
HOUSE BILL 1427

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2023 Regular Session

By Representatives Mena, Doglio, Ramel, Street, Berry, Duerr, Hackney, Reed, Fosse, Cortes, Lekanoff, and Peterson

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1 AN ACT Relating to on-premises energy generation; amending RCW
2 80.60.020 and 80.60.030; reenacting and amending RCW 80.60.010;
3 adding a new section to chapter 19.86 RCW; adding new sections to
4 chapter 80.60 RCW; and creating a new section.

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

6 **Sec. 1.** RCW 80.60.010 and 2019 c 235 s 1 are each reenacted and
7 amended to read as follows:

8 The definitions in this section apply throughout this chapter
9 unless the context clearly indicates otherwise.

10 (1) "Aggregated meter" means an electric service meter measuring
11 electric energy consumption that is eligible to receive credits under
12 a meter aggregation arrangement as described in RCW 80.60.030.

13 (2) "Commission" means the utilities and transportation
14 commission.

15 (3) "Consumer-owned utility" means a municipal electric utility
16 formed under Title 35 RCW, a public utility district formed under
17 Title 54 RCW, an irrigation district formed under chapter 87.03 RCW,
18 a cooperative formed under chapter 23.86 RCW, or a mutual corporation
19 or association formed under chapter 24.06 RCW, that is engaged in the
20 business of distributing electricity to more than one retail electric
21 customer in the state.

- 1 (4) "Customer-generator" means a user of a net metering system.
- 2 (5) "Designated meter" means an electric service meter at the
3 service of a net metering system that is interconnected to the
4 utility distribution system.
- 5 (6) "Electric cooperative" means a cooperative or association
6 organized under chapter 23.86 or 24.06 RCW.
- 7 (7) "Electric utility" means any electrical company, public
8 utility district, irrigation district, port district, electric
9 cooperative, or municipal electric utility that is engaged in the
10 business of distributing electricity to retail electric customers in
11 the state.
- 12 (8) "Electrical company" means a company owned by investors that
13 meets the definition of RCW 80.04.010.
- 14 (9) "Irrigation district" means an irrigation district under
15 chapter 87.03 RCW.
- 16 (10) "Meter aggregation" means the administrative combination of
17 billing net energy consumption from a designated net meter and
18 eligible aggregated meter.
- 19 (11) "Municipal electric utility" means a city or town that owns
20 or operates an electric utility authorized by chapter 35.92 RCW.
- 21 (12) "Net metering" means measuring the difference between the
22 electricity supplied by an electric utility and the excess
23 electricity generated by a customer-generator's net metering system
24 over the applicable billing period.
- 25 (13) "Net metering system" means a fuel cell, a facility that
26 produces electricity and used and useful thermal energy from a common
27 fuel source, or a facility for the production of electrical energy
28 that generates renewable energy, and that:
- 29 (a) Has an electrical generating AC capacity of (~~not more than~~
30 ~~one hundred kilowatts~~) up to 200 kilowatts for a system in the
31 service territory of a consumer-owned utility. Consumer-owned
32 utilities may allow a net metering system larger than 200 kilowatts
33 in their service territory;
- 34 (b) Has an electrical generating AC capacity of up to two
35 megawatts for a system in the service territory of an investor-owned
36 utility. Investor-owned utilities may allow a net metering system
37 larger than two megawatts in their service territory;
- 38 (c) Is located on the customer-generator's premises;

1 ~~((e))~~ (d) Operates in parallel with the electric utility's
2 transmission and distribution facilities and is connected to the
3 electric utility's distribution system; and

4 ~~((d))~~ (e) Is intended primarily to offset part or all of the
5 customer-generator's requirements for electricity.

6 (14) "Port district" means a port district within which an
7 industrial development district has been established as authorized by
8 Title 53 RCW.

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

12 (16) "Public utility district" means a district authorized by
13 chapter 54.04 RCW.

14 (17) "Renewable energy" means energy generated by a facility that
15 uses water, wind, solar energy, or biogas as a fuel.

16 (18) "Retail electric customer" includes an individual,
17 organization, group, association, partnership, corporation, agency,
18 unit of state government, or entity that is connected to the electric
19 utility's distribution system and purchases electricity for ultimate
20 consumption and not for resale.

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

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

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

28 (1) An electric utility:

29 (a) Shall offer to make net metering, pursuant to RCW 80.60.030,
30 available to eligible customer-generators on a first-come, first-
31 served basis until the earlier of either: (i) ~~((June 30, 2029))~~
32 December 31, 2035; or (ii) the first date upon which the cumulative
33 generating capacity of net metering systems equals ~~((four))~~ 12
34 percent of the utility's peak demand during 1996. Not less than one-
35 half of the utility's 1996 peak demand available for net metering
36 systems shall be reserved for the cumulative generating capacity
37 attributable to net metering systems that generate renewable energy;

38 (b) Shall allow net metering systems to be interconnected using a
39 standard kilowatt-hour meter capable of registering the flow of

1 electricity in two directions, unless the commission, in the case of
2 an electrical company, or the appropriate governing body, in the case
3 of other electric utilities, determines, after appropriate notice and
4 opportunity for comment:

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

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

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

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

24 (ii) Public policy is best served by imposing these costs on the
25 customer-generator rather than allocating these costs among the
26 utility's entire customer base;

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

35 (e) Must develop a standard rate or tariff schedule that is
36 expressed as a percentage of the utility's retail rate.

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

1 (3) (a) (i) A consumer-owned utility may develop a standard rate or
2 tariff schedule that deviates from RCW 80.60.030 for eligible
3 customer-generators to take effect at the earlier of either: (A)
4 (~~June 30, 2029~~) December 31, 2035; or (B) the first date upon which
5 the cumulative generating capacity of net metering systems equals
6 (~~four~~) 12 percent of the utility's peak demand during 1996.

