

By Representative Fitzgibbon

**SSB 5910** - H COMM AMD

By Committee on Appropriations

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** INTENT AND FINDINGS. (1) The legislature  
4 finds that while hydrogen fuel has been used in a variety of  
5 applications in the state, the source of hydrogen has been derived  
6 from fossil fuel feedstocks, such as natural gas. Hydrogen is an  
7 essential building block and energy carrier molecule that is  
8 necessary in the production of conventional and renewable fuels and a  
9 valuable decarbonization tool when used in sectors such as marine,  
10 aviation, steel, aluminum, and cement, as well as surface  
11 transportation including heavy-duty vehicles, such as transit,  
12 trucking, and drayage equipment. Hydrogen can be a carbon-free fuel  
13 with an energy per unit mass that is three to four times greater than  
14 jet fuel, whose energy can be extracted either through thermochemical  
15 (combustion) or electrochemical (fuel cell) processes. In both cases,  
16 the only by-product is water, instead of the greenhouse gases and  
17 other conventional and toxic pollutants that are emitted from using  
18 fossil fuels.

19 (2) The legislature further finds that the use of renewable  
20 hydrogen and hydrogen produced from carbon-free feedstocks through  
21 electrolysis is an essential tool to a clean energy ecosystem and  
22 emissions reduction for challenging infrastructure needs. Clean  
23 hydrogen fuel can be produced or "charged" closer to the generation  
24 of the electricity when the electrical supply grid has surplus  
25 energy, at times of low electricity use, such as evenings, then made  
26 available at times of higher need and convenient locations, such as  
27 fueling stations, avoiding the need to build or upgrade larger  
28 electrical infrastructure, including distribution systems, to meet  
29 higher peak demand for electricity.

30 (3) Therefore, the legislature intends by this act to establish  
31 policies and a framework for the state to become a national and

1 global leader in the production and use of these hydrogen fuels. This  
2 act will create an office of renewable fuels to: Promote partnerships  
3 among industrial, transportation, agriculture, and commercial  
4 interests as well as fuel producers, the technology research sector,  
5 and public sector agencies; identify barriers to and opportunities  
6 for market development; provide greater clarity and certainty in  
7 regulatory and siting standards; provide incentives and financial  
8 assistance in the deployment of hydrogen fuel infrastructure; support  
9 a clean and just energy transition; help create good quality, clean  
10 energy jobs; and improve air quality in degraded areas, particularly  
11 in communities that have borne disproportionate levels of air  
12 pollution from the combustion of fossil fuels.

13 **Part 1**

14 **OFFICE OF RENEWABLE FUELS**

15 NEW SECTION. **Sec. 101.** A new section is added to chapter 43.330  
16 RCW to read as follows:

17 The definitions in this section apply throughout sections 102,  
18 103, and 104 of this act unless the context clearly requires  
19 otherwise.

20 (1) "Department" means the department of commerce.

21 (2) "Green electrolytic hydrogen" means hydrogen produced through  
22 electrolysis and does not include hydrogen manufactured using steam  
23 reforming or any other conversion technology that produces hydrogen  
24 from a fossil fuel feedstock.

25 (3) "Office" means the statewide office of renewable fuels  
26 established in section 102 of this act.

27 (4) "Overburdened communities" has the same meaning as defined in  
28 RCW 70A.02.010.

29 (5) "Renewable fuel" means fuel produced using renewable  
30 resources and includes renewable hydrogen.

31 (6) "Renewable hydrogen" has the same meaning as defined in RCW  
32 54.04.190.

33 (7) "Renewable resource" has the same meaning as defined in RCW  
34 19.405.020.

35 NEW SECTION. **Sec. 102.** A new section is added to chapter 43.330  
36 RCW to read as follows:

1 (1) The statewide office of renewable fuels is established within  
2 the department. The office shall report to the director of the  
3 department. The office may employ staff as necessary to carry out the  
4 office's duties as prescribed by this act, subject to the  
5 availability of amounts appropriated for this specific purpose.

