
**Technology & Economic Development
Committee**

HB 1912

Brief Description: Relating to distributed generation.

Sponsors: Representatives Morris and Tarleton.

Brief Summary of Bill

- Establishes the "Distributed Generation Act."

Hearing Date: 4/15/15

Staff: Jasmine Vasavada (786-7301)

Background:

Distributed Generation.

Several state laws address and promote distributed generation. Under the state Greenhouse Gas Emissions Performance Standard, "distributed generation" means electric generation connected to the distribution level of the transmission and distribution grid, which is usually located at or near the intended place of use. The Energy Independence Act (EIA) defines "distributed generation" as an eligible renewable resource where the generation facility or any integrated cluster of such facilities has a generating capacity of not more than five megawatts (MW). The EIA includes a multiplier that allows renewable energy credits (RECs) from distributed generation to count double for compliance purposes.

The state has also enacted a number of tax preferences to promote distributed generation. A sales and use tax exemption is provided for the sale and use of certain renewable energy equipment and labor used to generate electricity. Until June 2021, an electric utility may claim a credit against its Public Utility Tax due for incentive payments made for electricity produced by customers' qualified renewable energy systems and Community Solar projects.

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.

Net Metering.

State net metering law promotes distributed generation by requiring electric utilities to allow customer-generators to offset their consumption of purchased electricity with electricity generated by their own net metering systems. "Customer-generators" are utility customers who generate at least a portion of their own electricity with distributed generation technologies such as fuel cells, solar panels, or small wind turbines. A "net metering system" means a generation facility on the customer-generator's premises that is "intended primarily to offset part or all of the customer-generator's requirements for electricity." "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. At the end of the billing period, the customer is billed for the net electricity supplied by the utility, in accordance with normal metering practices. Any excess electricity generated by the customer during the billing period is credited to the customer's next bill as a kilowatt-hour credit. On April 30 of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous year is granted to the electric utility, without any compensation to the customer-generator. Under state net metering law, investor-owned and consumer-owned utilities must offer to make net metering available to customer-generators on a first-come, first-serve basis until the cumulative generating capacity available to net metering systems equals 0.5 percent of the utility's 1996 peak demand.

Regulatory Entities.

Regulation of distributed generation power sales is accomplished by numerous entities. In general, the Federal Energy Regulatory Commission (FERC) regulates the sale of electric energy at wholesale and facilities used to transmit electricity in interstate commerce, while state utility commissions, including the Utilities and Transportation Committee (UTC), regulate retail sales of electric energy and facilities used for local distribution. In Washington, consumer-owned utilities serve more than half the state's customers and are regulated by their own governing boards, not by the UTC.

Public Utilities Regulatory Policy Act.

Absent state statute, the federal Public Utilities Regulatory Policy Act (PURPA) of 1978 also requires electric utilities to purchase the power output of certain distributed generation facilities, called "qualifying small power production facilities." Under PURPA, state regulators must establish standard rates for qualifying facilities with a design capacity of 100 kilowatt or less.

Summary of Bill:

The "Distributed Generation Act" is declared. The bill is title-only and no substantive provisions are established.

Appropriation: None.

Fiscal Note: Requested on April 14, 2015.

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