



SD-10 Report/Legislative Update May 26, 2021

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Overview

- SD-10 Review
- Recap 2021 WA State Regular Session
- Update on federal activities
- Conversation and follow-up with the PUB



SD 10 -- Government Relations

Adopted September 9, 2020

- Reporting on a bi-annual basis
- This report will focus on state and federal government relations.

Purpose

- “Tacoma Public Utilities (TPU) is committed to building and strengthening respectful and mutually-productive relationships with tribal, federal, state, and other local units of government...”



2021 Legislative Session

- Budget writing year, “long-session”, 105 days
 - Operating – Capital – Transportation
- Unprecedented virtual format
- Major policies passed into law
 - Climate policy
 - Energy policy
 - Fiscal and tax policy
 - Criminal justice policy



TPU's Priority Issues

Power

Low Carbon Fuel Standard, HB 1091

- Limits greenhouse gas (GHG) emissions from transportation fuels to 20 percent below 2017 levels by 2035.
- Creates “compliance obligations” on fuels which exceed certain emission standards.
- Electric utilities generate “credits” for residential electric vehicle charging or fueling.
- Utilities may use credit revenue for transportation electrification investments.



TPU's Priority Issues

Power

Conservation Target Flexibility, HB 1446

- Adds new language to the Energy Independence Act.
- Allows a waiver of penalties if a utility is unable to meet its conservation targets due to events beyond its control.
- Thank you – Rep. Jake Fey!



TPU's Priority Issues

Water

Public Works Trust Fund

- Fund can be used for loans and grants for public capital asset construction, preconstruction, and emergency purposes.
- Funded at \$129 million.



TPU's Priority Issues

Rail

Freight Rail Investment Bank

- Lincoln Track Upgrades (2021) - \$318,000
- Locomotive Facility (2021) - \$868,000
- Yard Tracks Upgrade (2021) - \$465,000



Other Notable Issues

Climate Commitment Act, SB 5126

- Establishes a cap and invest program.
- Allowable emissions under the cap are based on the covered entities share of the state's greenhouse gas goals.
- Electric utilities are provided free allowances through 2045 to mitigate a utility's "cost burden" of the cap-and-invest program.
- Requirement for an additive transportation revenue package requirement.



Other Notable Issues

Bonneville Power Administration B&O Tax Exemption, SB 5008

- Exempts returned BPA funds and credits from B&O taxes if the utility invests in low-income weatherization or ratepayer assistance programs.

Zero-Emission Vehicle Forecasting, HB 1287

- WSDOT to develop ZEV forecasting tool; requires certain IRP forecasts; new building codes; and a new state ZEV goal.



Other Notable Issues

Assistance for utility customers

- \$325 million for rental and utility assistance (HB 1386).
- Increased document recording fee, with a new allowable use for utility costs (HB 1277).
- \$100 million in federal funding for low income utility assistance.
- Operating budget provides \$1 billion for rental and utility assistance.



Unresolved Issues

- Healthy Homes and Clean Buildings Act, building decarbonization legislation, HB 1084
- Limiting municipal lien authority, HB 1421
- Dedicated COVID-19 financial assistance for utility customers
- LCFS and cap-and-invest clean-up
- Transportation revenue package



Next Steps

- **Governor's Moratorium on Utility Disconnections and Late Fees**
- **Rulemaking**
 - CETA
 - Low Carbon Fuel Standard
 - Cap and Invest
- **Special Session?**
 - Transportation revenue package
 - Potential federal infrastructure package



Federal Update

TPU-Wide

- Infrastructure financing: Tax-Exempt Bonds, Direct Pay Bonds
- TPU monitoring federal COVID relief implementation
- Seek comparable funding for consumer-owned utilities

Water

- Secures initial approval for \$2 million advanced meter grant
- Supporting infrastructure funding
 - Drinking Water State Revolving Fund
 - Water Infrastructure Finance and Innovation Act funding
- Howard Hanson Dam Additional Water Storage Project



