applicant chooses to receive certification under this chapter, and the facilities are: (A) Of a nominal voltage in excess of one hundred fifteen thousand volts; and (B) located outside an electrical transmission corridor identified in (a)(i) and (ii) of this subsection (3).
  - (b) For the purposes of this subsection, "modify" means a significant change to an electrical transmission facility and does not include the following: (i) Minor improvements such as the replacement of existing transmission line facilities or supporting structures with equivalent facilities or structures; (ii) the relocation of existing electrical transmission line facilities; (iii) the conversion of existing overhead lines to underground; or (iv) the placing of new or additional conductors, supporting structures, insulators, or their accessories on or replacement of supporting structures already built.
  - (4) The provisions of this chapter shall not apply to normal maintenance and repairs which do not increase the capacity or

dimensions beyond those set forth in RCW 80.50.020  $((\frac{7}{\text{and}}))$  (12) and (21).

- (5) Applications for certification of energy facilities made prior to July 15, 1977, shall continue to be governed by the applicable provisions of law in effect on the day immediately preceding July 15, 1977, with the exceptions of RCW 80.50.190 and 80.50.071 which shall apply to such prior applications and to site certifications prospectively from July 15, 1977.
- 9 (6) Applications for certification shall be upon forms prescribed 10 by the council and shall be supported by such information and technical 11 studies as the council may require.
- 12 (7) The provisions of this chapter apply to the installation of a 13 small alternative energy resource facility if a person chooses to apply 14 to the council in order to receive site certification for a small 15 alternative energy resource facility under this chapter.
- **Sec. 5.** RCW 80.50.071 and 2010 c 152 s 3 are each amended to read 17 as follows:
  - (1) The council shall receive all applications for energy facility site certification. Except as provided under sections 8 and 9 of this act, each applicant shall pay such reasonable costs as are actually and necessarily incurred by the council in processing an application.
  - (a) Each applicant shall, at the time of application submission, deposit fifty thousand dollars, or such greater amount as may be specified by the council after consultation with the applicant. Costs that may be charged against the deposit include, but are not limited to, independent consultants' costs, councilmember's wages, employee benefits, costs of a hearing examiner, costs of a court reporter, staff salaries, wages and employee benefits, goods and services, travel expenses, and miscellaneous direct expenses as arise directly from processing an application.
  - (b) The council may commission its own independent consultant study to measure the consequences of the proposed energy facility on the environment or any matter that it deems essential to an adequate appraisal of the site. The council shall provide an estimate of the cost of the study to the applicant and consider applicant comments.
  - (c) The council shall submit to each applicant a statement of such expenditures made during the preceding calendar quarter which shall be

p. 9 SB 5228

- in sufficient detail to explain such expenditures. The applicant shall pay the state treasurer the amount of such statement to restore the total amount on deposit to the originally established level: PROVIDED, That such applicant may, at the request of the council, increase the amount of funds on deposit to cover anticipated expenses during peak periods of application processing. Any funds remaining unexpended at the conclusion of application processing shall be refunded to the applicant, or at the applicant's option, credited against required deposits of certificate holders.
  - (2) Each certificate holder shall pay such reasonable costs as are actually and necessarily incurred by the council for inspection and determination of compliance by the certificate holder with the terms of the certification relative to monitoring the effects of construction, operation, and site restoration of the facility.
  - (a) Each certificate holder, within thirty days of execution of the site certification agreement, shall have on deposit fifty thousand dollars, or such greater amount as may be specified by the council after consultation with the certificate holder. Costs that may be charged against the deposit include, but are not limited to, those specified in subsection (1)(a) of this section as arise from inspection and determination of compliance by the certificate holder with the terms of the certification.
  - (b) The council shall submit to each certificate holder a statement of such expenditures actually made during the preceding calendar quarter which shall be in sufficient detail to explain such expenditures. The certificate holder shall pay the state treasurer the amount of such statement to restore the total amount on deposit to the originally established level: PROVIDED, That if the actual expenditures for inspection and determination of compliance in the preceding calendar quarter have exceeded the amount of funds on deposit, such excess costs shall be paid by the certificate holder.
  - (3) If an applicant or certificate holder fails to provide the initial deposit, or if subsequently required payments are not received within thirty days following receipt of the statement from the council, the council may (a) in the case of the applicant, suspend processing of the application until payment is received; or (b) in the case of a certificate holder, suspend the certification.

SB 5228 p. 10

(4) All payments required of the applicant or certificate holder under this section are to be made to the state treasurer who shall make payments as instructed by the council from the funds submitted. All such funds shall be subject to state auditing procedures. Any unexpended portions thereof shall be returned to the applicant or certificate holder.

- **Sec. 6.** RCW 80.50.090 and 2006 c 205 s 3 and 2006 c 196 s 6 are 8 each reenacted and amended to read as follows:
  - (1) The council shall conduct an informational public hearing in the county of the proposed site as soon as practicable but not later than sixty days after receipt of an application for site certification. However, the place of such public hearing shall be as close as practical to the proposed site.
  - (2) Subsequent to the informational public hearing, the council shall conduct a public hearing to determine whether or not the proposed site is consistent and in compliance with city, county, or regional land use plans or zoning ordinances. If it is determined that the proposed site does conform with existing land use plans or zoning ordinances in effect as of the date of the application, the city, county, or regional planning authority shall not thereafter change such land use plans or zoning ordinances so as to affect the proposed site.
  - (3) Prior to the issuance of a council recommendation to the governor under RCW 80.50.100 a public hearing, conducted as an adjudicative proceeding under chapter 34.05 RCW, the administrative procedure act, shall be held. At such public hearing any person shall be entitled to be heard in support of or in opposition to the application for certification.
- 28 (4) Additional public hearings shall be held as deemed appropriate 29 by the council in the exercise of its functions under this chapter.
  - (5) This section does not apply to sections 8 and 9 of this act.
- **Sec. 7.** RCW 80.50.100 and 1989 c 175 s 174 are each amended to 32 read as follows:
  - (1) The council shall report to the governor its recommendations as to the approval or rejection of an application for certification within twelve months of receipt by the council of such an application, or such later time as is mutually agreed by the council and the applicant. If