6 (2) The purpose of the office is to leverage, support, and  
7 integrate with other state agencies to:

8 (a) Accelerate comprehensive market development with assistance  
9 along the entire life cycle of renewable fuel projects;

10 (b) Support research into and development and deployment of  
11 renewable fuel and the production, distribution, and use of renewable  
12 and green electrolytic hydrogen and their derivatives, as well as  
13 product engineering and manufacturing relating to the production and  
14 use of such hydrogen and its derivatives;

15 (c) Drive job creation, improve economic vitality, and support  
16 the transition to clean energy;

17 (d) Enhance resiliency by using renewable fuels and green  
18 electrolytic hydrogen to support climate change mitigation and  
19 adaptations; and

20 (e) Partner with overburdened communities to ensure communities  
21 equitably benefit from renewable and clean fuels efforts.

22 NEW SECTION. **Sec. 103.** A new section is added to chapter 43.330  
23 RCW to read as follows:

24 (1) The office shall:

25 (a) Coordinate with federally recognized tribes, local  
26 government, state agencies, federal agencies, private entities, the  
27 state's public four-year institutions of higher education, labor  
28 unions, and others to facilitate and promote multi-institution  
29 collaborations to drive research, development, and deployment efforts  
30 in the production, distribution, and use of renewable fuels  
31 including, but not limited to, green electrolytic hydrogen;

32 (b) Review existing renewable fuels and green electrolytic  
33 hydrogen initiatives, policies, and public and private investments;

34 (c) Consider funding opportunities that provide for the  
35 coordination of public and private funds for the purposes of  
36 developing and deploying renewable fuels and green electrolytic  
37 hydrogen;

1 (d) Assess opportunities for and barriers to deployment of  
2 renewable fuels and green electrolytic hydrogen in hard to  
3 decarbonize sectors of the state economy;

4 (e) Request recommendations from the Washington state association  
5 of fire marshals regarding fire and other safety standards adopted by  
6 the United States department of energy and recognized national and  
7 international fire and safety code development authorities regarding  
8 renewable fuels and green electrolytic hydrogen;

9 (f) By December 1, 2023, develop a plan and recommendations for  
10 consideration by the legislature and governor on renewable fuels and  
11 green electrolytic hydrogen policy and public funding including, but  
12 not limited to, project permitting, state procurement, and pilot  
13 projects; and

14 (g) Encourage new and support existing public-private  
15 partnerships to increase coordinated planning and deployment of  
16 renewable fuels and green electrolytic hydrogen.

17 (2) The office may take all appropriate steps to seek and apply  
18 for federal funds for which the office is eligible, and other grants,  
19 and accept donations, and must deposit these funds in the renewable  
20 fuels accelerator account created in section 104 of this act.

21 (3) In carrying out its duties, the office must collaborate with  
22 the department, the department of ecology, the department of  
23 transportation, the utilities and transportation commission, electric  
24 utilities in Washington state, the Washington State University  
25 extension energy program, and all other relevant state agencies. The  
26 office must also consult with and seek to involve federally  
27 recognized tribes, project developers, labor and industry trade  
28 groups, and other interested parties, in the development of policy  
29 analysis and recommended programs or projects.

30 (4) The office may cooperate with other state agencies in  
31 compiling data regarding the use of renewable fuels and green  
32 electrolytic hydrogen in state operations, including motor vehicle  
33 fleets, the state ferry system, and nonroad equipment.

34 NEW SECTION. **Sec. 104.** A new section is added to chapter 43.330  
35 RCW to read as follows:

36 The renewable fuels accelerator account is created in the state  
37 treasury. Revenues to the account consist of appropriations made by  
38 the legislature, federal funds, gifts or grants from the private  
39 sector or foundations, and other sources deposited in the account.

1 Moneys in the account may be spent only after appropriation.  
2 Expenditures from the account may be used only for purposes  
3 designated in sections 102, 103, and 201 of this act. Only the  
4 director or the director's designee may authorize expenditures from  
5 the account.

