

HOUSE BILL REPORT

E2SSB 5223

As Passed House - Amended:

April 12, 2019

Title: An act relating to net metering.

Brief Description: Concerning net metering.

Sponsors: Senate Committee on 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).

Brief History:

Committee Activity:

Environment & Energy: 3/14/19, 3/26/19 [DPA].

Floor Activity:

Passed House - Amended: 4/12/19, 55-40.

Brief Summary of Engrossed Second Substitute Bill (As Amended by House)

- Requires an electric utility to make conventional net metering available to eligible customer-generators on a first-come, first-served basis until the earlier of either June 30, 2029, or the first date upon which the cumulative generating capacity of net metering systems equals 4 percent of the utility's peak demand during 1996.
- Authorizes alternatives to conventional net metering.
- Amends provisions relating to meter aggregation.
- Requires certain electric and gas utilities to provide on any customer billing the total amount of kilowatt-hours of electricity consumed for the most recent 12-month period or other information that provides the customer with information regarding the customer's energy usage over a 12-month period.
- Requires the State Building Code Council to conduct a study of the State Building Code and adopt changes necessary to encourage greater use of renewable energy 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.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: Do pass as amended. Signed by 7 members: Representatives Fitzgibbon, Chair; Lekanoff, Vice Chair; Doglio, Fey, Mead, Peterson and Shewmake.

Minority Report: Do not pass. Signed by 3 members: Representatives Shea, Ranking Minority Member; Dye, Assistant Ranking Minority Member; Boehnke.

Staff: Nikkole Hughes (786-7156).

Background:

Conventional Net Metering.

An electric 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 0.5 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 must be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy.

An electric utility must measure the net electricity produced or consumed during the billing period in accordance with normal metering practices. 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 must be billed for the net electricity supplied. If the electricity generated by the customer-generator exceeds the electricity supplied by the electric utility, the customer generator:

- must be billed for the appropriate customer charges for that billing period; and
- must be credited for the excess kilowatt-hours generated during the billing period, with the credit appearing on the bill for the following billing period.

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

An electric utility must charge a customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class, but may not charge the customer-generator any additional standby, capacity, interconnection, or other fee or charge unless the Utilities and Transportation Commission, in the case of an investor-owned utility, or the governing body, in the case of a consumer-owned utility, determines, after appropriate notice and opportunity for comment that:

- the electric utility will incur direct costs associated with interconnecting and administering net metering systems that exceed any offsetting benefits associated with these systems; and
- 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.

"Net metering system" means a fuel cell, a combined heat and power facility, or a renewable energy generation facility that:

- has an electrical generating capacity of not more than 100 kilowatts;
- is located on the customer-generator's premises;
- operates in parallel with the electric utility's transmission and distribution facilities;
- and
- is intended primarily to offset part or all of the customer-generator's requirements for electricity.

Meter Aggregation.

An electric utility must provide meter aggregation for net metering customer-generators within the utility's service territory upon request by the customer-generator. "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. "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.

Information Required on Customer Billings.

Any customer billing issued by an electric utility or a gas utility that serves a total of more than 20,000 customers and operates within the state must include the following information:

- the rates and amounts of taxes paid directly by the customer on products or services rendered by the utility; and
- the rate, origin, and approximate amount of certain taxes levied upon the revenue of the utility and added as a component of the amount charged to the customer.

Summary of Amended Bill:

Conventional Net Metering.

An electric utility must offer to make conventional net metering available to eligible customer-generators on a first-come, first-served basis until the earlier of either:

- June 30, 2029; or
- the first date upon which the cumulative generating capacity of net metering systems equals 4 percent of the utility's peak demand during 1996.

An electric utility must continue to credit a customer-generator under conventional net metering if:

- the customer-generator takes service under net metering prior to the earlier of June 30, 2029, or the first date upon which the cumulative generating capacity of net metering systems reaches 4 percent of the utility's peak demand in 1996; and
- the customer-generator's existing interconnection agreement for the net metering system remains valid.

On March 31 of each calendar year, any unused credits for kilowatt-hours accumulated during the previous year must be granted to the electric utility, without any compensation to the customer-generator.

Alternatives to Conventional Net Metering.

A consumer-owned utility may develop a standard rate or tariff schedule that deviates from conventional net metering, to take effect at the earlier of either June 30, 2029, or the first date

upon which the cumulative generating capacity of net metering systems equals 4 percent of the utility's peak demand during 1996.

An investor-owned utility may submit a filing with the Utilities and Transportation Commission (UTC) to develop a standard tariff schedule that deviates from conventional net metering. The UTC must approve, reject, or approve with conditions a net metering tariff schedule within one year of an investor-owned utility filing. If the UTC approves the filing with conditions, the investor-owned utility may choose to accept the tariff schedule with conditions or file a new tariff schedule with the UTC. If the UTC does not approve an investor-owned utility's tariff schedule, the UTC may determine the alternative cumulative generating capacity available to net metering systems under conventional net metering.

