
HOUSE BILL 2654

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Upthegrove and Tharinger

Read first time 01/20/12. Referred to Committee on Environment.

1 AN ACT Relating to modifying the energy independence act; amending
2 RCW 19.285.030, 19.285.040, 43.325.040, and 43.333.020; reenacting and
3 amending RCW 43.325.040; adding new sections to chapter 19.285 RCW;
4 providing an effective date; and providing an expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 19.285.030 and 2009 c 565 s 20 are each amended to
7 read as follows:

8 The definitions in this section apply throughout this chapter
9 unless the context clearly requires otherwise.

10 (1) "Attorney general" means the Washington state office of the
11 attorney general.

12 (2) "Auditor" means: (a) The Washington state auditor's office or
13 its designee for qualifying utilities under its jurisdiction that are
14 not investor-owned utilities; or (b) an independent auditor selected by
15 a qualifying utility that is not under the jurisdiction of the state
16 auditor and is not an investor-owned utility.

17 (3) "Commission" means the Washington state utilities and
18 transportation commission.

1 (4) "Conservation" means any reduction in electric power
2 consumption resulting from increases in the efficiency of energy use,
3 production, or distribution.

4 (5) "Cost-effective" has the same meaning as defined in RCW
5 80.52.030.

6 (6) "Council" means the Washington state apprenticeship and
7 training council within the department of labor and industries.

8 (7) "Customer" means a person or entity that purchases electricity
9 for ultimate consumption and not for resale.

10 (8) "Department" means the department of commerce or its successor.

11 (9) "Distributed generation" means an eligible renewable resource
12 where the generation facility or any integrated cluster of such
13 facilities has a generating capacity of not more than five megawatts.

14 (10) "Eligible renewable resource" means:

15 (a) Electricity from a generation facility powered by a renewable
16 resource other than freshwater that commences operation after March 31,
17 1999, where: (i) The facility is located in the Pacific Northwest; or
18 (ii) the electricity from the facility is delivered into Washington
19 state on a real-time basis without shaping, storage, or integration
20 services; ~~((or))~~

21 (b) Incremental electricity produced as a result of efficiency
22 improvements completed after March 31, 1999, to hydroelectric
23 generation projects owned by a qualifying utility and located in the
24 Pacific Northwest ~~((or to hydroelectric generation in irrigation pipes
25 and canals located in the Pacific Northwest))~~, where the additional
26 generation in either case does not result in new water diversions or
27 impoundments;

28 (c) Electricity produced from a hydroelectric generation facility
29 that commences operation after March 31, 1999, where: (i) The facility
30 is located in the Pacific Northwest; and (ii) the facility is built in
31 existing impoundments, irrigation pipes and canals, or in water supply
32 and wastewater systems;

33 (d) Electricity produced from a biomass generating facility that
34 commenced operation before March 31, 1999, provided the biomass
35 generating facility pays a fee to the department as established in
36 section 4 of this act; or

37 (e) A qualifying utility's proportionate share of incremental
38 electricity produced as a result of efficiency improvements to

1 equipment completed after March 31, 1999, to hydroelectric generation
2 projects located in the Pacific Northwest, where the electricity is
3 marketed by the Bonneville power administration.

4 (11) "Investor-owned utility" has the same meaning as defined in
5 RCW 19.29A.010.

6 (12) "Load" means the amount of kilowatt-hours of electricity
7 delivered in the most recently completed year by a qualifying utility
8 to its Washington retail customers.

9 (13) "Nonpower attributes" means all environmentally related
10 characteristics, exclusive of energy, capacity reliability, and other
11 electrical power service attributes, that are associated with the
12 generation of electricity from a renewable resource, including but not
13 limited to the facility's fuel type, geographic location, vintage,
14 qualification as an eligible renewable resource, and avoided emissions
15 of pollutants to the air, soil, or water, and avoided emissions of
16 carbon dioxide and other greenhouse gases. "Nonpower attributes" does
17 not include any aspects, claims, characteristics, and benefits
18 associated with the on-site capture and destruction of methane or other
19 greenhouse gases at a facility through a digester system, landfill gas
20 collection system, or other mechanism, which may be separately
21 marketable as greenhouse gas emission reduction credits, offsets, or
22 similar tradable commodities.