6 **Part 2**  
7 **FEDERAL FUNDING**

8 NEW SECTION. **Sec. 201.** (1)(a) The legislature finds that the  
9 federal infrastructure investment and jobs act, P.L. 117-58, provides  
10 \$8,000,000,000 over five years to support the development of regional  
11 clean hydrogen hubs. The federal infrastructure investment and jobs  
12 act requires the United States secretary of energy to establish a  
13 program to fund at least four regional hubs to aid in achieving a  
14 hydrogen fuel production carbon intensity standard provided in that  
15 legislation; to demonstrate the production, processing, delivery,  
16 storage, and end use of hydrogen; and that can be developed into a  
17 national network to facilitate a clean hydrogen economy. The federal  
18 infrastructure investment and jobs act requires the secretary of  
19 energy to select regional hubs that demonstrate a diversity of  
20 feedstocks, a diversity of end uses, and a diversity of geographic  
21 regions of the country. The federal infrastructure investment and  
22 jobs act requires the secretary of energy to solicit proposals for  
23 regional hubs by May 15, 2022, and to make selections of the hubs  
24 within one year after the deadline for submission of proposals.

25 (b) The legislature further finds that Washington state is  
26 strongly positioned to develop a regional clean energy hub meeting  
27 the criteria of the federal infrastructure investment and jobs act  
28 because the state:

29 (i) Has adopted a state energy strategy that recognizes hydrogen  
30 as an integral part of the state's decarbonization pathway;

31 (ii) Has an abundance of low cost, low carbon, reliable  
32 electricity as the primary energy resource for production of clean  
33 hydrogen;

34 (iii) Already has under construction the nation's first renewable  
35 hydrogen electrolyzer and has several hydrogen fueling facilities as  
36 well as production facilities in planning and design phases;

1 (iv) Has multiple manufacturers designing, engineering, and  
2 manufacturing fuel cell electric engines and zero-emission vehicles,  
3 vessels, and airplanes;

4 (v) Has numerous industrial, maritime, and freight shipping  
5 concerns that are moving toward cleaner fuels and that would help  
6 provide demand for hydrogen, as well as state and local governments  
7 currently considering hydrogen uses;

8 (vi) Has a demonstrated track record of building partnerships  
9 across the public and private sector to advance clean energy  
10 technologies;

11 (vii) Has policies in place supporting and engaging overburdened  
12 communities, including the healthy environment for all act, which  
13 will facilitate alignment with the justice40 initiative; and

14 (viii) Has policies, including tax incentives, that support high  
15 labor standards in clean energy production.

16 (c) The legislature further finds that the state may help to  
17 promote and strengthen applications for regional hydrogen hub federal  
18 funding through state funding assistance to support a timely and  
19 competitive application to the United States department of energy by  
20 a public-private partnership entity that leverages private sector  
21 leadership and is composed of multiple interests, including public  
22 and private project developers, manufacturers and end users, research  
23 institutions, academia, government, and communities around the state.

24 (2) Subject to amounts appropriated for this specific purpose,  
25 the director of the department of commerce must provide support to a  
26 public-private partnership entity as described in subsection (1)(c)  
27 of this section, which may include department staff support and  
28 direct funding. The entity should:

29 (a) Agree to prepare a timely and responsive application for  
30 federal funding to develop a regional clean hydrogen hub in  
31 Washington state, consistent with the requirements of the federal  
32 application process and the policies and strategy of the state of  
33 Washington;

34 (b) Demonstrate meaningful engagement with a range of entities  
35 across the state, including federally recognized tribes, labor  
36 unions, and communities around the state including overburdened  
37 communities, in the development of a hydrogen hub;

38 (c) Include entities that provide training and expand employment  
39 opportunities for the hydrogen workforce, including labor

1 organizations, institutions of higher education, community and  
2 technical colleges, and vocational institutions; and

3 (d) Include specific commitments, as required by the federal  
4 application, from industries, transportation agencies, utilities, and  
5 other public and private sector entities to assist in funding the  
6 application and to develop plans to either construct infrastructure  
7 for or to incorporate, or both, the production, distribution, and end  
8 use of renewable hydrogen and green electrolytic hydrogen fuels into  
9 their transition to cleaner energy.

10 (3) In addition to the assistance in applying for federal funding  
11 provided through subsection (2) of this section, the legislature  
12 intends that the state fully support a regional clean energy hub in  
13 the state, including further direct financial assistance in  
14 developing the hub and the acquisition of hydrogen fuels for state  
15 agency and local government uses.

