

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5223

66th Legislature
2019 Regular Session

Passed by the Senate April 22, 2019
Yeas 29 Nays 20

President of the Senate

Passed by the House April 12, 2019
Yeas 55 Nays 40

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5223** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5223

AS AMENDED BY THE HOUSE

Passed Legislature - 2019 Regular Session

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)

READ FIRST TIME 02/19/19.

1 AN ACT Relating to net metering; amending RCW 80.60.010,
2 80.60.020, 80.60.030, 80.60.040, and 82.16.090; and adding a new
3 section to chapter 19.27 RCW.

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

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

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

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

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

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

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

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

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

3 (7) "Meter aggregation" means the administrative combination of
4 (~~readings from and~~) billing (~~for all meters, regardless of the~~
5 ~~rate class, on premises owned or leased by a customer-generator~~
6 ~~located within the service territory of a single electric utility~~)
7 net energy consumption from a designated net meter and eligible
8 aggregated meter.

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

11 (9) "Net metering" means measuring the difference between the
12 electricity supplied by an electric utility and the excess
13 electricity generated by a customer-generator's net metering system
14 over the applicable billing period.

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

19 (a) Has an electrical generating AC capacity of not more than one
20 hundred kilowatts;

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

22 (c) Operates in parallel with the electric utility's transmission
23 and distribution facilities and is connected to the electric
24 utility's distribution system; and

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

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

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

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

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

38 (15) "Aggregated meter" means an electric service meter measuring
39 electric energy consumption that is eligible to receive credits under
40 a meter aggregation arrangement as described in RCW 80.60.030.

1 (16) "Consumer-owned utility" means a municipal electric utility
2 formed under Title 35 RCW, a public utility district formed under
3 Title 54 RCW, an irrigation district formed under chapter 87.03 RCW,
4 a cooperative formed under chapter 23.86 RCW, or a mutual corporation
5 or association formed under chapter 24.06 RCW, that is engaged in the
6 business of distributing electricity to more than one retail electric
7 customer in the state.

8 (17) "Designated meter" means an electric service meter at the
9 service of a net metering system that is interconnected to the
10 utility distribution system.

11 (18) "Retail electric customer" includes an individual,
12 organization, group, association, partnership, corporation, agency,
13 unit of state government, or entity that is connected to the electric
14 utility's distribution system and purchases electricity for ultimate
15 consumption and not for resale.

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

18 (1) An electric utility:

19 (a) Shall offer to make net metering, pursuant to RCW 80.60.030,
20 available to eligible ((customers-generators)) customer-generators on
21 a first-come, first-served basis until the ((cumulative-generating
22 capacity of net metering systems equals 0.25 percent of the utility's
23 peak demand during 1996. On January 1, 2014, the cumulative
24 generating capacity available to net metering systems will equal 0.5
25 percent of the utility's peak demand during 1996)) earlier of either:

26 (i) June 30, 2029; or (ii) the first date upon which the cumulative
27 generating capacity of net metering systems equals four percent of
28 the utility's peak demand during 1996. Not less than one-half of the
29 utility's 1996 peak demand available for net metering systems shall
30 be reserved for the cumulative generating capacity attributable to
31 net metering systems that generate renewable energy;

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

38 (i) That the use of additional metering equipment to monitor the
39 flow of electricity in each direction is necessary and appropriate

1 for the interconnection of net metering systems, after taking into
2 account the benefits and costs of purchasing and installing
3 additional metering equipment; and

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

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

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

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

21 (2) If a production meter and software is required by the
22 electric utility to provide meter aggregation under RCW 80.60.030(4),
23 the customer-generator is responsible for the purchase of the
24 production meter and software.

25 (3) (a) (i) A consumer-owned utility may develop a standard rate or
26 tariff schedule that deviates from RCW 80.60.030 for eligible
27 customer-generators to take effect at the earlier of either: (A) June
28 30, 2029; or (B) the first date upon which the cumulative generating
29 capacity of net metering systems equals four percent of the utility's
30 peak demand during 1996.

31 (ii) An electrical company may submit a filing with the
32 commission to develop a standard tariff schedule that deviates from
33 RCW 80.60.030 for eligible customer-generators. The commission must
34 approve, reject, or approve with conditions a net metering tariff
35 schedule pursuant to this subsection within one year of an electrical
36 company filing. If the commission approves the filing with
37 conditions, the investor-owned utility may choose to accept the
38 tariff schedule with conditions or file a new tariff schedule with
39 the commission.

1 (b) An approved standard rate or tariff schedule under this
2 subsection applies to any customer-generator subject to an
3 interconnection agreement entered into: (i) After June 30, 2029, or
4 (ii) the first date upon which the cumulative generating capacity of
5 net metering systems pursuant to RCW 80.60.030 equals four percent of
6 the utility's peak demand during 1996, whichever is earlier, unless
7 the commission or governing body determines that a customer-generator
8 is eligible for net metering under a rate or tariff schedule pursuant
9 to RCW 80.60.030.

10 (c) (i) A consumer-owned utility must notify the Washington State
11 University extension energy program sixty days in advance of when a
12 standard rate for an eligible customer-generator is first placed on
13 the agenda of the governing body.

14 (ii) Each electric utility must give notice by July 31, 2020, and
15 semiannually thereafter, to the Washington State University extension
16 energy program of the status of meeting the cumulative generating
17 capacity available to net metering systems pursuant to subsection
18 (1)(a) of this section.

19 (iii) The Washington State University extension energy program
20 must make available on its web site a list of the following:

21 (A) Each electric utility's progress on reaching the cumulative
22 generating capacity available to net metering systems pursuant to
23 subsection (1)(a) of this section;

24 (B) Electric utilities that have provided notice of a rate or
25 tariff schedule under this subsection; and

26 (C) Electric utilities that have adopted a standard rate or
27 tariff schedule under this subsection.

