
HOUSE BILL 2403

State of Washington

59th Legislature

2006 Regular Session

By Representatives Morris, B. Sullivan and Miloscia

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Committee on Technology, Energy & Communications.

1 AN ACT Relating to promoting distributive generation; amending RCW
2 80.60.010, 80.60.020, and 80.60.030; and adding a new section to
3 chapter 80.60 RCW.

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

5 **Sec. 1.** RCW 80.60.010 and 2000 c 158 s 1 are each amended to read
6 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 commission.

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

11 (3) "Distributive generation" means generation below five hundred
12 kilowatts that is connected to the distribution transmission of an
13 electric utility.

14 (4) "Electrical company" means a company owned by investors that
15 meets the definition of RCW 80.04.010.

16 ((+4)) (5) "Electric cooperative" means a cooperative or
17 association organized under chapter 23.86 or 24.06 RCW.

18 ((+5)) (6) "Electric utility" means any electrical company, public
19 utility district, irrigation district, port district, electric

1 cooperative, or municipal electric utility that is engaged in the
2 business of distributing electricity to retail electric customers in
3 the state.

4 ~~((+6+))~~ (7) "Irrigation district" means an irrigation district
5 under chapter 87.03 RCW.

6 ~~((+7+))~~ (8) "Municipal electric utility" means a city or town that
7 owns or operates an electric utility authorized by chapter 35.92 RCW.

8 ~~((+8+))~~ (9) "Net metering" means measuring the difference between
9 the electricity supplied by an electric utility and the electricity
10 generated by a customer-generator that is fed back to the electric
11 utility over the applicable billing period.

12 ~~((+9+))~~ (10) "Net metering system" means a fuel cell or a facility
13 for the production of electrical energy that:

- 14 (a) Uses as its fuel either solar, wind, or hydropower;
- 15 (b) Has a generating capacity of not more than ~~((twenty-five))~~ five
16 hundred kilowatts;
- 17 (c) Is located on the customer-generator's premises;
- 18 (d) Operates in parallel with the electric utility's transmission
19 and distribution facilities; and
- 20 (e) Is intended primarily to offset part or all of the customer-
21 generator's requirements for electricity.

22 ~~((+10+))~~ (11) "Port district" means a port district within which an
23 industrial development district has been established as authorized by
24 Title 53 RCW.

25 ~~((+11+))~~ (12) "Public utility district" means a district authorized
26 by chapter 54.04 RCW.

27 **Sec. 2.** RCW 80.60.020 and 2000 c 158 s 2 are each amended to read
28 as follows:

29 An electric utility:

- 30 (1) Shall offer to make net metering available to eligible
31 customers-generators on a first-come, first-served basis until the
32 cumulative generating capacity of net metering systems equals ~~((0.1))~~
33 one percent of the utility's peak demand during 1996, of which not less
34 than ~~((0.05))~~ 0.5 percent shall be attributable to net metering systems
35 that use as its fuel either solar, wind, or hydropower;

36 (2) Shall allow net metering systems to be interconnected if:

1 (a) By January 2, 2008, the generating capacity is less than one
2 hundred kilowatts; or

3 (b) By January 2, 2010, the generating capacity is less than three
4 hundred kilowatts; or

5 (c) After January 1, 2010, the generating capacity is less than
6 three hundred kilowatts, unless the net metering system involves three
7 phase power lines, in which case generating capacity shall be allowed
8 up to five hundred kilowatts;

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

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

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

22 ~~((+3))~~ (4) Shall charge the customer-generator a minimum monthly
23 fee that is the same as other customers of the electric utility in the
24 same rate class, but shall not charge the customer-generator any
25 additional standby, capacity, interconnection, or other fee or charge
26 unless the commission, in the case of an electrical company, or the
27 appropriate governing body, in the case of other electric utilities,
28 determines, after appropriate notice and opportunity for comment that:

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

32 (b) Public policy is best served by imposing these costs on the
33 customer-generator rather than allocating these costs among the
34 utility's entire customer base.

35 **Sec. 3.** RCW 80.60.030 and 1998 c 318 s 4 are each amended to read
36 as follows:

1 Consistent with the other provisions of this chapter, the net
2 energy measurement must be calculated in the following manner:

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

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

11 (3) If electricity generated by the customer-generator exceeds the
12 electricity supplied by the electric utility, the customer-generator:

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

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

18 ((~~At the beginning~~)) On April 30th of each calendar year, any
19 remaining unused kilowatt-hour credit accumulated during the previous
20 year shall be granted to the electric utility, without any compensation
21 to the customer-generator.

22 NEW SECTION. Sec. 4. A new section is added to chapter 80.60 RCW
23 to read as follows:

24 (1) A utility may solicit power purchase agreements to sell the
25 qualifying facilities output to any other Washington utility. The
26 local utility has the option to match the proposed price or must wheel
27 the qualifying facility's output at a flat rate price not to exceed ten
28 percent of the value of the power actually delivered under the
29 contracted price. For purposes of this section, a qualifying facility
30 is any generation facility having five hundred kilowatt capacity or
31 less.

32 (2) A utility is exempt from this section if one percent of its
33 power originates from distributive generation.

34 (3) If a utility is exempt under subsection (2) of this section,
35 the utility must report their exemption to the relevant standing
36 committees in the legislature.

1 (4) If one or more utilities are found to be exempt under this
2 section, the legislature may review the generation thresholds contained
3 in this section for potential modification.

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