### 16 Part 3

#### 17 VALUATION OF PROPERTY RELATED TO RENEWABLE ENERGY

18 NEW SECTION. **Sec. 301.** A new section is added to chapter 84.40  
19 RCW to read as follows:

20 (1) It is the policy of this state to promote the development of  
21 renewable energy projects to support the state's renewable energy  
22 goals.

23 (2) The department must publish guidance, in cooperation with  
24 industry stakeholders, to advise county assessors when appraising  
25 renewable energy facilities for determining true and fair value, in  
26 accordance with RCW 84.40.030. This guidance must include a cost-  
27 based appraisal method, and the development of industry-specific  
28 valuation tables for the following types of renewable energy  
29 property:

30 (a) A cost-based appraisal method and industry-specific valuation  
31 tables for equipment used to generate solar power must be published  
32 by January 1, 2023, for property taxes levied for collection in  
33 calendar year 2024;

34 (b) A cost-based appraisal method and industry-specific valuation  
35 tables for equipment used to generate wind power must be published by  
36 January 1, 2023, for property taxes levied for collection in calendar  
37 year 2024; and

1 (c) A cost-based appraisal method and industry-specific valuation  
2 tables for equipment used to store electricity must be published by  
3 January 1, 2024, for property taxes levied for collection in calendar  
4 year 2025.

5 (3) County assessors must refer to this guidance, including cost-  
6 based appraisal method and industry-specific valuation tables, when  
7 valuing renewable energy property but may also consider one or more  
8 additional valuation methods in determining the true and fair value  
9 of a property when there is a compelling reason to do so.

10 (4) For the purposes of this section, "renewable energy property"  
11 means property that uses solar or wind energy as the sole fuel source  
12 for the generation of at least one megawatt of nameplate capacity,  
13 alternating current, and all other equipment and materials that  
14 comprise the property, including equipment used to store electricity  
15 from the property to be released at a later time. "Renewable energy  
16 property" does not include any equipment or materials attached to a  
17 single-family residential building.

#### 18 **Part 4**

#### 19 **EXPANDING THE PRODUCTION, DISTRIBUTION, AND USE OF HYDROGEN NOT** 20 **PRODUCED FROM A FOSSIL FUEL FEEDSTOCK**

21 **Sec. 401.** RCW 82.08.816 and 2019 c 287 s 11 are each amended to  
22 read as follows:

23 (1) The tax imposed by RCW 82.08.020 does not apply to:

24 (a) The sale of batteries or fuel cells for electric vehicles,  
25 including batteries or fuel cells sold as a component of an electric  
26 bus at the time of the vehicle's sale;

27 (b) The sale of or charge made for labor and services rendered in  
28 respect to installing, repairing, altering, or improving electric  
29 vehicle batteries or fuel cells;

30 (c) The sale of or charge made for labor and services rendered in  
31 respect to installing, constructing, repairing, or improving battery  
32 or fuel cell electric vehicle infrastructure, including hydrogen  
33 fueling stations;

34 (d) The sale of tangible personal property that will become a  
35 component of battery or fuel cell electric vehicle infrastructure  
36 during the course of installing, constructing, repairing, or  
37 improving battery or fuel cell electric vehicle infrastructure; and

38 (e) The sale of zero emissions buses.



1 (2) Sellers may make tax exempt sales under this section only if  
2 the buyer provides the seller with an exemption certificate in a form  
3 and manner prescribed by the department. The seller must retain a  
4 copy of the certificate for the seller's files.

5 (3) On the last day of January, April, July, and October of each  
6 year, the state treasurer, based upon information provided by the  
7 department, must transfer from the multimodal transportation account  
8 to the general fund a sum equal to the dollar amount that would  
9 otherwise have been deposited into the general fund during the prior  
10 calendar quarter but for the exemption provided in this section.  
11 Information provided by the department to the state treasurer must be  
12 based on the best available data, except that the department may  
13 provide estimates of taxes exempted under this section until such  
14 time as retailers are able to report such exempted amounts on their  
15 tax returns.

