**1427-S AMH MENA H1604.2 - NOT FOR FLOOR USE**

**SHB 1427** - H AMD **227**

By Representative Mena

**NOT CONSIDERED 01/02/2024**

Strike everything after the enacting clause and insert the following:

**"Sec.**  RCW 80.60.020 and 2019 c 235 s 2 are each amended to read as follows:

(1) An electric utility:

(a) Shall offer to make net metering, pursuant to RCW 80.60.030, available to eligible customer-generators on a first-come, first-served basis until the earlier of either: (i) ((~~June 30~~)) December 31, 2029; or (ii) the first date upon which the cumulative generating capacity of net metering systems equals four 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 shall be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy. Nothing in this section prohibits an electric utility from continuing to make net metering available after the conditions in this subsection are met. An electric utility must continue to make net metering available for low-income households after the conditions in this subsection are met. An electric utility that has not adopted a standard rate or tariff schedule that deviates from RCW 80.60.030 for eligible customer-generators upon the effective date of this section is prohibited from doing so until the work group process set forth in section 5(3) of this act has concluded. For the purposes of this subsection, "low-income" has the same meaning as defined in RCW 19.405.020;

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

(i) That the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; and

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

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

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

(ii) 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;

(d) Must enter a contract, which must be no shorter than 25 years, with any person interested in becoming an eligible customer-generator. If the person interested in becoming an eligible customer-generator, or an existing customer-generator, and the electric utility both agree to the terms of the contract, they must enter into the contract. The contract must be transferable to any future customer-generator at the electric meter, in the case of changing system ownership, for the remainder of the contract term.

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

(3)(a)(i) A consumer-owned utility may develop a standard rate or tariff schedule that deviates from RCW 80.60.030 for eligible customer-generators to take effect at the earlier of either: (A) ((~~June 30~~)) December 31, 2029; or (B) the first date upon which the cumulative generating capacity of net metering systems equals four percent of the utility's peak demand during 1996.

(ii) An electrical company may submit a filing with the commission to develop a standard tariff schedule that deviates from RCW 80.60.030 for eligible customer-generators. The commission must approve, reject, or approve with conditions a net metering tariff schedule pursuant to this subsection within one year of an electrical company filing. If the commission 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 commission.

(b) An approved standard rate or tariff schedule under this subsection applies to any customer-generator subject to an interconnection agreement entered into: (i) After ((~~June 30~~)) December 31, 2029, or (ii) the first date upon which the cumulative generating capacity of net metering systems pursuant to RCW 80.60.030 equals four percent of the utility's peak demand during 1996, whichever is earlier, unless the commission or governing body determines that a customer-generator is eligible for net metering under a rate or tariff schedule pursuant to RCW 80.60.030.

(c)(i) A consumer-owned utility must notify the Washington State University extension energy program ((~~sixty~~)) 60 days in advance of when a standard rate for an eligible customer-generator is first placed on the agenda of the governing body.

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

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

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

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

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

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

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

(i) The customer-generator takes service under net metering prior to the earlier of: (A) ((~~June 30~~)) December 31, 2029; or (B) the first date upon which the cumulative generating capacity of net metering systems reaches four percent of the utility's peak demand in 1996; and

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

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

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

**Sec.**  RCW 80.60.030 and 2019 c 235 s 3 are each amended to read as follows:

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

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

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

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

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

(b) Shall be credited for the excess kilowatt-hours generated during the billing period, with the credit for kilowatt-hours appearing on the bill for the following billing period.

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

(a) For a customer-generator participating in meter aggregation, credits for kilowatt-hours earned by the customer-generator's net metering system during the billing period first shall be used to offset electricity supplied by the electric utility at the location of the customer-generator's designated meter.

(b) 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.

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

(d) 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 such an electric utility at the designated meter that is located on the premises where such a customer-generator's net metering system is located.

(e) Credits for excess kilowatt-hours earned by the net metering system at the site of a designated meter during a billing period shall be credited by the electric utility for kilowatt-hour charges due at the aggregated meter at the applicable rate of the aggregated meter.

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

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

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

(5) On March 31st of each calendar year, any remaining unused credits for kilowatt-hours accumulated during the previous year shall be granted to the electric utility, without any compensation to the customer-generator, for distribution to low-income customers through an energy assistance program. It is the intent of the legislature that this be in addition to existing funds used for this purpose.

