

HOUSE BILL REPORT

ESSB 6081

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to distributed generation.

Brief Description: Concerning net metering.

Sponsors: Senate Committee on Energy, Environment & Technology (originally sponsored by Senators Palumbo, Carlyle, Mullet, Wellman, Ranker, Keiser, McCoy, Frockt, Rolfes, Pedersen and Hasegawa).

Brief History:

Committee Activity:

Technology & Economic Development: 2/22/18 [DPA].

**Brief Summary of Engrossed Substitute Bill
(As Amended by Committee)**

- Requires an electric utility to offer to make net metering available to eligible customer-generators until the cumulative generating capacity of net metering systems equals 2.0 percent of the utility's peak demand during 1996.
- Requires an electric utility to first engage in a distributed energy resources planning process before offering an alternative to net metering.
- Requires electric utilities and gas utilities that serve a total of more than 20,000 customers and operate within the state to include the total amount of kilowatt-hours of electricity consumed for the most recent twelve-month period on any customer billing.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended. Signed by 11 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; Doglio, Fey, Harmsworth, Hudgins, Manweller, Santos, Slatter and Wylie.

Minority Report: Do not pass. Signed by 2 members: Representatives Nealey and Steele.

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.

Minority Report: Without recommendation. Signed by 1 member: Representative Young.

Staff: Nikkole Hughes (786-7156).

Background:

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.

"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.

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 upon 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:

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 2 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 residential renewable energy systems.

An electric utility that reaches or exceeds the minimum net metering threshold may offer an alternative to net metering to customer-generators in all or certain increments of the utility's distribution system. In order to offer an alternative to net metering, the electric utility must first engage in a distributed energy resources planning process. An electric utility must continue to offer net metering to a customer-generator with a net metering system that is currently interconnected. The electric utility may offer an alternative to net metering if the property on which an existing net metering system is located is sold or if the financial responsibility for the electric meter is transferred to a new customer.

A net metering system may have an electrical generating capacity of not more than 1,000 kilowatts, except that the size of a net metering system is limited to 199 kilowatts if the following conditions are met:

- the electric utility with which the net metering system is directly interconnected receives part or all of its load-serving generation from the Bonneville Power Administration (BPA);
- the electric utility has not given notice to the BPA that it as a customer-generator resource serving load; and
- the electric utility does not project sufficient new load growth to utilize the electricity generation from the net metering system.

On March 31 or April 30 of each calendar year, any unused net metering credit accumulated during the previous year must be granted to the electric utility to be used to assist qualified low-income residential customers of the electric utility in paying their electricity bills, without any compensation to the customer-generator.

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.

Amended Bill Compared to Engrossed Substitute Bill:

The amendment to the bill:

- increases the maximum electrical generating capacity of a net metering systems from not more than 100 kilowatts to 1,000 kilowatts, except in certain circumstances;
- reduces the minimum net metering threshold from 4 percent of a utility's peak demand during 1996 to 2 percent of a utility's peak demand during 1996;

- specifies that not less than one-half of the utility's 1996 peak demand available for net metering systems must be reserved for residential renewable energy systems;
 - requires an electric utility that meets or exceeds the minimum net metering threshold to conduct a distributed energy resources planning process in order to offer an alternative to net metering;
 - provides for the annual expiration of net metering credits on either March 31 or April 30 of each calendar year;
 - removes requirements for the State Building Code Council to conduct a study on the State Building Code; and
 - removes requirements for the Department of Commerce to convene a work group on the future of net metering.
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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) Updating the state's net metering statute is vital to the health of Washington's solar industry. Any degradation to the economics of solar energy systems will discourage investment in them by consumers. A majority of Americans support net metering as a policy.

(Opposed) There should not be any increase in the required threshold for net metering until and unless the cost shifts associated with net metering are addressed. The current net metering statute allows electric utilities to make decisions about net metering at the local level once they achieve the current minimum threshold.

(Other) Net metering has provided a simple and predictable value for the electricity from net metering systems. For a significant number of the state's utilities, the increasing penetration of net metering systems poses a significant operational challenge. The Net Metering Work Group established in the bill can lead to a package of recommendations that will help thread the needle among the varied interests around net metering. Stakeholders should understand the economics and the technological issues associated with net metering before increasing the threshold so precipitously.

Persons Testifying: (In support) Senator Palumbo, prime sponsor; Allison Arnold, Solar Installers of Washington; Andy Cochrane, Power Trip Energy; and Jeff Greear, Ellensburg Solar.

(Opposed) Kent Lopez, Washington Rural Electric Cooperative Association; and George Caan, Washington Public Utility Districts Association.

(Other) Jasmine Vasavada, Washington State Department of Commerce; and John Rothlin, Avista.

Persons Signed In To Testify But Not Testifying: None.