16 (4) The definitions in this subsection apply throughout this  
17 section unless the context clearly requires otherwise.

18 (a) "Battery charging station" means an electrical component  
19 assembly or cluster of component assemblies designed specifically to  
20 charge batteries within electric vehicles, which meet or exceed any  
21 standards, codes, and regulations set forth by chapter 19.28 RCW and  
22 consistent with rules adopted under RCW 19.27.540.

23 (b) "Battery exchange station" means a fully automated facility  
24 that will enable an electric vehicle with a swappable battery to  
25 enter a drive lane and exchange the depleted battery with a fully  
26 charged battery through a fully automated process, which meets or  
27 exceeds any standards, codes, and regulations set forth by chapter  
28 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

29 (c) "Electric vehicle infrastructure" means structures,  
30 machinery, and equipment necessary and integral to support a battery  
31 or fuel cell electric vehicle, including battery charging stations,  
32 rapid charging stations, battery exchange stations, fueling stations  
33 that provide hydrogen for fuel cell electric vehicles, green  
34 electrolytic hydrogen production facilities, and renewable hydrogen  
35 production facilities.

36 (d) "Green electrolytic hydrogen" means hydrogen produced through  
37 electrolysis, and does not include hydrogen manufactured using steam  
38 reforming or any other conversion technology that produces hydrogen  
39 from a fossil fuel feedstock.

1 (e) "Rapid charging station" means an industrial grade electrical  
2 outlet that allows for faster recharging of electric vehicle  
3 batteries through higher power levels, which meets or exceeds any  
4 standards, codes, and regulations set forth by chapter 19.28 RCW and  
5 consistent with rules adopted under RCW 19.27.540.

6 ~~((e))~~ (f) "Renewable hydrogen" means hydrogen produced using  
7 renewable resources both as the source for hydrogen and the source  
8 for the energy input into the production process.

9 ~~((f))~~ (g) "Renewable resource" means (i) water; (ii) wind;  
10 (iii) solar energy; (iv) geothermal energy; (v) renewable natural  
11 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;  
12 (viii) biodiesel fuel that is not derived from crops raised on land  
13 cleared from old growth or first growth forests; or (ix) biomass  
14 energy.

15 ~~((g))~~ (h) "Zero emissions bus" means a bus that emits no  
16 exhaust gas from the onboard source of power, other than water vapor.

17 (5) This section expires July 1, 2025.

18 **Sec. 402.** RCW 82.12.816 and 2019 c 287 s 12 are each amended to  
19 read as follows:

20 (1) The tax imposed by RCW 82.12.020 does not apply to the use  
21 of:

22 (a) Electric vehicle batteries or fuel cells, including batteries  
23 or fuel cells sold as a component of an electric bus at the time of  
24 the vehicle's sale;

25 (b) Labor and services rendered in respect to installing,  
26 repairing, altering, or improving electric vehicle batteries or fuel  
27 cells;

28 (c) Tangible personal property that will become a component of  
29 battery or fuel cell electric vehicle infrastructure during the  
30 course of installing, constructing, repairing, or improving battery  
31 or fuel cell electric vehicle infrastructure; and

32 (d) Zero emissions buses.

33 (2) The definitions in this subsection apply throughout this  
34 section unless the context clearly requires otherwise.

35 (a) "Battery charging station" means an electrical component  
36 assembly or cluster of component assemblies designed specifically to  
37 charge batteries within electric vehicles, which meet or exceed any  
38 standards, codes, and regulations set forth by chapter 19.28 RCW and  
39 consistent with rules adopted under RCW 19.27.540.

1 (b) "Battery exchange station" means a fully automated facility  
2 that will enable an electric vehicle with a swappable battery to  
3 enter a drive lane and exchange the depleted battery with a fully  
4 charged battery through a fully automated process, which meets or  
5 exceeds any standards, codes, and regulations set forth by chapter  
6 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

7 (c) "Electric vehicle infrastructure" means structures,  
8 machinery, and equipment necessary and integral to support a battery  
9 or fuel cell electric vehicle, including battery charging stations,  
10 rapid charging stations, battery exchange stations, fueling stations  
11 that provide hydrogen for fuel cell electric vehicles, green  
12 electrolytic hydrogen production facilities, and renewable hydrogen  
13 production facilities.