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

(7) Nothing in this section prohibits the owner of multifamily residential facility from installing a net metering system as defined in RCW 80.60.010 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 distributing any benefits of the net metering to tenants of the facility where the net metering system is located. The utility must measure the net energy produced and provide credit to the single designated meter to which the net metering system is assigned in accordance with subsections (1) through (3) of this section or under the terms of a standard rate or tariff schedule established under RCW 80.60.020(3). The distribution of benefits to tenants of such a system, if any, is the responsibility of the owner of the net metering system and not the responsibility of the utility.

NEW SECTION. **Sec.**  A new section is added to chapter 19.86 RCW to read as follows:

(1) A customer intending to purchase the installation of a system producing electricity with solar energy must have a contract with a solar energy contractor unless the customer installs the system without a solar energy contractor.

(2) A solar energy contract must be in writing. A copy of the contract must be given to the customer at the time the customer signs the contract. The contract must be typed or printed legibly and contain the following provisions:

(a) An itemized list or summary of work to be performed;

(b) The model and brand name of system components to be used. If system components change throughout the duration of the contract, those changes must be documented and their quality must be equal or greater to that of the original system components, unless agreed upon in writing by the customer;

(c) The warranty of each system component;

(d) The dollar amount of the contract;

(e) The solar energy system's first year annual production projections in kilowatt-hours and the methodology and the means, or name of the program or tool used to develop the projections;

(f) The name of the primary solar energy salesperson;

(g) The name, principal office mailing address, and Washington unified business identifier of the solar energy contractor;

(h) A statement as to whether all or part of the work is intended to be subcontracted to or performed by another person or entity other than the solar energy contractor's own workforce;

(i) The link address to the Washington state labor and industries contractor verification tool;

(j) The contract must require the customer to disclose whether the customer intends to obtain a loan in order to pay for all or part of the amount due under the contract;

(k) If the customer indicates that he or she intends to obtain a loan to pay for a portion of the contract, the contract must clearly provide a recommendation that the customer wait until receiving financial approval before signing the solar energy contract, and the customer must sign below the recommendation provision acknowledging they have read and understand the recommendation provision;

(l) The contract must provide the following recommendation in capital letters:

"IF YOU INTEND TO OBTAIN A LOAN TO PAY FOR ALL OR PART OF THE CONTRACT, IT IS RECOMMENDED THAT YOU WAIT UNTIL RECEIVING FINANCIAL APPROVAL BEFORE SIGNING THIS SOLAR ENERGY CONTRACT.";

(m) The contract must provide notice of the right to cancel that allows the customer to cancel the solar energy contract within three business days of contract signing and the contract must require the customer to sign below the notice provision acknowledging they have read and understand the notice provision;

(n) The contract must provide the following notice in capital letters:

"CUSTOMER'S RIGHT TO CANCEL: YOU HAVE THE RIGHT TO CANCEL YOUR SOLAR ENERGY CONTRACT WITHIN THREE BUSINESS DAYS OF CONTRACT SIGNING.";

(o) The contract must state that the addition of a solar generation system may affect the value of the structure as determined by the county assessor and any change in value may be reflected in annual property taxes; and

(p) The contract must state that a solar generation system will automatically island the customer-generator from the utility grid in the event of a power outage to protect utility repair personnel from a risk of electric shock from the electricity that could otherwise flow into the utility distribution system from the solar generation system. This provision may be omitted if the solar generation system includes grid forming inverters, battery back-up equipment, or other equipment that satisfies UL1741 standards.

(3) If the customer indicates that they intend to obtain a loan to pay for all or part of the cost of the solar energy contract, the solar energy contractor or their subcontractor may not begin work until after the customer's rescission rights provided in this section have expired. If the solar energy contractor or their subcontractor commences work under the contract before the customer's rescission rights have expired, the solar energy contractor is prohibited from enforcing the terms of the contract, including claims for labor or materials, in a court of law and must terminate any security interest or statutory lien created under the transaction within 20 days of receiving written rescission of the contract from the customer.

(4) A person or entity who purchases or is otherwise assigned a solar energy contract is subject to all claims and defenses with respect to the contract that the customer could assert against the solar energy contractor or subcontractor. A person or entity who sells or otherwise assigns a solar energy contract must include a prominent notice of the potential liability under this section.

(5) The legislature finds and declares that a violation of this chapter substantially affects the public interest and is an unfair and deceptive act or practice and unfair method of competition in the conduct of trade or commerce as set forth under this chapter.

(6) A solar energy contractor or subcontractor who fails to comply with the requirements of this chapter is liable to the customer for any actual damages sustained by the person as a result of the failure. Nothing in this section limits any cause of action or remedy available under this section or chapter.

