

SENATE BILL REPORT

ESSB 6081

As Passed Senate, February 12, 2018

Title: An act relating to distributed generation.

Brief Description: Concerning distributed generation.

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: Energy, Environment & Technology: 1/17/18, 1/23/18 [DPS, DNP, w/oRec].

Ways & Means: 1/30/18 [w/oRec, DNP].

Floor Activity:

Passed Senate: 2/12/18, 28-19.

Brief Summary of Engrossed First Substitute Bill

- Increases the 0.5 percent minimum threshold to 6 percent for the cumulative generating capacity that a utility must make available for net metering systems.
- Requires, as of March 31, any remaining unused kilowatt-hour (kWh) credit generated for the calendar year to be used to assist low-income residential utility customers.
- Requires electric or gas utilities to include on customer bills the total amount of kWh of electricity consumed for the most recent 12-month period.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TECHNOLOGY

Majority Report: That Substitute Senate Bill No. 6081 be substituted therefor, and the substitute bill do pass.

Signed by Senators Carlyle, Chair; Palumbo, Vice Chair; Hobbs, McCoy, Ranker and Wellman.

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: Do not pass.

Signed by Senators Ericksen, Ranking Member; Brown and Sheldon.

Minority Report: That it be referred without recommendation.

Signed by Senator Hawkins.

Staff: Kimberly Cushing (786-7421)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That it be referred without recommendation.

Signed by Senators Frockt, Vice Chair; Braun, Ranking Member; Honeyford, Assistant Ranking Member; Bailey, Becker, Billig, Brown, Carlyle, Conway, Darneille, Fain, Hasegawa, Hunt, Keiser, Mullet, Palumbo, Pedersen, Ranker, Van De Wege, Wagoner and Warnick.

Minority Report: Do not pass.

Signed by Senator Schoesler.

Staff: Claire Goodwin (786-7736)

Background: Net Metering. Net metering allows electricity customers to offset their consumption of purchased electricity with electricity generated by their own small-scale, renewable systems. Net-metered electricity is valued at the utility's retail rate. Under current law, a net-metering system must be located on a customer's premises and must generate no more than 100 kilowatt (kW) using cogeneration, fuel cells, water, wind, solar energy, or biogas. On April 30 of each year, any remaining unused kWh credit accumulated during the previous year must be granted to the utility without compensation to the customer.

Electric utilities 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.

As of November 2017, at least 12 utilities, representing more than 62 percent of retail customers in Washington, have exceeded the 0.5 percent threshold.

Information Required on Customer Billings. Any customer billing issued by a light or power business that serves more than 20,000 customers in Washington must include:

- the rates and amounts of taxes paid directly by the customer on products or services from the light and power business; and
- the rate, origin, and approximate amount of each tax levied on the revenue of the light and power business.

Summary of Engrossed First Substitute Bill: Net Metering. The 0.5 percent threshold for each utility's cumulative generating capacity of net metering systems is increased to 4 percent.

The date changes from April 30 to March 31 for determining whether a customer has any remaining unused kWh credit accumulated. Additionally, any unused kWh credits on March 31 are required to be used to assist low-income residential utility customers.

Amount of kWh of Electricity on Customer Bills. All electric or gas utilities in Washington that serve more than 20,000 customers are required to include the total amount of kWh of electricity consumed for the most recent 12-month period on customer bills.

The State Building Code Council Study. The State Building Code Council, in consultation with the Department of Commerce (Commerce) and local governments, is required to conduct a study of the building code and adopt changes necessary to encourage greater use of renewable energy systems.

Net Metering Workgroup. Commerce must convene a workgroup with specific representatives to identify issues and laws associated with the future of net metering. The workgroup must identify the specific circumstances in which changes in compensation for net metering systems would be warranted and what the policy should be for each customer-generator class, and consider the reduction in utility income associated with different levels of net metering and whether there are any cost shifts to ratepayers associated with net metering. The workgroup must report back to the Legislature by December 1, 2019.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Energy, Environment & Technology): *The committee recommended a different version of the bill than what was heard.* PRO: We want to lift the .5 percent cap so people can continue to generate electricity on their roof. It is easy to fix by increasing the small amount of distributed energy allowed on the grid. Legislative certainty of fair net metering increases jobs. Consumers are investing in solar with the expectation that net metering will continue. This is a simple and fair mechanism to allow customers to use the energy they generated. Utilities await state clarification to guide direction of utilities and meet customer expectations. Raising the floor on net metering creates headroom to monitor what other jurisdictions are doing and have more robust conversations.

CON: The .5 percent is a minimum requirement, not a cap. Electric coops are rural, not-for-profit, small and conscious of cost. Taking away the minimum requirement and allowing anyone to net meter forever requires cost shifting remedies.

OTHER: It is unprecedented event to have no cap in statute. Some states have different thresholds. The bill can lift the cap while considering rates. Commerce will work with the Building Code Council on the report.

Persons Testifying (Energy, Environment & Technology): PRO: Senator Guy Palumbo, Prime Sponsor; Allison Arnold, Solar Installers of Washington; Kirk Haffner, South Sound Solar; Bonnie Frye Hemphill, A&R Solar; Jaimes Valdez, Policy Manager, Spark Northwest; Joni Bosh, NW Energy Coalition.

CON: Kent Lopez, General Manager, Washington Rural Electric Cooperative Association.

OTHER: Jasmine Vasavada, Sr Energy Policy Specialist.

Persons Signed In To Testify But Not Testifying (Energy, Environment & Technology):
No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): No public hearing was held.

Persons Testifying (Ways & Means): N/A

Persons Signed In To Testify But Not Testifying (Ways & Means): N/A