14 (d) "Green electrolytic hydrogen" means hydrogen produced through  
15 electrolysis, and does not include hydrogen manufactured using steam  
16 reforming or any other conversion technology that produces hydrogen  
17 from a fossil fuel feedstock.

18 (e) "Rapid charging station" means an industrial grade electrical  
19 outlet that allows for faster recharging of electric vehicle  
20 batteries through higher power levels, which meets or exceeds any  
21 standards, codes, and regulations set forth by chapter 19.28 RCW and  
22 consistent with rules adopted under RCW 19.27.540.

23 (~~(e)~~) (f) "Renewable hydrogen" means hydrogen produced using  
24 renewable resources both as the source for hydrogen and the source  
25 for the energy input into the production process.

26 (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;  
27 (iii) solar energy; (iv) geothermal energy; (v) renewable natural  
28 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;  
29 (viii) biodiesel fuel that is not derived from crops raised on land  
30 cleared from old growth or first growth forests; or (ix) biomass  
31 energy.

32 (~~(g)~~) (h) "Zero emissions bus" means a bus that emits no  
33 exhaust gas from the onboard source of power, other than water vapor.

34 (3) On the last day of January, April, July, and October of each  
35 year, the state treasurer, based upon information provided by the  
36 department, must transfer from the multimodal transportation account  
37 to the general fund a sum equal to the dollar amount that would  
38 otherwise have been deposited into the general fund during the prior  
39 calendar quarter but for the exemption provided in this section.  
40 Information provided by the department to the state treasurer must be

1 based on the best available data, except that the department may  
2 provide estimates of taxes exempted under this section until such  
3 time as retailers are able to report such exempted amounts on their  
4 tax returns.

5 (4) This section expires July 1, 2025.

6 **Sec. 403.** RCW 82.29A.125 and 2019 c 287 s 14 are each amended to  
7 read as follows:

8 (1) Leasehold excise tax may not be imposed on leases to tenants  
9 of public lands for purposes of installing, maintaining, and  
10 operating electric vehicle infrastructure.

11 (2) The definitions in this subsection apply throughout this  
12 section unless the context clearly requires otherwise.

13 (a) "Battery charging station" means an electrical component  
14 assembly or cluster of component assemblies designed specifically to  
15 charge batteries within electric vehicles, which meet or exceed any  
16 standards, codes, and regulations set forth by chapter 19.28 RCW and  
17 consistent with rules adopted under RCW 19.27.540.

18 (b) "Battery exchange station" means a fully automated facility  
19 that will enable an electric vehicle with a swappable battery to  
20 enter a drive lane and exchange the depleted battery with a fully  
21 charged battery through a fully automated process, which meets or  
22 exceeds any standards, codes, and regulations set forth by chapter  
23 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

24 (c) "Electric vehicle infrastructure" means structures,  
25 machinery, and equipment necessary and integral to support an  
26 electric vehicle, including battery charging stations, rapid charging  
27 stations, battery exchange stations, fueling stations that provide  
28 hydrogen for fuel cell electric vehicles, green electrolytic hydrogen  
29 production facilities, and renewable hydrogen production facilities.

30 (d) "Green electrolytic hydrogen" means hydrogen produced through  
31 electrolysis, and does not include hydrogen manufactured using steam  
32 reforming or any other conversion technology that produces hydrogen  
33 from a fossil fuel feedstock.

34 (e) "Rapid charging station" means an industrial grade electrical  
35 outlet that allows for faster recharging of electric vehicle  
36 batteries through higher power levels, which meets or exceeds any  
37 standards, codes, and regulations set forth by chapter 19.28 RCW and  
38 consistent with rules adopted under RCW 19.27.540.

1       (~~(e)~~) (f) "Renewable hydrogen" means hydrogen produced using  
2 renewable resources both as the source for hydrogen and the source  
3 for energy input into the production process.

4       (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;  
5 (iii) solar energy; (iv) geothermal energy; (v) renewable natural  
6 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;  
7 (viii) biodiesel fuel that is not derived from crops raised on land  
8 cleared from old growth or first growth forests; or (ix) biomass  
9 energy.