23 (14) "Pacific Northwest" has the same meaning as defined for the
24 Bonneville power administration in section 3 of the Pacific Northwest
25 electric power planning and conservation act (94 Stat. 2698; 16 U.S.C.
26 Sec. 839a).

27 (15) "Public facility" has the same meaning as defined in RCW
28 39.35C.010.

29 (16) "Qualifying utility" means an electric utility, as the term
30 "electric utility" is defined in RCW 19.29A.010, that serves more than
31 twenty-five thousand customers in the state of Washington. The number
32 of customers served may be based on data reported by a utility in form
33 861, "annual electric utility report," filed with the energy
34 information administration, United States department of energy.

35 (17) "Renewable energy credit" means a tradable certificate of
36 proof of at least one megawatt-hour of an eligible renewable resource
37 where the generation facility is not powered by freshwater, the
38 certificate includes all of the nonpower attributes associated with

1 that one megawatt-hour of electricity, and the certificate is verified
2 by a renewable energy credit tracking system selected by the
3 department.

4 (18) "Renewable resource" means: (a) Water; (b) wind; (c) solar
5 energy; (d) geothermal energy; (e) landfill gas; (f) wave, ocean, or
6 tidal power; (g) gas from sewage treatment facilities; (h) biodiesel
7 fuel as defined in RCW 82.29A.135 that is not derived from crops raised
8 on land cleared from old growth or first-growth forests where the
9 clearing occurred after December 7, 2006; ~~((and))~~ (i) spent pulping
10 liquors and liquors derived from algae and other sources; and (j)
11 biomass energy based on animal waste, food waste, yard waste or solid
12 organic fuels from wood, forest, or field residues, or dedicated energy
13 crops that do not include (i) wood pieces that have been treated with
14 chemical preservatives such as creosote, pentachlorophenol, or copper-
15 chrome-arsenic; (ii) ~~((black liquor by product from paper production;~~
16 ~~(iii))~~) wood from old growth forests; or ~~((iv))~~ (iii) municipal solid
17 waste.

18 (19) "Rule" means rules adopted by an agency or other entity of
19 Washington state government to carry out the intent and purposes of
20 this chapter.

21 (20) "Year" means the twelve-month period commencing January 1st
22 and ending December 31st.

23 **Sec. 2.** RCW 19.285.040 and 2007 c 1 s 4 are each amended to read
24 as follows:

25 (1) Each qualifying utility shall pursue all available conservation
26 that is cost-effective, reliable, and feasible.

27 (a) By January 1, 2010, using methodologies consistent with those
28 used by the Pacific Northwest electric power and conservation planning
29 council in its most recently published regional power plan, each
30 qualifying utility shall identify its achievable cost-effective
31 conservation potential through 2019. At least every two years
32 thereafter, the qualifying utility shall review and update this
33 assessment for the subsequent ten-year period.

34 (b) Beginning January 2010, each qualifying utility shall establish
35 and make publicly available a biennial acquisition target for cost-
36 effective conservation consistent with its identification of achievable
37 opportunities in (a) of this subsection, and meet that target during

1 the subsequent two-year period. At a minimum, each biennial target
2 must be no lower than the qualifying utility's pro rata share for that
3 two-year period of its cost-effective conservation potential for the
4 subsequent ten-year period. Any conservation achieved by a qualifying
5 utility in excess of its biennial acquisition target may be used to
6 meet its subsequent biennial target.

7 (c) In meeting its conservation targets, a qualifying utility may
8 count high-efficiency cogeneration owned and used by a retail electric
9 customer to meet its own needs. High-efficiency cogeneration is the
10 sequential production of electricity and useful thermal energy from a
11 common fuel source, where, under normal operating conditions, the
12 facility (~~((has a useful thermal energy output of no less than thirty-~~
13 ~~three percent of the total energy output))~~) is designed to have a
14 projected overall thermal conversion efficiency of at least seventy
15 percent. For the purposes of this subsection, "overall thermal
16 conversion efficiency" means the output of electricity plus usable heat
17 divided by fuel input. The reduction in load due to high-efficiency
18 cogeneration shall be: (i) Calculated as the (~~((ratio of the fuel~~
19 ~~chargeable to power heat rate of the cogeneration facility compared to~~
20 ~~the heat rate on a new and clean basis of a best commercially available~~
21 ~~technology combined cycle natural gas fired combustion turbine))~~)
22 difference between the overall thermal conversion efficiency of the
23 cogeneration facility and the average overall thermal conversion
24 efficiency of cogeneration facilities operating in Washington that are
25 not high efficiency; and (ii) counted towards meeting the biennial
26 conservation target in the same manner as other conservation savings.