(7) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Annual production projections" means estimates of the energy production of a solar energy system over one calendar year.

(b) "System components" means the physical parts of a solar energy system including solar modules, direct current to alternating current inverters, solar module level electronics, and solar racking.

(c) "Solar energy contractor" means a person or business that installs, repairs, services, or replaces solar energy systems, or an entity that solicits, negotiates, executes, or otherwise endeavors to procure a contract with a homeowner or building owner to install solar energy systems on behalf of other solar energy contractors, individuals, or business entities.

NEW SECTION. **Sec.**  A new section is added to chapter 80.60 RCW to read as follows:

An entity offering solar energy sales or installation services must offer a contract pursuant to section 3 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 80.60 RCW to read as follows:

(1)(a) Upon the effective date of this section, the commission and the department of commerce must jointly begin to convene a work group focused on the future of net metering in Washington state. The work group must include representatives from consumer-owned utilities, investor-owned utilities, the commission, the rooftop solar industry, including the Washington solar energy industries association, agricultural farms in the business of producing crops for food and fermented beverages, environmental justice advocates, labor unions, consumer advocates, the department of labor and industries, rural communities including communities east of the crest of the Cascade mountains, and federally recognized Indian tribes.

(b) The work group must report recommendations to the commission and the department of commerce on what alternatives to net metering should be considered by the legislature and when it is reasonable for these alternatives to be implemented. The work group should take into account the findings of the cost shift study required in subsection (2) of this section in its recommendations.

(c) As part of its recommendations, the work group must consider the implications for the solar industry workforce, applicable labor standards to include prevailing wage and apprenticeship utilization, rate of deployment of consumer-owned solar and storage, future electric load growth, reduction in utility income associated with different levels of net metering, net metering system size, appropriate timelines for notifying customers of rate or tariff changes, the value of distributed solar resources in Washington state, and equitable distribution of the benefits of consumer-owned solar and storage.

(d) The work group must provide an inventory of other states' deviation from net metering laws and the impact deviating from retail net metering had on solar installations, solar installers, utilities, utility customers, rural land, tribal land, and customer-generator payback periods.

(2)(a) The department of commerce, in consultation with the commission and the work group, must conduct a study to investigate the magnitude of any cost shifts among ratepayers associated with retail rate net metering in Washington state, under scenarios assuming total net metered generation capacity of six percent, eight percent, and 12 percent of 1996 peak power, and the value of distributed solar resources in Washington state. This study must consider the value of solar across utilities of various service territory and customer base sizes, expected solar insolation, population density and urbanization, topography, types of vegetation, and other characteristics the department of commerce, commission, or work group deem relevant. The study must be completed by July 1, 2025.

(b) If the cost shift study is contracted to a third party, input from the work group convened in this section must inform any scope of work or request for proposals.

(3) The commission and the department of commerce must summarize the work group's recommendations and the findings of the cost shift study in a report and must deliver the report to the appropriate committees of the legislature by December 31, 2025.

(4) The intent of the legislature is for utilities to wait until the work group process has concluded before proposing or adopting alternatives to net metering.

NEW SECTION. **Sec.**  A new section is added to chapter 80.60 RCW to read as follows:

(1) It is the intent of the legislature that the state's net metering policy is updated and implemented by January 1, 2030.

(2) Any rate or tariff schedule offered by an electric utility under a future net metering policy must:

(a) Compensate customer-generators at a rate that is different than the retail rate; and

(b) Allow for inclusion of time-of-use net metering rate structures for distributed storage systems.

NEW SECTION. **Sec.**  This act may be known and cited as the solar energy resiliency act."

Correct the title.

EFFECT: Restores the system size requirement for net metered systems to the current law size of 100 kilowatts for both consumer-owned and investor-owned utilities. Restores the cumulative generating capacity limit to the current law limit of four percent and adds language stating that a utility may not adopt a new rate until after the work group concludes and reports its recommendations to the legislature. Adds a definition for solar energy contractors. Removes a requirement that those employed to work on a net metered system must be paid a prevailing rate of wage for their occupation. Changes the start date of the work group to the effective date of this act, and the end date of the work group to December 31, 2025. Adds the department of labor and industries to the work group and makes various changes to the considerations that the work group is required to take into account in its recommendations. Changes the cost shift study to be conducted by the department of commerce in consultation with the work group and the utilities and transportation commission, removes the start date for the study, and adds that the study must be completed by July 2025. Removes a requirement that any rate developed under a future net metering policy must be communicated to customers with one year's notice before it would go into effect.