



OPPOSE

HB 1589 – BANNING NATURAL GAS THROUGH GAS COMPANIES

PULLED TODAY FROM THE SENATE RULES COMMITTEE TO THE SENATE FLOOR

Urging Members to Contact ALL Senators to OPPOSE HB 1589 and VOTE NO on the Senate Floor

HB 1589 - Banning Natural Gas through Gas Companies

Talking Points:

- Recent action of the State Building Code Council did not include an outright ban on natural gas.
- Prohibiting new natural gas for housing will increase the cost of new middle housing between \$6,200 to \$13,100 more per unit. This doesn't include the annual operating costs of using natural gas which is one third of the cost of electricity.
- This bill negatively impacts independent grocers and convenience stores. These stores often rely on natural gas to run refrigeration systems and to offset expensive electrical costs for stores that must have these systems running at certain temperatures at all times, to comply with the health code. The costs for running new grocery stores may exceed what people are willing to pay in food costs, increasing the possibility of food deserts in Washington State.
- In some areas where there is not adequate electrical infrastructure to serve new construction a requirement exists for natural gas to be provided in the land deeds for the undeveloped lots. If this bill were to pass the families who have purchased these lots will not be able to build a home, and their investment could be lost.
- If new natural gas connections are prohibited, it will result in significant cost impacts for struggling hospitality businesses, as the demand for rent for the spaces with existing natural gas service will skyrocket. Rents may become unaffordable for small, locally owned family businesses.
- Many Washington homeowners in the Puget Sound region need access to natural gas in order to have fireplaces and other supplemental heating devices during power outages. They may not have the ability to have woodstoves or woodburning fireplaces because of air quality ordinances.

Original Bill

- Prohibits gas companies serving more than 500,000 retail natural gas customers in Washington from extending gas service after June 30, 2023.
- Requires a large gas company to file a gas decarbonization plan as part of a multiyear rate plan on or after January 1, 2026, and every four years thereafter, with the aim to achieve the company's proportional share of greenhouse gas emission reductions required under state law.
- Requires a combination utility to file an electrification plan as part of a gas decarbonization plan on or after January 1, 2026.
- Directs the Utilities and Transportation Commission to establish cost targets for gas decarbonization and electrification plans, approve plans that are in the public interest, and adopt depreciation schedules, and a single energy rate base in certain instances.
- Encourages electric utilities to work with large gas companies providing gas service within their service areas to identify opportunities for electrification and providing energy peaking service.

Amended Bill

- Modifies the definition of "electrification" to "the installation by a combination utility of electric end-use equipment provided that installation: o Will result in a net reduction in statewide greenhouse gas emissions over the life of the equipment as compared to the most efficient commercially available natural gas or alternative energy resource alternative; and
 - o Reduces the sales of natural gas by the large gas company. Electrification programs of a combination utility may include, but are not limited to, programs that facilitate deep energy retrofits or the installation of electric air-source heat pumps with gas backups in existing buildings.
 - o However, electric air-source heat pumps with gas backups may not be part of any plan filed pursuant to section 4 of this act [electrification plans]."
- Modifies the definition of "emissions reduction period" to mean "one of four periods of five calendar years each, with the four periods beginning on January 1st of calendar years 2030, 2035, 2040, 2045, and 2050, respectively."
- Adds language to provide that the terms of a gas decarbonization plan filed by a large gas company shall be binding on any entity that subsequently acquires an ownership interest in all or part of the large gas company's gas storage, transmission, or distribution network.
- Requires that an electrification plan be filed by a large gas company, rather than a combination utility, as part of a gas decarbonization plan.
- Provides that the Utilities and Transportation Commission (UTC) may, rather than must, require a large gas company to achieve the maximum level of greenhouse gas emissions reductions practicable using alternative energy resources at or below the applicable cost target.

Amended in Senate Environment, Energy & Technology Committee 2/16

- Establishes a process for the Utilities and Transportation Commission (UTC) to consolidate a large combination utility's planning requirements for both gas and electric operations into a single integrated system plan (ISP), by July 1, 2025.
- Requires a large combination utility to file an ISP by January 1, 2027, and directs the UTC to take into account public interest factors when approving an ISP.

- Authorizes a large combination utility to seek a certificate of necessity along with an ISP in order to construct a new facility, make a significant investment, or enter into a power purchase agreement.
- Authorizes the UTC to adopt depreciation schedules and approve the merger of electric and gas rate bases of a large combination utility if specific conditions are met.
- Provides that a large combination utility may provide a customer with any approved nonemitting energy.
- Establishes labor requirements for any project in an ISP with a cost of more than \$10 million.
- Authorizes the UTC to assess a fee on large combination utilities of 0.5 percent of intrastate gross operating revenues.
- Removes the prohibition on PSE furnishing or supplying new gas service to any commercial or residential location that did not receive or file an application for gas service as of June 30, 2023.
- PSE may not offer any form of rebate, incentive, or other inducement to residential gas customers to purchase any natural gas appliance or equipment beginning January 1, 2025, does not apply to electric heat pumps with natural gas backups or commercial or industrial customers until January 1, 2031.
- By November 1, 2025, PSE must educate its ratepayers about the benefits of electrification and availability of rebates, incentives, or other inducements to purchase energy efficient electric appliances and equipment.
- Restructures the UTC process to consolidate PSE’s planning requirements for both gas and electric operations into a single integrated system plan (ISP), by July 1, 2025, rather than September 1, 2023, and allows the UTC to extend the proceeding 90 days for good cause shown.

Sponsors: Representatives: Doglio, Fitzgibbon, Berry, Alvarado, Bateman, Ramel, Peterson, Lekanoff, Hackney, Macri, Kloba

STATUS HB: Senate Floor

Please contact all Senators
Urging them to **“OPPOSE & Vote NO” on HB 1589**
Banning Natural Gas through Gas Companies

Please take action right away as the Senate can Vote on the bill at any time.

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