Federal Update

Rail

- Growing support for shortline capital grant program
- Seeking federal funding for locomotive conversion

Power

- Reclaim carbon-free electricity and lower customer costs through rebalanced Columbia River Treaty
- Analyze and engage in federal clean energy legislating
- Supporting legislation to provide tax credits for environmental and safety upgrades at hydro projects
- Seek funding for electrification of transportation



Infrastructure

President Biden unveils infrastructure outline

- \$2.25 trillion dollars in spending over 8 years
- Increases corporate taxes and taxes on overseas profits
- Focus on addressing historic inequities, environmental justice, climate change, and resilience
- Legislation and path: TBD



Infrastructure

\$100 billion for 'power infrastructure'

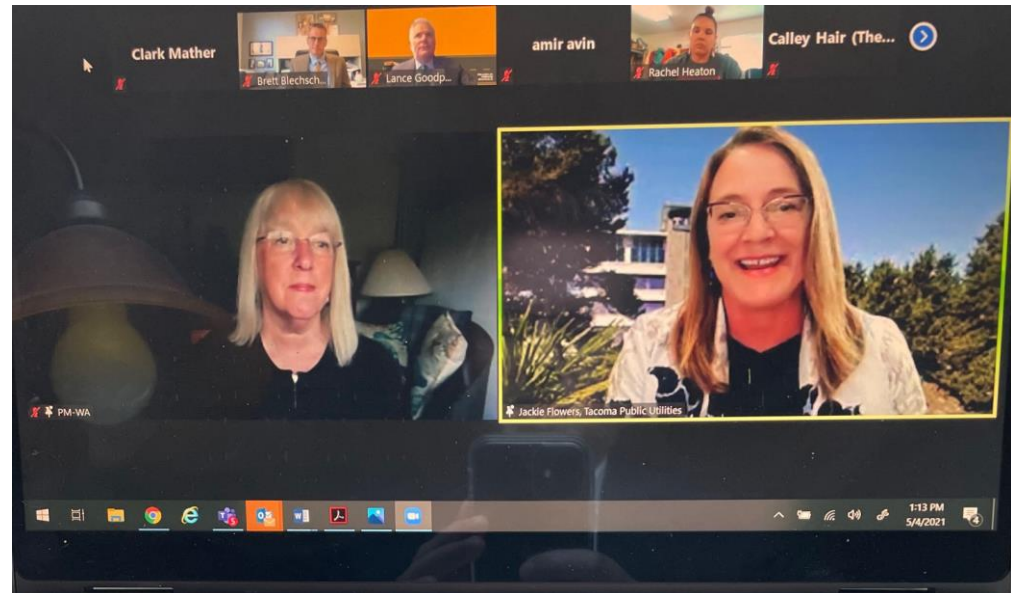
- Tax credit for transmission investments
- New 'Grid Deployment Authority' at Energy
- Energy Efficiency and Clean Electricity Standard (EECES), leverage carbon-free electricity from hydro, move toward 100% carbon-free power by 2035



Infrastructure

\$174 billion to 'win the EV market'

- TPU has endorsed Sen. Murray's Clean School Bus Act



Director Flowers joins Sen. Patty Murray for media event, May 4, 2021



Infrastructure

Rehabilitating and retrofitting affordable, efficient and resilient housing and buildings

- \$213 billion to produce, preserve and retrofit more than 2 million affordable, sustainable places to live
- Extending and expanding home and commercial efficiency tax credits

\$80 billion for passenger and freight rail



Proposed drinking water investment

- \$45 billion to eliminate all lead pipes and service lines in drinking water systems
- \$56 billion in drinking water and wastewater grants and low-cost flexible loans to ‘states, tribes, territories and disadvantaged communities’
- \$10 billion to ‘monitor and remediate PFAS in drinking water’
- S. 914 passes Senate



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