
Environment Committee

HB 1106

Brief Description: Regarding net metering of electricity.

Sponsors: Representatives McCoy, Morris, Ryu and Hudgins.

Brief Summary of Bill

- Specifies that a third-party owner of a customer-sited renewable energy facility is not an electrical company.
- Increases the cumulative generating capacity available to net metering system as a percentage of an electric utility peak demand from 0.5 percent to 1 percent.
- Increases the total amount of kilowatts allowed to be aggregated by customer-generators under meter aggregation from 100 kilowatts to 500 kilowatts.

Hearing Date: 2/13/13

Staff: Scott Richards (786-7156).

Background:

Net Metering.

Net metering allows electricity customers to offset their consumption of purchased electricity with electricity generated by their own small scale renewable systems. Under current law, a net metering system must generate no more than 100 kilowatts (kW) using water, wind, solar energy, or biogas, among other criteria.

Excess Generation.

On April 30 of each calendar year, any remaining unused kilowatt-hour (kWh) credits accumulated during the previous year is granted to the electric utility, without any compensation to the customer-generator.

Cumulative Generating Capacity of Net Metering Systems.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Electric utilities 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 0.25 percent of the utility's peak demand during 1996. On January 1, 2014, the cumulative generating capacity available to net metering systems increases to 0.5 percent of the utility's peak demand during 1996.

Meter Aggregation.

At the request of a customer-generator, electric utilities are required to provide meter aggregation for net metering customer-generators. Meter aggregation means the administrative combination of readings from and billing for all meters, regardless of the rate class, on premises of a customer-generator located within the service area of a single electric utility. If required by the electric utility, the customer-generator must purchase a production meter and necessary software. No more than a total of 100 kilowatts shall be aggregated among all customer-generators participating in a generating facility.

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. Excess kilowatt-hours credits earned by the net metering system, during the same billing period, must 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. Meters aggregated may not change rate classes due to meter aggregation.

Third-Party Ownership.

Third-party ownership is when a third party installs a renewable energy system - typically solar energy systems - on a person's property and owns, operates and maintains the system. The property owner and the third party enter into an agreement (known as a power purchase agreement, or PPA) to purchase electricity from the system for a pre-determined period and at a locked-in rate. The property owner receives electricity at a set price, while the third party may acquire other benefits such as tax credits and depreciation (as well as income from selling the electricity to the property owner).

Regulation of Electrical Companies.

The Utilities and Transportation Commission (Commission) regulates private, investor-owned electric utilities (electrical companies) in Washington. It is the Commission's responsibility to ensure regulated electrical companies provide safe and reliable service to customers at reasonable rates, while allowing them the opportunity to earn a fair profit.

Summary of Bill:

Third-Party Owners.

A third-party owner of a customer-sited renewable energy facility is not an electrical company, subject to regulation of the Utilities and Transportation Commission.

Cumulative Generating Capacity of Net Metering Systems.

On January 1, 2014, the cumulative generating capacity available to net metering systems is increased from 0.5 percent of the utility's peak demand during 1996 to 1 percent.

Meter Aggregation.

Not more than a total of 500 kilowatts is allowed to be aggregated among all customer-generators participating in a generating facility.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.