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**HOUSE BILL 1129**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Representatives Morris and Ryu

AN ACT Relating to customer-sited electricity generation; and amending RCW 80.60.010, 80.60.020, 80.60.030, 80.60.040, and 82.16.090.

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

**Sec.**  RCW 80.60.010 and 2007 c 323 s 1 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly indicates otherwise.

(1) "Commission" means the utilities and transportation commission.

(2) "Customer-generator" means a user of a net metering system.

(3) "Electrical company" means a company owned by investors that meets the definition of RCW 80.04.010.

(4) "Electric cooperative" means a cooperative or association organized under chapter 23.86 or 24.06 RCW.

(5) "Electric utility" means any electrical company, public utility district, irrigation district, port district, electric cooperative, or municipal electric utility that is engaged in the business of distributing electricity to retail electric customers in the state.

(6) "Irrigation district" means an irrigation district under chapter 87.03 RCW.

(7) "Meter aggregation" means the administrative combination of readings from and billing for all meters, regardless of the rate class, on premises owned or leased by a customer-generator located within the service territory of a single electric utility.

(8) "Municipal electric utility" means a city or town that owns or operates an electric utility authorized by chapter 35.92 RCW.

(9) "Net metering" means measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator over the applicable billing period.

(10) "Small net metering system" means a fuel cell, a facility that produces electricity and used and useful thermal energy from a common fuel source, or a facility for the production of electrical energy that generates renewable energy, and that:

(a) Has an electrical generating capacity of not more than one hundred ninety-nine kilowatts;

(b) Is located on the customer-generator's premises;

(c) Operates in parallel with the electric utility's transmission and distribution facilities; and

(d) Is intended primarily to offset part or all of the customer-generator's requirements for electricity.

(11) "Premises" means any residential property, commercial real estate, or lands, owned or leased by a customer-generator within the service area of a single electric utility.

(12) "Port district" means a port district within which an industrial development district has been established as authorized by Title 53 RCW.

(13) "Public utility district" means a district authorized by chapter 54.04 RCW.

(14) "Renewable energy" means energy generated by a facility that uses water, wind, solar energy, or biogas from animal waste as a fuel.

(15) "Large net metering system" means a fuel cell, a facility that produces electricity and used and useful thermal energy from a common fuel source, or a facility for the production of electrical energy that generates renewable energy, and that:

(a) Has an electrical generating capacity greater than one hundred ninety-nine kilowatts;

(b) Is located on the customer-generator's premises;

(c) Operates in parallel with the electric utility's transmission and distribution facilities; and

(d) Is intended primarily to offset part or all of the customer-generator's requirements for electricity.

**Sec.**  RCW 80.60.020 and 2007 c 323 s 2 are each amended to read as follows:

(1) An electric utility:

(a) Shall, except as otherwise provided in subsection (3) of this section, offer to make net metering available to eligible customers-generators with small net metering systems on a first-come, first-served basis until the cumulative generating capacity of small net metering systems equals ((~~0.25~~)) four percent of the utility's peak demand during 1996. ((~~On January 1, 2014, the cumulative generating capacity available to net metering systems will equal 0.5 percent of the utility's peak demand during 1996.~~)) Not less than one-half of the utility's 1996 peak demand available for small net metering systems shall be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy for residential ratepayers;

(b) Shall allow small net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions, unless the commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after appropriate notice and opportunity for comment:

(i) That the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of small net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; and

(ii) How the cost of purchasing and installing an additional meter is to be allocated between the customer-generator and the utility;

(c) Shall charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class, but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge unless the commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after appropriate notice and opportunity for comment that:

(i) The electric utility will incur direct costs associated with interconnecting or administering small net metering systems that exceed any offsetting benefits associated with these systems; and

(ii) Public policy is best served by imposing these costs on the customer-generator rather than allocating these costs among the utility's entire customer base.

(2) ((~~If a production meter and software is required by the electric utility to provide meter aggregation under RCW 80.60.030(4), the customer~~‑~~generator is responsible for the purchase of the production meter and software~~)) An electric utility may offer to make net metering available to eligible customer-generators with large net metering systems. If the electric utility chooses to make net metering available to eligible customer-generators with large net metering systems, the electric utility shall:

(a) Allow large net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions, unless the commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after appropriate notice and opportunity for comment:

(i) That the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of large net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; and

(ii) How the cost of purchasing and installing an additional meter is to be allocated between the customer-generator and the utility; and

(b) Charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class, but shall not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge unless the commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after appropriate notice and opportunity for comment that:

(i) The electric utility will incur direct costs associated with interconnecting or administering large net metering systems that exceed any offsetting benefits associated with these systems; and

(ii) Public policy is best served by imposing these costs on the customer-generator rather than allocating these costs among the utility's entire customer base.

(3)(a) An electric utility may offer an alternative to net metering for customer-generators with small net metering systems in all or certain increments of the utility's distribution system beginning January 1, 2022, or after such a date as the cumulative generating capacity of small net metering systems equals or exceeds two percent of the utility's peak demand during 1996, whichever occurs first.