28 (d) If the commission does not approve an electrical company's
29 tariff schedule under (a)(ii) of this subsection, the commission may
30 determine the alternative cumulative generating capacity available to
31 net metering systems pursuant to RCW 80.60.030.

32 (4)(a) An electric utility must continue to credit a customer-
33 generator pursuant to RCW 80.60.030 if:

34 (i) The customer-generator takes service under net metering prior
35 to the earlier of: (A) June 30, 2029; or (B) the first date upon
36 which the cumulative generating capacity of net metering systems
37 reaches four percent of the utility's peak demand in 1996; and

38 (ii) The customer-generator's existing interconnection agreement
39 for the net metering system remains valid.

1 (b) The commission, in the case of electrical companies, and a
2 governing body, in the case of consumer-owned utilities, must
3 determine as part of a standard rate or tariff schedule under this
4 subsection when customer-generators become ineligible for credit
5 pursuant to RCW 80.60.030.

6 (c) Upon adoption of a standard rate or tariff schedule by the
7 commission or governing body pursuant to subsection (3)(a) of this
8 section, the electric utility is exempt from requirements under
9 subsection (1)(c) of this section and RCW 80.60.030 for new
10 interconnection agreements.

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

13 Consistent with the other provisions of this chapter, the net
14 energy measurement, billed charges for kilowatt-hour consumption, and
15 credits for excess kilowatt-hour generation by a net metered system,
16 must be calculated in the following manner:

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

20 (2) If the electricity supplied by the electric utility exceeds
21 the electricity generated by the customer-generator's net metering
22 system and fed back to the electric utility during the billing
23 period, the customer-generator shall be billed for the net
24 electricity supplied by the electric utility, in accordance with
25 normal metering practices.

26 (3) If excess electricity generated by the ~~((customer-generator))~~
27 net metering system during a billing period exceeds the electricity
28 supplied by the electric utility during the same billing period, the
29 customer-generator:

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

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

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

38 (a) For a customer-generator~~((s))~~ participating in meter
39 aggregation, credits for kilowatt-hours ~~((credits))~~ earned by ~~((a))~~

1 the customer-generator's net metering system during the billing
2 period first shall be used to offset electricity supplied by the
3 electric utility at the location of the customer-generator's
4 designated meter.

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

8 ~~(e))~~ A customer-generator may aggregate a designated meter with
9 one additional aggregated meter located on the same parcel as the
10 designated meter or a parcel that is contiguous with the parcel where
11 the designated meter is located.

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

15 (d) A retail electric customer who is a customer-generator and
16 receives retail electric service from an electric utility at an
17 aggregated meter must be the same retail electric customer who
18 receives retail electric service from such an electric utility at the
19 designated meter that is located on the premises where such a
20 customer-generator's net metering system is located.

21 (e) Credits for excess kilowatt-hours ((credits)) earned by the
22 net metering system((~~r~~)) at the site of a designated meter during
23 ((the same)) a billing period((~~r~~)) shall be credited ((equally)) by
24 the electric utility ((to remaining meters located on all premises of
25 a customer-generator)) for kilowatt hour charges due at the
26 aggregated meter at the ((designated)) applicable rate of ((each))
27 the aggregated meter.

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

32 (g) Credits carried over from one billing period to the next
33 pursuant to (f) of this subsection must be applied in subsequent
34 billing periods in the same manner described under (a) and (e) of
35 this subsection.

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

38 (5) On ((April 30th)) March 31st of each calendar year, any
39 remaining unused ((kilowatt-hour credit)) credits for kilowatt-hours

1 accumulated during the previous year shall be granted to the electric
2 utility, without any compensation to the customer-generator.

3 (6) Nothing in this section prohibits a utility from allowing
4 aggregation under terms different than the requirements of subsection
5 (4) of this section if a customer-generator has an existing
6 arrangement for meter aggregation in effect or a customer submits a
7 written request for aggregation on or before July 1, 2019.

8 (7) Nothing in this section prohibits the owner of multifamily
9 residential facility from installing a net metering system as defined
10 in RCW 80.60.010 assigned to a single designated meter located on the
11 premises of the multifamily residential facility where the tenants
12 are not individually metered customers of the utility and
13 distributing any benefits of the net metering to tenants of the
14 facility where the net metering system is located. The utility must
15 measure the net energy produced and provide credit to the single
16 designated meter to which the net metering system is assigned in
17 accordance with subsections (1) through (3) of this section or under
18 the terms of a standard rate or tariff schedule established under RCW
19 80.60.020(3). The distribution of benefits to tenants of such a
20 system, if any, is the responsibility of the owner of the net
21 metering system and not the responsibility of the utility.

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

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

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

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

10 (4) Except when required under the federal public utility
11 regulatory policies act, an electric utility may not establish
12 compensation arrangements or interconnection requirements, other than
13 those permitted in this chapter, for a customer-generator that would
14 have the effect of prohibiting or restricting the ability of a
15 customer-generator to generate or store electricity for consumption
16 on its premises.

17 **Sec. 5.** RCW 82.16.090 and 1988 c 228 s 1 are each amended to
18 read as follows:

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

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

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

33 (c) The total amount of kilowatt-hours of electricity consumed
34 for the most recent twelve-month period or other information that
35 provides the customer with information regarding their energy usage
36 over a twelve-month period.

37 (2) A light or power business or gas distribution business that
38 serves a total of more than twenty thousand customers and operates

1 within the state may include information regarding rates over the
2 most recent twelve-month period on any customer billing.

3 NEW SECTION. **Sec. 6.** A new section is added to chapter 19.27
4 RCW to read as follows:

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

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