S-1899.1

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**SECOND SUBSTITUTE SENATE BILL 5223**

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

**By** Senate Ways & Means (originally sponsored by Senators Palumbo, Rivers, Rolfes, King, Carlyle, Mullet, McCoy, Wellman, Das, Nguyen, Randall, Frockt, Salomon, Keiser, Wilson, C., Kuderer, Darneille, Cleveland, Saldaña, Dhingra, Pedersen, Conway, and Van De Wege)

AN ACT Relating to net metering; amending RCW 80.60.010, 80.60.020, 80.60.030, and 82.16.090; adding a new section to chapter 19.27 RCW; creating a new section; and providing an expiration date.

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) "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 kilowatts AC;

(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) "Aggregated meter" means a meter serving a location that is eligible to receive credits under a meter aggregation arrangement as described in RCW 80.60.030.

(16) "Designated meter" means the meter that is the host site for a net metering system that is interconnected to the utility distribution system.

(17) "Retail electric customer" includes an individual, organization, group, association, partnership, corporation, agency, unit of state government, or entity that purchases electricity for ultimate consumption and not for resale.

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

(1) An electric utility:

(a) Shall offer to make net metering available to eligible customers-generators on a first-come, first-served basis until the cumulative generating capacity of net metering systems equals 0.25 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~~)) four percent of the utility's peak demand during 1996. Not less than one-half of the utility's 1996 peak demand available for net metering systems shall be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy;

(b) Shall allow 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 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 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.

**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~~)) net metering system during a billing period exceeds the electricity supplied by the electric utility during the same billing period, 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 a customer-generator((~~s~~)) participating in meter aggregation, kilowatt-hours credits earned by ((~~a~~)) the customer-generator's net metering system during the billing period first shall be used to offset electricity supplied by the electric utility at the location of the customer-generator's designated meter.

(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)~~)) A customer-generator may:

(i) Aggregate a designated meter with one additional aggregated meter located on the same parcel as the designated meter or a parcel that is contiguous with the parcel where the designated meter is located; or

(ii) Aggregate two designated meters, provided both designated meters are located on the same parcel or on contiguous parcels, both designated meters are the legal responsibility of the same retail electric customer, and the total name plate capacity of all net metering systems associated with the designated meters that are aggregated does not exceed one hundred kilowatts AC.

(c) For the purposes of (b) of this subsection, a parcel is considered contiguous if they share a common property boundary, but may be separated only by a road or rail corridor.

(d) A retail electric customer who has legal responsibility for any aggregated meter must be the same as the customer-generator who has legal responsibility for service at the designated meter at the site of the net metering system from which the aggregated meter customer is eligible to receive credit.

(e) Excess kilowatt-hours credits earned by the net metering system((~~,~~)) at the site of a designated meter during ((~~the same~~)) a billing period((~~,~~)) shall be credited ((~~equally~~)) by the electric utility ((~~to remaining meters located on all premises of a customer-generator~~)) for kilowatt hour charges due at the aggregated meter or second designated meter at the ((~~designated~~)) applicable rate of each meter.

((~~(d)~~)) (f) If credits generated in any billing period exceed total consumption for that billing period at both meters that are part of an aggregated arrangement, credits are retained pursuant to subsections (3) and (5) of this section.

(g) Credits carried over from one billing period to the next pursuant to subsection (3)(b) of this section must be applied in subsequent billing periods in the same manner described under (a) and (e) of this subsection.

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

(5) On ((~~April 30th~~)) March 31st of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous year shall be granted to the electric utility to be used to assist qualified low-income residential customers of the electric utility in paying their electricity bills, without any compensation to the customer-generator.

**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.

NEW SECTION. **Sec.**  A new section is added to chapter 19.27 RCW to read as follows:

The state building code council, in consultation with the department of commerce and local governments, shall conduct a study of the state building code and adopt changes necessary to encourage greater use of renewable energy systems as defined in RCW 82.16.110.

NEW SECTION. **Sec.**  (1) The department of commerce shall convene a work group to identify issues and laws associated with the future of net metering. The work group shall include representatives from consumer-owned utilities, investor-owned utilities, the utilities and transportation commission, the solar industry, the anaerobic digester industry, a federally recognized Indian tribe, and any other relevant participants. The department of commerce shall report the work group's recommendations to the appropriate committees of the legislature by December 1, 2020. The work group recommendations must identify the specific circumstances in which changes in compensation for net metering systems would be warranted and what the policy should be for customer-generators in the same rate class. As part of the recommendations, the work group must consider the reduction in utility income associated with different levels of net metering and must consider if there are any cost shifts to ratepayers associated with net metering. The work group shall also provide an inventory of other states' net metering laws.

(2) This section expires June 30, 2021.

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