27 (d) The commission may determine if a conservation program
28 implemented by an investor-owned utility is cost-effective based on the
29 commission's policies and practice.

30 (e) The commission may rely on its standard practice for review and
31 approval of investor-owned utility conservation targets.

32 (2)(~~((a))~~) Each qualifying utility shall use eligible renewable
33 resources or acquire equivalent renewable energy credits, or a
34 combination of both, to meet the following annual targets:

35 (~~((i))~~) (a) At least three percent of its load by (~~((January 1))~~)
36 December 31, 2012, and each year thereafter through December (~~((31,~~
37 ~~2015))~~) 30, 2016;

1 ~~((+ii+))~~ (b) At least nine percent of its load by ~~((January 1))~~
2 December 31, 2016, and each year thereafter through December ~~((31,~~
3 2019)) 30, 2020; and

4 ~~((+iii+))~~ (c) At least fifteen percent of its load by ~~((January 1))~~
5 December 31, 2020~~((, and each year thereafter))~~.

6 ~~((+b+))~~ (3) After December 31, 2020, an annual target of twenty
7 percent is established for each qualifying utility that must be met
8 with eligible renewable resources, equivalent renewable energy credits,
9 or a combination of both, to satisfy any increase in its load in excess
10 of the load to which the fifteen percent target on December 31, 2020,
11 applies.

12 (4)(a) A qualifying utility may count distributed generation at
13 double the facility's electrical output if the utility: (i) Owns or
14 has contracted for the distributed generation and the associated
15 renewable energy credits; or (ii) has contracted to purchase the
16 associated renewable energy credits.

17 ~~((+e+))~~ (b) In meeting the annual targets in ~~((+a) of this))~~
18 subsection (2) of this section, a qualifying utility shall calculate
19 its annual load based on the average of the utility's load for the
20 previous two years.

21 ~~((+d+))~~ (c)(i) Beginning in 2016, a qualifying utility is
22 considered in compliance with an annual target in subsection (2)(b) and
23 (c) of this section if: (A) The qualifying utility determines that it
24 does not need to acquire additional power resources, net of
25 conservation and excluding spot market purchases, through 2020; and (B)
26 the qualifying utility makes investments of one percent per year of its
27 annual retail revenue requirement within its service territory on any
28 of the following: Eligible renewable resources; renewable energy
29 credits; energy efficiency in excess of an adopted biennial target;
30 low-income weatherization; solar hot water systems; converting homes
31 heated with fuel oil to high-efficiency heat pumps; or electric vehicle
32 infrastructure or electrification efforts to reduce diesel fuel use in
33 its service territory.

34 (ii) If a qualifying utility determines that it does not need to
35 acquire additional power resources, but then does acquire any
36 additional power resources prior to or after 2020, then the qualifying
37 utility must satisfy the following targets using eligible renewable
38 resources, renewable energy credits, or a combination of both: (A)

1 Nine percent of its load within four years of acquiring any additional
2 power resources; and (B) fifteen percent of its load within eight years
3 of acquiring any additional power resources.

4 (d) A qualifying utility that determines it does not need to
5 acquire additional power resources under (c) of this subsection, but
6 then does acquire additional power resources prior to or after 2020, is
7 considered in compliance with the requirements in (c) of this
8 subsection if the utility invested three percent of its total annual
9 retail revenue requirement on the incremental costs of eligible
10 renewable resources, the cost of renewable energy credits, or a
11 combination of both.

12 (e) A qualifying utility shall be considered in compliance with an
13 annual target in ~~((a) of this)~~ subsection (2) of this section if:
14 (i) The utility's weather-adjusted load for the previous three years on
15 average did not increase over that time period; (ii) after December 7,
16 2006, the utility did not commence or renew ownership or incremental
17 purchases of electricity from resources other than renewable resources
18 other than on a daily spot price basis and the electricity is not
19 offset by equivalent renewable energy credits; and (iii) the utility
20 invested at least one percent of its total annual retail revenue
21 requirement that year on eligible renewable resources, renewable energy
22 credits, or a combination of both.

