
SECOND SUBSTITUTE SENATE BILL 5223

State of Washington

66th Legislature

2019 Regular Session

By Senate 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)

READ FIRST TIME 02/19/19.

1 AN ACT Relating to net metering; amending RCW 80.60.010,
2 80.60.020, 80.60.030, and 82.16.090; adding a new section to chapter
3 19.27 RCW; creating a new section; and providing an expiration date.

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

5 **Sec. 1.** RCW 80.60.010 and 2007 c 323 s 1 are each amended to
6 read 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
10 commission.

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

12 (3) "Electrical company" means a company owned by investors that
13 meets the definition of RCW 80.04.010.

14 (4) "Electric cooperative" means a cooperative or association
15 organized under chapter 23.86 or 24.06 RCW.

16 (5) "Electric utility" means any electrical company, public
17 utility district, irrigation district, port district, electric
18 cooperative, or municipal electric utility that is engaged in the
19 business of distributing electricity to retail electric customers in
20 the state.

1 (6) "Irrigation district" means an irrigation district under
2 chapter 87.03 RCW.

3 (7) "Meter aggregation" means the administrative combination of
4 readings from and billing for all meters, regardless of the rate
5 class, on premises owned or leased by a customer-generator located
6 within the service territory of a single electric utility.

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

9 (9) "Net metering" means measuring the difference between the
10 electricity supplied by an electric utility and the electricity
11 generated by a customer-generator over the applicable billing period.

12 (10) "Net metering system" means a fuel cell, a facility that
13 produces electricity and used and useful thermal energy from a common
14 fuel source, or a facility for the production of electrical energy
15 that generates renewable energy, and that:

16 (a) Has an electrical generating capacity of not more than one
17 hundred kilowatts AC;

18 (b) Is located on the customer-generator's premises;

19 (c) Operates in parallel with the electric utility's transmission
20 and distribution facilities; and

21 (d) Is intended primarily to offset part or all of the customer-
22 generator's requirements for electricity.

23 (11) "Premises" means any residential property, commercial real
24 estate, or lands, owned or leased by a customer-generator within the
25 service area of a single electric utility.

26 (12) "Port district" means a port district within which an
27 industrial development district has been established as authorized by
28 Title 53 RCW.

29 (13) "Public utility district" means a district authorized by
30 chapter 54.04 RCW.

31 (14) "Renewable energy" means energy generated by a facility that
32 uses water, wind, solar energy, or biogas (~~((from animal waste))~~) as a
33 fuel.

34 (15) "Aggregated meter" means a meter serving a location that is
35 eligible to receive credits under a meter aggregation arrangement as
36 described in RCW 80.60.030.

37 (16) "Designated meter" means the meter that is the host site for
38 a net metering system that is interconnected to the utility
39 distribution system.

1 (17) "Retail electric customer" includes an individual,
2 organization, group, association, partnership, corporation, agency,
3 unit of state government, or entity that purchases electricity for
4 ultimate consumption and not for resale.

5 **Sec. 2.** RCW 80.60.020 and 2007 c 323 s 2 are each amended to
6 read as follows:

7 (1) An electric utility:

8 (a) Shall offer to make net metering available to eligible
9 customers-generators on a first-come, first-served basis until the
10 cumulative generating capacity of net metering systems equals 0.25
11 percent of the utility's peak demand during 1996. On January 1, 2014,
12 the cumulative generating capacity available to net metering systems
13 will equal (~~0.5~~) four percent of the utility's peak demand during
14 1996. Not less than one-half of the utility's 1996 peak demand
15 available for net metering systems shall be reserved for the
16 cumulative generating capacity attributable to net metering systems
17 that generate renewable energy;

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

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

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

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

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

4 (ii) Public policy is best served by imposing these costs on the
5 customer-generator rather than allocating these costs among the
6 utility's entire customer base.

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

11 **Sec. 3.** RCW 80.60.030 and 2007 c 323 s 3 are each amended to
12 read as follows:

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

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

18 (2) If the electricity supplied by the electric utility exceeds
19 the electricity generated by the customer-generator and fed back to
20 the electric utility during the billing period, the customer-
21 generator shall be billed for the ~~((net))~~ electricity supplied by the
22 electric utility, in accordance with normal metering practices.