10       (3) This section expires July 1, 2025.

11       **Sec. 404.** RCW 54.04.190 and 2019 c 24 s 1 are each amended to  
12 read as follows:

13       (1) In addition to any other authority provided by law, public  
14 utility districts are authorized to produce and distribute biodiesel,  
15 ethanol, and ethanol blend fuels, including entering into crop  
16 purchase contracts for a dedicated energy crop for the purpose of  
17 generating electricity or producing biodiesel produced from  
18 Washington feedstocks, cellulosic ethanol, and cellulosic ethanol  
19 blend fuels for use in internal operations of the electric utility  
20 and for sale or distribution.

21       (2) In addition to any other authority provided by law:

22       (a) Public utility districts are authorized to produce renewable  
23 natural gas, green electrolytic hydrogen, and renewable hydrogen and  
24 utilize the renewable natural gas, green electrolytic hydrogen, or  
25 renewable hydrogen they produce for internal operations.

26       (b) Public utility districts may sell renewable natural gas,  
27 green electrolytic hydrogen, or renewable hydrogen that is delivered  
28 into a gas transmission pipeline located in the state of Washington  
29 or delivered in pressurized containers:

30       (i) At wholesale;

31       (ii) To an end-use customer; or

32       (iii) If delivered in a pressurized container, or if the end-use  
33 customer takes delivery of the renewable natural gas, green  
34 electrolytic hydrogen, or renewable hydrogen through a pipeline, and  
35 the end-use customer is an eligible purchaser of natural gas from  
36 sellers other than the gas company from which that end-use customer  
37 takes transportation service and:

38       (A) When the sale is made to an end-use customer in the state of  
39 Washington, the sale is made pursuant to a transportation tariff

1 approved by the Washington utilities and transportation commission;  
2 or

3 (B) When the sale to an end-use customer is made outside of the  
4 state of Washington, the sale is made pursuant to a transportation  
5 tariff approved by the state agency which regulates retail sales of  
6 natural gas.

7 (c) Public utility districts may sell renewable natural gas,  
8 green electrolytic hydrogen, or renewable hydrogen at wholesale or to  
9 an end-use customer through a pipeline directly from renewable  
10 natural gas, green electrolytic hydrogen, or renewable hydrogen  
11 production facilities to facilities that compress, liquefy, or  
12 dispense compressed natural gas, liquefied natural gas, green  
13 electrolytic hydrogen, or renewable hydrogen fuel for end use as a  
14 transportation fuel.

15 (d) Public utility districts may sell green electrolytic hydrogen  
16 or renewable hydrogen at wholesale or to an end-use customer in  
17 pressurized containers directly from green electrolytic hydrogen or  
18 renewable hydrogen production facilities to facilities that utilize  
19 green electrolytic hydrogen or renewable hydrogen as a nonutility  
20 related input for a manufacturing process.

21 (3) Except as provided in subsection (2)(b)(iii) of this section,  
22 nothing in this section authorizes a public utility district to sell  
23 renewable natural gas, green electrolytic hydrogen, or renewable  
24 hydrogen delivered by pipeline to an end-use customer of a gas  
25 company.

26 (4)(a) Except as provided in this subsection (4), nothing in this  
27 section authorizes a public utility district to own or operate  
28 natural gas distribution pipeline systems used to serve retail  
29 customers.

30 (b) For the purposes of subsection (2)(b) of this section, public  
31 utility districts are authorized to own and operate interconnection  
32 pipelines that connect renewable natural gas, green electrolytic  
33 hydrogen, or renewable hydrogen production facilities to gas  
34 transmission pipelines.

35 (c) For the purposes of subsection (2)(c) of this section, public  
36 utility districts may own and/or operate pipelines to supply, and/or  
37 compressed natural gas, liquefied natural gas, green electrolytic  
38 hydrogen, or renewable hydrogen facilities to provide, renewable  
39 natural gas, green electrolytic hydrogen, or renewable hydrogen for  
40 end use as a transportation fuel if all such pipelines and facilities

1 are located in the county in which the public utility district is  
2 authorized to provide utility service.