23 ~~((e))~~ (f) The requirements of this section may be met for any
24 given year with renewable energy credits produced during that year, the
25 preceding year, or the subsequent year. Each renewable energy credit
26 may be used only once to meet the requirements of this section.

27 ~~((f))~~ (g) In complying with the targets established in ~~((a) of~~
28 this) subsection (2) of this section, a qualifying utility may not
29 count:

30 (i) Eligible renewable resources or distributed generation where
31 the associated renewable energy credits are owned by a separate entity;
32 or

33 (ii) Eligible renewable resources or renewable energy credits
34 obtained for and used in an optional pricing program such as the
35 program established in RCW 19.29A.090.

36 ~~((g))~~ (h) Where fossil and combustible renewable resources are
37 cofired in one generating unit located in the Pacific Northwest where
38 the cofiring commenced after March 31, 1999, the unit shall be

1 considered to produce eligible renewable resources in direct proportion
2 to the percentage of the total heat value represented by the heat value
3 of the renewable resources.

4 ~~((h))~~ (i)(i) A qualifying utility that acquires an eligible
5 renewable resource or renewable energy credit may count that
6 acquisition at one and two-tenths times its base value:

7 (A) Where the eligible renewable resource comes from a facility
8 that commenced operation after December 31, 2005; and

9 (B) Where the developer of the facility used apprenticeship
10 programs approved by the council during facility construction.

11 (ii) The council shall establish minimum levels of labor hours to
12 be met through apprenticeship programs to qualify for this extra
13 credit.

14 ~~((i))~~ (j) A qualifying utility shall be considered in compliance
15 with an annual target in ~~((a) of this))~~ subsection (2) of this section
16 if events beyond the reasonable control of the utility that could not
17 have been reasonably anticipated or ameliorated prevented it from
18 meeting the renewable energy target. Such events include
19 weather-related damage, mechanical failure, strikes, lockouts, and
20 actions of a governmental authority that adversely affect the
21 generation, transmission, or distribution of an eligible renewable
22 resource under contract to a qualifying utility.

23 ~~((3))~~ (5) Utilities that become qualifying utilities after
24 December 31, 2006, shall meet the requirements in this section on a
25 time frame comparable in length to that provided for qualifying
26 utilities as of December 7, 2006.

27 NEW SECTION. Sec. 3. A new section is added to chapter 19.285 RCW
28 to read as follows:

29 (1) When requested by a qualifying utility that is not investor-
30 owned or by persons proposing electric generation or conservation
31 resource projects, the Washington State University extension energy
32 program is authorized to and shall provide analysis and an advisory
33 opinion on whether a proposed electric generation project or
34 conservation resource qualifies to meet a target under RCW 19.285.040.
35 The advisory opinion must include a legal analysis. When forming its
36 advisory opinion, the energy program must consult with the technical

1 and legal staff of the department of commerce. Other experts may also
2 be consulted as needed.

3 (2) Qualifying utilities that are not investor-owned and persons
4 proposing electric generation or conservation resource projects may
5 apply for an advisory opinion from the Washington State University
6 extension energy program. The application must be in writing and must
7 include information that accurately describes the proposed project or
8 resource. Within ninety days of receiving an application, the energy
9 program must issue a signed advisory opinion on whether the proposed
10 project or resource qualifies to meet a target under RCW 19.285.040.
11 The governing body of the applicant must either adopt or reject the
12 advisory opinion after public notice and hearing. An advisory opinion
13 adopted by the governing body under this subsection is dispositive
14 regarding the eligibility of the proposed project or resource under RCW
15 19.285.040 and for the purposes of RCW 19.285.060, but only if: (a)
16 The advisory opinion affirmatively qualified the project or resource;
17 and (b) the project or resource is built or acquired as proposed.

18 (3) The Washington State University extension energy program may
19 require an applicant to pay an application fee to cover the cost of
20 reviewing the project and preparing an advisory opinion.

21 (4) Nothing in this section is intended to preempt the authority of
22 any governing body of utilities that are not investor-owned from making
23 a determination, independent of the process in subsection (2) of this
24 section, on whether a proposed electric generation project or
25 conservation resource may qualify to meet a target under RCW
26 19.285.040.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 19.285 RCW
28 to read as follows:

29 (1) Any biomass-fueled electricity generating facility operating in
30 the state and seeking designation as an eligible renewable resource
31 under RCW 19.285.030(10)(d) must pay the department a fee that is
32 calculated based on the thermal efficiency of the facility.