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

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

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

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

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

1 (b) ~~((Not more than a total of one hundred kilowatts shall be~~
2 ~~aggregated among all customer-generators participating in a~~
3 ~~generating facility under this subsection.~~

4 ~~(e))~~ A customer-generator may:

5 (i) Aggregate a designated meter with one additional aggregated
6 meter located on the same parcel as the designated meter or a parcel
7 that is contiguous with the parcel where the designated meter is
8 located; or

9 (ii) Aggregate two designated meters, provided both designated
10 meters are located on the same parcel or on contiguous parcels, both
11 designated meters are the legal responsibility of the same retail
12 electric customer, and the total name plate capacity of all net
13 metering systems associated with the designated meters that are
14 aggregated does not exceed one hundred kilowatts AC.

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

18 (d) A retail electric customer who has legal responsibility for
19 any aggregated meter must be the same as the customer-generator who
20 has legal responsibility for service at the designated meter at the
21 site of the net metering system from which the aggregated meter
22 customer is eligible to receive credit.

23 (e) Excess kilowatt-hours credits earned by the net metering
24 system~~((τ))~~ at the site of a designated meter during ~~((the same))~~ a
25 billing period~~((τ))~~ shall be credited ~~((equally))~~ by the electric
26 utility ~~((to remaining meters located on all premises of a customer-~~
27 generator~~))~~ for kilowatt hour charges due at the aggregated meter or
28 second designated meter at the ~~((designated))~~ applicable rate of each
29 meter.

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

34 (g) Credits carried over from one billing period to the next
35 pursuant to subsection (3)(b) of this section must be applied in
36 subsequent billing periods in the same manner described under (a) and
37 (e) of this subsection.

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

1 (5) On (~~April 30th~~) March 31st of each calendar year, any
2 remaining unused kilowatt-hour credit accumulated during the previous
3 year shall be granted to the electric utility to be used to assist
4 qualified low-income residential customers of the electric utility in
5 paying their electricity bills, without any compensation to the
6 customer-generator.

7 **Sec. 4.** RCW 82.16.090 and 1988 c 228 s 1 are each amended to
8 read as follows:

9 Any customer billing issued by a light or power business or gas
10 distribution business that serves a total of more than twenty
11 thousand customers and operates within the state shall include the
12 following information:

13 (1) The rates and amounts of taxes paid directly by the customer
14 upon products or services rendered by the light and power business or
15 gas distribution business; (~~and~~)

16 (2) The rate, origin and approximate amount of each tax levied
17 upon the revenue of the light and power business or gas distribution
18 business and added as a component of the amount charged to the
19 customer. Taxes based upon revenue of the light and power business or
20 gas distribution business to be listed on the customer billing need
21 not include taxes levied by the federal government or taxes levied
22 under chapters 54.28, 80.24, or 82.04 RCW; and

23 (3) The total amount of kilowatt-hours of electricity consumed
24 for the most recent twelve-month period.

25 NEW SECTION. **Sec. 5.** A new section is added to chapter 19.27
26 RCW to read as follows:

27 The state building code council, in consultation with the
28 department of commerce and local governments, shall conduct a study
29 of the state building code and adopt changes necessary to encourage
30 greater use of renewable energy systems as defined in RCW 82.16.110.

31 NEW SECTION. **Sec. 6.** (1) The department of commerce shall
32 convene a work group to identify issues and laws associated with the
33 future of net metering. The work group shall include representatives
34 from consumer-owned utilities, investor-owned utilities, the
35 utilities and transportation commission, the solar industry, the
36 anaerobic digester industry, a federally recognized Indian tribe, and
37 any other relevant participants. The department of commerce shall

1 report the work group's recommendations to the appropriate committees
2 of the legislature by December 1, 2020. The work group
3 recommendations must identify the specific circumstances in which
4 changes in compensation for net metering systems would be warranted
5 and what the policy should be for customer-generators in the same
6 rate class. As part of the recommendations, the work group must
7 consider the reduction in utility income associated with different
8 levels of net metering and must consider if there are any cost shifts
9 to ratepayers associated with net metering. The work group shall also
10 provide an inventory of other states' net metering laws.

11 (2) This section expires June 30, 2021.

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