Unless determined otherwise by either the UTC or the governing body of a consumer-owned utility, an approved net metering standard rate or tariff schedule applies to any customer-generator subject to an interconnection agreement entered into the earlier of:

- after June 30, 2029; or
- the first date upon which the cumulative generating capacity of net metering systems equals 4 percent of the utility's peak demand during 1996.

The UTC, in the case of an investor-owned utility, or the governing body, in the case of a consumer-owned utility, must determine as part of a net metering standard rate or tariff schedule when customer-generators become ineligible for credit under conventional net metering.

Upon adoption of a net metering standard rate or tariff schedule by the UTC or governing body, an electric utility is exempt from the requirement to charge a new customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class without any other additional fees or charges.

Meter Aggregation.

A customer-generator may 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. A parcel is considered contiguous if the parcels share a common property boundary; parcels may be separated only by a road or rail corridor.

A retail electric customer who is a customer-generator and receives retail electric service from an electric utility at an aggregated meter must be the same retail electric customer who receives retail electric service from the utility at the designated meter that is located on the premises of the net metering system.

An electric utility may allow aggregation under different terms if a customer-generator has an existing arrangement for meter aggregating in effect or the customer-generator submits a written request for aggregation on or before July 1, 2019.

The owner of a multifamily residential facility may install a net metering system assigned to a single designated meter located on the premises of the multifamily residential facility

where the tenants are not individually metered customers of the utility and distribute any benefits of net metering to tenants of the facility where the net metering system is located.

Consumption of Self-Generated Electricity.

Except when required under the federal Public Utility Regulatory Policies Act, an electric utility may not establish compensation arrangements or interconnection requirements, other than those permitted under conventional or alternative net metering, for a customer-generator that would have the effect of prohibiting or restricting the ability of the customer-generator to generate or store electricity for consumption on the customer-generator's premises.

Washington State University Extension Energy Program.

A consumer-owned utility must notify the Washington State University Extension Energy Program (WSU Energy Program) 60 days in advance of when a standard rate for an eligible customer-generator is first placed on the agenda of the utility's governing body.

Each electric utility must give notice by July 31, 2020, and semiannually thereafter, to the WSU Energy Program of the current status of meeting the cumulative generating capacity available to net metering systems.

The WSU Energy Program must make available on its website a list of the following:

- each electric utility's progress on reaching the cumulative generating capacity available to net metering systems;
- electric utilities that have provided notice of an alternative rate or tariff schedule; and
- electric utilities that have adopted an alternative standard rate or tariff schedule.

Information Required on Customer Billings.

Any customer billing issued by an electric utility or a gas utility that serves a total of more than 20,000 customers and operates in the state must include the total amount of kilowatt-hours of electricity consumed for the most recent 12-month period or other information that provides the customer with information regarding the customer's energy usage over a 12-month period. An electric or gas utility may also include information regarding rates over the most recent 12-month period on any customer billing.

State Building Code Council.

The State Building Code Council, in consultation with the Department of Commerce and local governments, must conduct a study of the State Building Code and adopt changes necessary to encourage greater use of renewable energy systems.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill provides certainty as to what happens after the threshold for conventional net metering is met. In the absence of the continuation of the solar production incentive, the net metering law is the primary incentive for the adoption of rooftop solar in the state. Net metering is vital to the state's solar industry. It assures that the owners of solar energy systems can use the electricity they make and earn credits against their electricity bill. Washington has one of the most restrictive net metering policies in the country. Four utilities have already abandoned conventional net metering under the current threshold. This bill would increase the conventional net metering threshold such that it would raise the total percentage of solar in the state's electricity fuel mix by 1 percent. Net metering has allowed regular customers to produce their own clean energy. These customers are typically financing these projects and net metering is an important part of that financial decision. This bill gives electric utilities long-term planning tools to guarantee a fair cost of service while holding other customers harmless for the costs of net metering.

(Opposed) There is a cost shift involved with net metering. This bill does not give electric utilities the ability to address the cost shift. Net metering as proposed in this bill would result in a multi-million dollar cost shift to other utility customers.

(Other) The language added to the current law by this bill underscores an important customer protection issue in the renewable energy economy.

Persons Testifying: (In support) Senator Palumbo, prime sponsor; Zoey Burrows, Solar Installers of Washington; Jeremy Smithson, Puget Sound Solar; Clark McIsaac, Snohomish County Public Utility District; Jaimes Valdez, Spark Northwest; Dave Warren, Silfab Solar; Joni Bosh, Northwest Energy Coalition; Laura Wilkeson, Puget Sound Energy; John Rothlin, Avista; and Mendy Droke, Seattle City Light.

(Opposed) Kent Lopez, Washington Rural Electric Cooperative Association; and Nicolas Garcia, Washington Public Utility District Association.

(Other) Sarah Vorpahl, Department of Commerce.

Persons Signed In To Testify But Not Testifying: None.