p. 11 SB 5228

- the council recommends approval of an application for certification, it 1 2 shall also submit a draft certification agreement with the report. The council shall include conditions in the draft certification agreement 3 to implement the provisions of this chapter, including, but not limited 4 5 to, conditions to protect state or local governmental or community interests affected by the construction or operation of the energy 6 7 facility, and conditions designed to recognize the purpose of laws or 8 ordinances, or rules or regulations promulgated thereunder, that are preempted or superseded pursuant to RCW 80.50.110 as now or hereafter 9 10 amended.
  - (2)(a) Within sixty days of receipt of the council's report the governor shall take one of the following actions:
- 13  $((\frac{a}{a}))$  <u>(i)</u> Approve the application and execute the draft 14 certification agreement; or
  - $((\frac{b}{b}))$  (ii) Reject the application; or

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- 16 (((c))) (iii) Direct the council to reconsider certain aspects of the draft certification agreement.
  - (b) The council shall reconsider such aspects of the draft certification agreement by reviewing the existing record of the application or, as necessary, by reopening the adjudicative proceeding the purposes of receiving additional evidence. Such The council shall reconsideration shall be conducted expeditiously. resubmit the draft certification to the governor incorporating any amendments deemed necessary upon reconsideration. Within sixty days of receipt of such draft certification agreement, the governor shall either approve the application and execute the certification agreement or reject the application. The certification agreement shall be binding upon execution by the governor and the applicant.
  - (3) The rejection of an application for certification by the governor shall be final as to that application but shall not preclude submission of a subsequent application for the same site on the basis of changed conditions or new information.
    - (4) This section does not apply to sections 8 and 9 of this act.
- NEW SECTION. Sec. 8. A new section is added to chapter 80.50 RCW to read as follows:
- 36 (1) A person may apply to the council for a site permit for a small

alternative energy resource facility if one or more of the following conditions is met:

- (a) The facility is located in a county or municipality that has not adopted ordinances for the permitting of small alternative energy resource facilities;
- (b) The facility is located in a county or municipality that has not updated its ordinances for the permitting of small alternative energy resource facilities in over ten years; or
- (c) The county or municipal permitting process for a proposed small alternative energy resource facility exceeds six months from time of application and the proposed facility meets generally established safety standards.
- (2) The application for small alternative energy resource facility processing must be submitted to the council in the form and manner as may be determined by motion and vote of the council.
- (3)(a) Any person, before submitting an application for a small alternative energy resource facility site permit, may submit a letter to the council to inquire as to whether a proposed small alternative energy resource facility would require mitigation and receive a written estimate from the council of the cost of processing the application.
- (b) Within thirty days of receiving such a letter of inquiry, the council must provide a response to what mitigation, at a minimum, might be required and a written estimate of the cost of processing the site permit application.
- (4) The council shall develop a site permitting process for small alternative energy resource facilities.
- (5)(a) The council must survey for and determine generally established safety standards for each type of small alternative energy resource facility and adopt site permitting standards based on the council's review of these standards.
- (b)(i) In surveying for and determining generally established safety standards, the council must use existing local municipal and county small alternative energy resource facility ordinances in Washington adopted in the last ten years.
- (ii) If there are no existing local municipal and county ordinances in Washington relating to small alternative energy resource facilities adopted in the last ten years, then the council must use existing

p. 13 SB 5228

state, local, or municipal ordinances in the western electric coordinating council geographic area adopted in the last ten years.

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- (iii) If there are no existing state, local, or municipal ordinances relating to small alternative energy resource facilities in the western electric coordinating council geographic area adopted in the last ten years, then the council must use existing state, local, or municipal ordinances adopted in the United States in the last ten years.
- (6) The council may charge a fee that covers the costs incurred by the council in reviewing a small alternative energy resource facility site permit and of compliance inspection costs delegated to local governments where compliance is not preempted by other state agencies by statute. The council must develop and charge a fee that provides the lowest possible cost to the applicant.
- 15 (7) The council may delegate authority to council staff, as deemed 16 necessary by the council, to issue small alternative energy resource 17 facility site permits.
- 18 (8) A small alternative energy resource facility site permit issued 19 by the council preempts any local ordinance relating to small 20 alternative energy resource facilities adopted after the issuance of a 21 small alternative energy resource facility site permit.
- NEW SECTION. Sec. 9. A new section is added to chapter 80.50 RCW to read as follows:

The council and any local government in the state may enter into, and are encouraged to enter into, an interlocal agreement as provided under chapter 39.34 RCW for the purpose of authorizing the council to issue permits for small alternative energy resource facilities within the geographic jurisdiction of the local government. The council may serve as the permitting authority for a local government if the local government determines that it would be more cost-effective for the council to permit small alternative energy resource facilities within their jurisdiction. Such an agreement supersedes the provisions provided under section 8 of this act.

NEW SECTION. Sec. 10. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the

- 1 state government and its existing public institutions, and takes effect
- 2 July 1, 2011.

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p. 15 SB 5228