33 (2) The amount of the fee per megawatt-hour generated must be
34 calculated as follows: One hundred percent minus the overall
35 efficiency of the energy plant divided by seventy percent multiplied by
36 the average value of a renewable energy credit for the prior year, as
37 determined by the department by rule.

1 (3) The department shall deposit all fees collected under this
2 section in the green energy incentive account established under RCW
3 43.325.040 to be used for clean energy transportation projects as
4 specified in RCW 43.325.040.

5 **Sec. 5.** RCW 43.325.040 and 2009 c 564 s 942 and 2009 c 451 s 5 are
6 each reenacted and amended to read as follows:

7 (1) The energy freedom account is created in the state treasury.
8 All receipts from appropriations made to the account and any loan
9 payments of principal and interest derived from loans made under the
10 energy freedom account must be deposited into the account. Moneys in
11 the account may be spent only after appropriation. Expenditures from
12 the account may be used only for financial assistance for further
13 funding for projects consistent with this chapter or otherwise
14 authorized by the legislature.

15 (2) The green energy incentive account is created in the state
16 treasury as a subaccount of the energy freedom account. All receipts
17 from appropriations made to the green energy incentive account shall be
18 deposited into the account, and may be spent only after appropriation.
19 Expenditures from the account may be used only for:

20 (a) Refueling projects awarded under this chapter;

21 (b) Pilot projects for plug-in hybrids, including grants provided
22 for the electrification program set forth in RCW 43.325.110; and

23 (c) Demonstration projects developed with state universities as
24 defined in RCW 28B.10.016 and local governments that result in the
25 design and building of a hydrogen vehicle fueling station.

26 (3) To the extent funds from section 4 of this act are available
27 for this purpose, the department shall administer a grant program to
28 support clean energy transportation projects through the green energy
29 incentive account. In administering the grant program, the department
30 must consult with innovate Washington. Innovate Washington must review
31 applications, prioritize projects, and make recommendations for funding
32 to the department.

33 (4)(a) The energy recovery act account is created in the state
34 treasury. State and federal funds may be deposited into the account
35 and any loan payments of principal and interest derived from loans made
36 from the energy recovery act account must be deposited into the
37 account. Moneys in the account may be spent only after appropriation.

1 (b) Expenditures from the account may be used only for loans, loan
2 guarantees, and grants that encourage the establishment of innovative
3 and sustainable industries for renewable energy and energy efficiency
4 technology, including but not limited to:

5 (i) Renewable energy projects or programs that require interim
6 financing to complete project development and implementation;

7 (ii) Companies with innovative, near-commercial or commercial,
8 clean energy technology; and

9 (iii) Energy efficiency technologies that have a viable repayment
10 stream from reduced utility costs.

11 (c) The director shall establish policies and procedures for
12 processing, reviewing, and approving applications for funding under
13 this section. When developing these policies and procedures, the
14 department must consider the clean energy leadership strategy developed
15 under section 2, chapter 318, Laws of 2009.

16 (d) The director shall enter into agreements with approved
17 applicants to fix the term and rates of funding provided from this
18 account.

19 (e) The policies and procedures of this subsection (~~((+3+))~~) (4) do
20 not apply to assistance awarded for projects under RCW 43.325.020(3).

21 (~~((+4+))~~) (5) Any state agency receiving funding from the energy
22 freedom account is prohibited from retaining greater than three percent
23 of any funding provided from the energy freedom account for
24 administrative overhead or other deductions not directly associated
25 with conducting the research, projects, or other end products that the
26 funding is designed to produce unless this provision is waived in
27 writing by the director.

28 (~~((+5+))~~) (6) Any university, institute, or other entity that is not
29 a state agency receiving funding from the energy freedom account is
30 prohibited from retaining greater than fifteen percent of any funding
31 provided from the energy freedom account for administrative overhead or
32 other deductions not directly associated with conducting the research,
33 projects, or other end products that the funding is designed to
34 produce.