3 (5) Exercise of the authorities granted under this section to  
4 public utility districts does not subject them to the jurisdiction of  
5 the utilities and transportation commission, except that public  
6 utility districts are subject only to administration and enforcement  
7 by the commission of state and federal requirements related to  
8 pipeline safety and fees payable to the commission that are  
9 applicable to such administration and enforcement.

10 (6) The definitions in this subsection apply throughout this  
11 section unless the context clearly requires otherwise.

12 (a) "Green electrolytic hydrogen" means hydrogen produced through  
13 electrolysis, and does not include hydrogen manufactured using steam  
14 reforming or any other conversion technology that produces hydrogen  
15 from a fossil fuel feedstock.

16 (b) "Renewable natural gas" means a gas consisting largely of  
17 methane and other hydrocarbons derived from the decomposition of  
18 organic material in landfills, wastewater treatment facilities, and  
19 anaerobic digesters.

20 (~~(b)~~) (c) "Renewable hydrogen" means hydrogen produced using  
21 renewable resources both as the source for the hydrogen and the  
22 source for the energy input into the production process.

23 (~~(e)~~) (d) "Renewable resource" means: (i) Water; (ii) wind;  
24 (iii) solar energy; (iv) geothermal energy; (v) renewable natural  
25 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;  
26 (viii) biodiesel fuel that is not derived from crops raised on land  
27 cleared from old growth or first growth forests; or (ix) biomass  
28 energy.

29 (~~(d)~~) (e) "Gas company" has the same meaning as in RCW  
30 80.04.010.

31 **Sec. 405.** RCW 35.92.050 and 2002 c 102 s 3 are each amended to  
32 read as follows:

33 A city or town may also construct, condemn and purchase,  
34 purchase, acquire, add to, alter, maintain, and operate works,  
35 plants, facilities for the purpose of furnishing the city or town and  
36 its inhabitants, and any other persons, with gas, electricity, green  
37 electrolytic hydrogen as defined in RCW 54.04.190, renewable hydrogen  
38 as defined in RCW 54.04.190, and other means of power and facilities  
39 for lighting, including streetlights as an integral utility service

1 incorporated within general rates, heating, fuel, and power purposes,  
2 public and private, with full authority to regulate and control the  
3 use, distribution, and price thereof, together with the right to  
4 handle and sell or lease, any meters, lamps, motors, transformers,  
5 and equipment or accessories of any kind, necessary and convenient  
6 for the use, distribution, and sale thereof; authorize the  
7 construction of such plant or plants by others for the same purpose,  
8 and purchase gas, electricity, or power from either within or without  
9 the city or town for its own use and for the purpose of selling to  
10 its inhabitants and to other persons doing business within the city  
11 or town and regulate and control the use and price thereof.

12 **Part 5**

13 **MISCELLANEOUS**

14 NEW SECTION. **Sec. 501.** Sections 104 and 201 of this act are  
15 necessary for the immediate preservation of the public peace, health,  
16 or safety, or support of the state government and its existing public  
17 institutions, and take effect immediately.

18 NEW SECTION. **Sec. 502.** If any provision of this act or its  
19 application to any person or circumstance is held invalid, the  
20 remainder of the act or the application of the provision to other  
21 persons or circumstances is not affected."

22 Correct the title.

EFFECT: Establishes the statewide Office of Renewable Fuels.

Authorizes the director of the Department of Commerce to provide state funding assistance to help promote and strengthen applications to secure federal funding to develop a regional clean hydrogen hub.

Removes a direction to the Utilities and Transportation Commission to submit a report to the Legislature addressing specific issues related to advancing the production and use of nonfossil feedstock hydrogen in Washington.

Authorizes public utility districts (PUDs) to produce, use, sell, and distribute green electrolytic hydrogen.

Authorizes municipal utilities to produce, use, sell, and distribute green electrolytic hydrogen and renewable hydrogen.

Adds the production of green electrolytic hydrogen to a number of existing tax exemptions that apply to the production of renewable hydrogen.



Requires the Department of Revenue to publish guidance to advise county assessors when appraising renewable energy facilities.

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