

SENATE BILL REPORT

SHB 2773

As Reported By Senate Committee On:
Energy & Utilities, February 24, 1998

Title: An act relating to net metering for certain renewable energy systems.

Brief Description: Requiring electric utilities to provide net metering systems to their customer-generators.

Sponsors: House Committee on Energy & Utilities (originally sponsored by Representatives Poulsen, Crouse, Morris, Cooper and Constantine).

Brief History:

Committee Activity: Energy & Utilities: 2/23/98, 2/24/98 [DPA].

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass as amended.

Signed by Senators Finkbeiner, Chair; Hochstatter, Vice Chair; Brown, Jacobsen, Rossi, T. Sheldon and Strannigan.

Staff: Andrea McNamara (786-7483)

Background: Net metering— allows electricity customers to offset (over a predetermined time period) their consumption of purchased electricity with electricity generated by their own small-scale renewable system, without considering when the electricity is consumed or generated. Under net metering, the customer's small renewable energy system is connected to the utility grid, and electricity produced by the customer's system flows into the utility grid, spinning a bidirectional electricity meter backwards.

The meter measures the difference between the electricity supplied by the electric utility, and the electricity generated by the customer that is fed back to the electric utility, over the applicable billing period. At the end of the billing period, the customer may owe the utility for the excess electricity consumed, or may receive a credit for the excess electricity generated.

As part of the Public Utility Regulatory Policies Act of 1978 (PURPA), Congress required utilities to purchase excess power generated by nonutilities using qualifying small power production facilities. One of the criteria to qualify was that at least 75 percent of the energy used by the facility must be from renewable resources, geothermal resources, biomass, waste, or any combination of those fuel sources. The utilities were to purchase the electricity at their avoided cost— of having to acquire other resources.

Over time, the Legislature has made findings and enacted a variety of policies encouraging the development and use of renewable resources.

Summary of Amended Bill: The Legislature finds it is in the public interest to: (1) encourage private investment in renewable energy resources; (2) stimulate the economic growth of this state; and (3) enhance the continued diversification of the energy resources used in this state.

A utility must offer to make net metering available to eligible customer-generators on a first-come, first-served basis until the cumulative generating capacity of net metering systems equals 0.1 percent of the utility's peak demand during 1996.

A "customer-generator" means a user of a net metering system. A "net metering system" is defined as a facility for the production of electrical energy that: (1) uses solar, wind, or hydro power; (2) has a generating capacity of not more than 25 kilowatts; (3) is located on the customer's premises; (4) operates in parallel with the electric utility's transmission and distribution facilities; and (5) is intended primarily to offset part or all of the customer's requirements for electricity.

The utility must allow net metering systems to be interconnected using standard bidirectional meters, unless the Washington Utilities and Transportation Commission (WUTC) or the governing body of a consumer-owned utility determines: (1) that additional metering equipment is necessary and appropriate after taking into account the benefits and costs of purchasing and installing additional metering equipment; and (2) how the cost of purchasing and installing an additional meter is to be allocated between the customer and the utility.

The utility must charge a customer-generator a minimum monthly fee that is the same as other customers in the same rate class. However, the utility may charge the customer an additional standby, capacity, interconnection, or other charge or fee if WUTC or governing body determines: (1) that the utility will incur direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits; and (2) public policy is best served by imposing these costs on the customer-generator rather than allocating the costs among the utility's entire customer base.

The electric utility must measure the net electricity produced or consumed during the billing period using normal metering practices. If the electricity supplied by the electric utility exceeds the amount generated by the customer, the customer will be billed for the net electricity supplied by the utility. If the electricity generated by the customer exceeds the electricity supplied by the utility, the customer will be billed for other charges ordinarily on the bills of customers of the same class, and will be credited for the excess electricity on the customer's bill for the following month. At the beginning of each calendar year, any remaining unused credit accumulated during the previous year will be granted to the utility.

A net metering system must include, at the customer-generator's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electric Code, the National Electrical Safety Code, Institute of Electrical and Electronic Engineers, and Underwriters Laboratories. WUTC (for investor-owned utilities) or a governing body (for a consumer-owned utility) may adopt additional safety, power quality, and interconnection requirements.

Amended Bill Compared to Substitute Bill: The amendment adds additional industry standards that net metering systems must meet: the National Electrical Safety Code.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The substitute version of the bill addresses the minor concerns raised in the House. This is an excellent step to encourage consumers to invest in small-scale renewable energy resources without negatively impacting existing utilities.

Testimony Against: None.

Testified: PRO: Tom Starrs, Renewable Northwest Project and Washington Solar Energy Industry Association.