35 (~~((+6+))~~) (7) Subsections (2), (~~((+4+and))~~) (5), and (6) of this
36 section do not apply to assistance awarded for projects under RCW
37 43.325.020(3).

1 (~~(7)~~) (8) During the 2009-2011 fiscal biennium, the legislature
2 may transfer from the energy freedom account to the state general fund
3 such amounts as reflect the excess fund balance of the account.

4 **Sec. 6.** RCW 43.325.040 and 2009 c 564 s 942 are each amended to
5 read as follows:

6 (1) The energy freedom account is created in the state treasury.
7 All receipts from appropriations made to the account and any loan
8 payments of principal and interest derived from loans made under this
9 chapter must be deposited into the account. Moneys in the account may
10 be spent only after appropriation. Expenditures from the account may
11 be used only for assistance for projects consistent with this chapter
12 or otherwise authorized by the legislature.

13 (2) The green energy incentive account is created in the state
14 treasury as a subaccount of the energy freedom account. All receipts
15 from appropriations made to the green energy incentive account shall be
16 deposited into the account, and may be spent only after appropriation.
17 Expenditures from the account may be used only for:

18 (a) Refueling projects awarded under this chapter;

19 (b) Pilot projects for plug-in hybrids, including grants provided
20 for the electrification program set forth in RCW 43.325.110; and

21 (c) Demonstration projects developed with state universities as
22 defined in RCW 28B.10.016 and local governments that result in the
23 design and building of a hydrogen vehicle fueling station.

24 (3) To the extent funds from section 4 of this act are available
25 for this purpose, the department shall administer a grant program to
26 support clean energy transportation projects through the green energy
27 incentive account. In administering the grant program, the department
28 must consult with innovate Washington. Innovate Washington must review
29 applications, prioritize projects, and make recommendations for funding
30 to the department.

31 (4) Any state agency receiving funding from the energy freedom
32 account is prohibited from retaining greater than three percent of any
33 funding provided from the energy freedom account for administrative
34 overhead or other deductions not directly associated with conducting
35 the research, projects, or other end products that the funding is
36 designed to produce unless this provision is waived in writing by the
37 director.

1 ~~((4))~~ (5) Any university, institute, or other entity that is not
2 a state agency receiving funding from the energy freedom account is
3 prohibited from retaining greater than fifteen percent of any funding
4 provided from the energy freedom account for administrative overhead or
5 other deductions not directly associated with conducting the research,
6 projects, or other end products that the funding is designed to
7 produce.

8 ~~((5))~~ (6) Subsections (2) through ~~((4))~~ (5) of this section do
9 not apply to assistance awarded for projects under RCW 43.325.020(3).

10 ~~((6))~~ (7) During the 2009-2011 fiscal biennium, the legislature
11 may transfer from the energy freedom account to the state general fund
12 such amounts as reflect the excess fund balance of the account.

13 **Sec. 7.** RCW 43.333.020 and 2011 1st sp.s. c 14 s 2 are each
14 amended to read as follows:

15 (1) The powers of innovate Washington are vested in and shall be
16 exercised by a board of directors consisting of:

17 (a) The governor of the state of Washington or the governor's
18 designee;

19 (b)(i) The president of the senate shall appoint one member from
20 each of the two largest caucuses of the senate;

21 (ii) The speaker of the house of representatives shall appoint one
22 member from each of the two largest caucuses of the house of
23 representatives;

24 (c) The president of the University of Washington or the
25 president's designee;

26 (d) The president of Washington State University or the president's
27 designee;

28 (e) The director of the department of commerce or the director's
29 designee;

30 (f) The chairs of the sector advisory committees created under this
31 chapter shall serve as ex officio voting members; and

32 (g) Seven members appointed by the governor from among individuals
33 who own or are executives at technology-based and innovative firms in
34 the state; of these members, at least four must be from firms
35 manufacturing in the state. The term of office for each board member
36 appointed by the governor shall be three years except, of the initial

1 appointees, three shall be appointed for one year and three shall be
2 appointed for two years. Members of the board may be appointed for
3 additional terms.

4 (2) The board shall meet at least biannually. The initial meeting
5 of the board must occur before December 31, 2011.

6 (3) A board member may be removed by the governor for cause under
7 RCW 43.06.070 and 43.06.080. The governor must fill any vacancy on the
8 board by appointment for the remainder of the unexpired term.