(b) In order to offer an alternative to net metering under this subsection, the electric utility must first engage in a distributed energy resources planning process, for all or certain increments of the utility's distribution system, that accomplishes the objectives for distributed energy resources planning processes established under chapter . . . (House Bill No. . . .), Laws of 2019. If chapter . . . (House Bill No. . . .), Laws of 2019, does not become law by June 30, 2019, the process must accomplish the goals for distributed energy resources planning recommended in the report published on December 31, 2017, by the commission on current practices in distributed energy resources planning.

(c) An electric utility must continue to offer net metering, in accordance with the requirements of this chapter, to a customer-generator with a small net metering system that is interconnected as of the effective date of this section. The electric utility may offer an alternative to net metering under this subsection if the property on which an existing small net metering system is located is sold or if the financial responsibility for the electric meter is transferred to a new customer.

(4) An electric utility may offer an alternative to net metering to customer-generators with large net metering systems in all or certain increments of the utility's distribution system in accordance with the distributed energy resources planning requirements established under subsection (3)(b) of this section.

(5) Beginning January 1, 2020, each electric utility must provide to the department of commerce and update semiannually a net metering report containing the following:

(a) The utility's 1996 peak demand and remaining capacity, if any, available to eligible customer-generators under the requirement established in subsection (1)(a) of this section;

(b) If the utility has exceeded the requirement established in subsection (1)(a) of this section, whether it is continuing to offer net metering to eligible customer-generators; and

(c) If the utility has exceeded the requirement established in subsection (1)(a) of this section and continues to offer net metering, whether it has established a new cumulative capacity allocation available to eligible customer-generators.

**Sec.**  RCW 80.60.030 and 2007 c 323 s 3 are each amended to read as follows:

Consistent with the other provisions of this chapter, the net energy measurement must be calculated in the following manner:

(1) The electric utility shall measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices.

(2) If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator and fed back to the electric utility during the billing period, the customer-generator shall be billed for the net electricity supplied by the electric utility, in accordance with normal metering practices.

(3) If electricity generated by the customer-generator exceeds the electricity supplied by the electric utility, the customer-generator:

(a) Shall be billed for the appropriate customer charges for that billing period, in accordance with RCW 80.60.020; and

(b) Shall be credited for the excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing period.

(4) If a customer-generator requests, an electric utility shall provide meter aggregation.

(a) For customer-generators participating in meter aggregation, kilowatt-hours credits earned by a net metering system during the billing period first shall be used to offset electricity supplied by the electric utility.

(b) Not more than a total of one hundred kilowatts shall be aggregated among all customer-generators participating in a generating facility under this subsection.

(c) Excess kilowatt-hours credits earned by the net metering system, during the same billing period, shall be credited equally by the electric utility to remaining meters located on all premises of a customer-generator at the designated rate of each meter.

(d) Meters so aggregated shall not change rate classes due to meter aggregation under this section.

(5) ((~~On~~)) If a production meter and software is required by the electric utility to provide meter aggregation under subsection (4) of this section, the customer-generator is responsible for the purchase of the production meter and software.

(6) By April 30th of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous ((~~year~~)) twelve-month period shall be granted to the electric utility, without any compensation to the customer-generator. An electric utility may use any net metering credits granted under this subsection to assist qualified low-income residential customers of the electric utility in paying their electricity bills, if doing so is found to be cost-effective and feasible.

**Sec.**  RCW 80.60.040 and 2006 c 201 s 4 are each amended to read as follows:

(1) A large or small net metering system used by a customer-generator shall include, at the customer-generator's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the national electrical code, national electrical safety code, the institute of electrical and electronics engineers, and underwriters laboratories.

(2) The commission, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, after appropriate notice and opportunity for comment, may adopt by regulation additional safety, power quality, and interconnection requirements for customer-generators, including limitations on the number of customer-generators and total capacity of large or small net metering systems that may be interconnected to any distribution feeder line, circuit, or network that the commission or governing body determines are necessary to protect public safety and system reliability.

(3) An electric utility may not require a customer-generator whose large or small net metering system meets the standards in subsections (1) and (2) of this section to comply with additional safety or performance standards, perform or pay for additional tests, or purchase additional liability insurance. However, an electric utility shall not be liable directly or indirectly for permitting or continuing to allow an attachment of a large or small net metering system, or for the acts or omissions of the customer-generator that cause loss or injury, including death, to any third party.

**Sec.**  RCW 82.16.090 and 1988 c 228 s 1 are each amended to read as follows:

Any customer billing issued by a light or power business or gas distribution business that serves a total of more than twenty thousand customers and operates within the state shall include the following information:

(1) The rates and amounts of taxes paid directly by the customer upon products or services rendered by the light and power business or gas distribution business; ((~~and~~))

(2) The rate, origin, and approximate amount of each tax levied upon the revenue of the light and power business or gas distribution business and added as a component of the amount charged to the customer. Taxes based upon revenue of the light and power business or gas distribution business to be listed on the customer billing need not include taxes levied by the federal government or taxes levied under chapters 54.28, 80.24, or 82.04 RCW; and

(3) The total amount of kilowatt-hours of electricity consumed for the most recent twelve-month period.

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