9 (4)(a) The appointed members of the board shall be compensated in
10 accordance with RCW 43.03.240 and may be reimbursed for expenses
11 incurred in the discharge of their duties under this chapter pursuant
12 to RCW 43.03.050 and 43.03.060.

13 (b) The ex officio members of the board under subsection (1)(a) and
14 (c) through (g) of this section may be reimbursed for expenses incurred
15 in the discharge of their duties under this chapter pursuant to RCW
16 43.03.050 and 43.03.060.

17 (c) Legislative members of the board may be reimbursed for expenses
18 incurred in the discharge of their duties under this chapter pursuant
19 to RCW 44.04.120.

20 (5) A majority of currently serving board members constitutes a
21 quorum.

22 (6) Meetings of the board shall be held in accordance with the open
23 public meetings act, chapter 42.30 RCW, and at the call of the chair or
24 when a majority of the board members so requests. Meetings of the
25 board may be held at any location within or out of the state, and board
26 members may participate in a meeting of the board by means of a
27 conference telephone or similar communication equipment under RCW
28 23B.08.200.

29 (7) The innovate Washington board must:

30 (a) Develop operating policies for innovate Washington programs;

31 (b) Appoint, and perform an annual performance review of, an
32 executive director;

33 (c) Approve an annual operating budget and ensure adequate funding
34 for operations;

35 (d) Approve a five-year business plan and its updates;

36 (e) Perform the duties required under chapter 70.210 RCW relating
37 to the investing in innovation program;

1 (f) Convene representatives of the commercialization and technology
2 transfer offices of private and public research institutions in the
3 state to determine the best methods for:

4 (i) Integrating existing databases into a single database of in-
5 state technologies and inventions;

6 (ii) Making the technologies in the integrated database accessible;
7 and

8 (iii) Promoting the integrated database to entrepreneurs and
9 investors for commercialization and licensing purposes;

10 (g) Set performance goals for each program or service established;
11 ((and))

12 (h) Consult with the department of transportation and regional
13 transportation organizations in making recommendations for funding to
14 the department of commerce under RCW 43.325.040 for clean energy
15 transportation projects; and

16 (i) Provide a report to the governor and the legislature detailing
17 the fund-raising activities and outcomes, operations, economic impact,
18 and performance of innovate Washington. The report is due by December
19 1st of every year and the first report is due by December 1, 2012. The
20 report must include measures related to customer satisfaction as well
21 as measures of results derived from assistance provided to businesses,
22 including but not limited to manufacturing facilities established in
23 Washington, job creation inside and outside of Washington, new product
24 development, new markets opened and other export measures, the adoption
25 of new production processes, revenue and sales growth, measures that
26 would be included in a balanced scorecard, and such other outcome-based
27 measures as the board determines is appropriate.

28 (8) The board may:

29 (a) Make and execute agreements, contracts, and other instruments
30 with any private, public, or nonprofit entity for the performance,
31 operation, administration, implementation, or advancement of any
32 program in accordance with this chapter;

33 (b) Employ, contract with, or engage staff, advisors, auditors,
34 other technical or professional assistants, and such other personnel as
35 are necessary or desirable to implement this chapter. Staff support
36 for innovate Washington programs may be provided through cooperative
37 agreements with any public or private institution of higher education;

1 (c) Solicit and receive gifts, grants, donations, sponsorships, or
2 contributions from any federal, state, or local governmental agency or
3 program or any private source, and expend the same for any purpose
4 consistent with this chapter;

5 (d) Establish such:

6 (i) Affiliated organizations, that may not be considered state
7 agencies as defined under chapter 43.88 RCW, to facilitate partnerships
8 and program delivery with the private sector;

9 (ii) Special funds consistent with the provisions of chapter 43.88
10 RCW; and

11 (iii) Controls as it finds convenient for the implementation of
12 this chapter;

13 (e) Create one or more advisory committees;

14 (f) Adopt rules consistent with this chapter;

15 (g) Delegate any of its powers and duties if consistent with the
16 purposes of this chapter; and

17 (h) Exercise any other power reasonably required to implement the
18 purposes of this chapter.

19 NEW SECTION. **Sec. 8.** Section 5 of this act expires June 30, 2016.

20 NEW SECTION. **Sec. 9.** Section 6 of this act takes effect June 30,
21 2016.

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