7 (ii) An electrical company may submit a filing with the
8 commission to develop a standard tariff schedule that deviates from
9 RCW 80.60.030 for eligible customer-generators. The commission must
10 approve, reject, or approve with conditions a net metering tariff
11 schedule pursuant to this subsection within one year of an electrical
12 company filing. If the commission approves the filing with
13 conditions, the investor-owned utility may choose to accept the
14 tariff schedule with conditions or file a new tariff schedule with
15 the commission.

16 (b) An approved standard rate or tariff schedule under this
17 subsection applies to any customer-generator subject to an
18 interconnection agreement entered into: (i) After (~~June 30, 2029~~)
19 December 31, 2035, or (ii) the first date upon which the cumulative
20 generating capacity of net metering systems pursuant to RCW 80.60.030
21 equals (~~four~~) 12 percent of the utility's peak demand during 1996,
22 whichever is earlier, unless the commission or governing body
23 determines that a customer-generator is eligible for net metering
24 under a rate or tariff schedule pursuant to RCW 80.60.030.

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

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

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

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

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

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

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

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

9 (i) The customer-generator takes service under net metering prior
10 to the earlier of: (A) (~~June 30, 2029~~) December 31, 2035; or (B)
11 the first date upon which the cumulative generating capacity of net
12 metering systems reaches (~~four~~) 12 percent of the utility's peak
13 demand in 1996; and

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

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

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

26 (5)(a) An electric utility may offer net metering that
27 incorporates time-of-use net metering rates to eligible customer-
28 generators, consistent with the other provisions of this chapter.

29 (b) An electric utility offering time-of-use net metering rates
30 is encouraged to create incentive plans for distributed energy
31 storage.

32 (c) Any time-of-use net metering rate offered by an electric
33 utility must be optional for customer-generators.

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

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

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

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

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

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

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

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

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

26 (b) A customer-generator may aggregate a designated meter with
27 one additional aggregated meter located on the same parcel as the
28 designated meter or a parcel that is contiguous with the parcel where
29 the designated meter is located.

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

33 (d) A retail electric customer who is a customer-generator and
34 receives retail electric service from an electric utility at an
35 aggregated meter must be the same retail electric customer who
36 receives retail electric service from such an electric utility at the
37 designated meter that is located on the premises where such a
38 customer-generator's net metering system is located.

39 (e) Credits for excess kilowatt-hours earned by the net metering
40 system at the site of a designated meter during a billing period

1 shall be credited by the electric utility for kilowatt-hour charges
2 due at the aggregated meter at the applicable rate of the aggregated
3 meter.

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

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

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

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

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

26 (7) Nothing in this section prohibits the owner of multifamily
27 residential facility from installing a net metering system as defined
28 in RCW 80.60.010 assigned to a single designated meter located on the
29 premises of the multifamily residential facility where the tenants
30 are not individually metered customers of the utility and
31 distributing any benefits of the net metering to tenants of the
32 facility where the net metering system is located. The utility must
33 measure the net energy produced and provide credit to the single
34 designated meter to which the net metering system is assigned in
35 accordance with subsections (1) through (3) of this section or under
36 the terms of a standard rate or tariff schedule established under RCW
37 80.60.020(3). The distribution of benefits to tenants of such a
38 system, if any, is the responsibility of the owner of the net
39 metering system and not the responsibility of the utility.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 19.86
2 RCW to read as follows:

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

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

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

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

17 (c) The warranty of each system component;

18 (d) The dollar amount of the contract;

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

22 (f) The name of the primary solar energy salesperson or solar
23 sales firm;

24 (g) The name, address, and contractor's registration number of
25 the solar energy contractor;

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

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

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

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

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

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

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

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

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

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

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

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

37 (6) A solar energy contractor or subcontractor who fails to
38 comply with the requirements of this chapter is liable to the
39 customer for any actual damages sustained by the person as a result

1 of the failure. Nothing in this section limits any cause of action or
2 remedy available under RCW 19.186.050 or this chapter.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 80.60
4 RCW to read as follows:

5 An entity offering solar energy sales or installation services
6 must offer a contract pursuant to section 4 of this act.

7 NEW SECTION. **Sec. 6.** A new section is added to chapter 80.60
8 RCW to read as follows:

9 (1)(a) By May 1, 2024, the Washington State University extension
10 energy program must convene a work group focused on the future of net
11 metering in Washington state. The work group must include
12 representatives from consumer-owned utilities, investor-owned
13 utilities, the commission, the rooftop solar industry, including the
14 Washington solar energy industries association, agricultural farms in
15 the business of producing crops for food and fermented beverages,
16 environmental justice advocates, labor unions, consumer advocates,
17 rural communities including communities east of the crest of the
18 Cascade mountains, and Indian tribes.

19 (b) The work group must report recommendations to the Washington
20 State University extension energy program on what alternatives to net
21 metering should be considered by the legislature and when it is
22 reasonable for these alternatives to be implemented. The work group
23 should take into account the findings of the cost shift study
24 required in subsection (2) of this section in its recommendations.

25 (c) As part of its recommendations, the work group must consider
26 the implications for the solar industry workforce, rate of deployment
27 of consumer-owned solar and storage, future electric load growth,
28 reduction in utility income associated with different levels of net
29 metering, and equitable distribution of the benefits of consumer-
30 owned solar and storage.

31 (d) The work group must provide an inventory of other states'
32 deviation from net metering laws and the impact deviating from retail
33 net metering had on solar installations, solar installers, utilities,
34 utility customers, rural land, tribal land, and customer-generator
35 payback periods. The work group must consider whether it is
36 reasonable for utilities to count consumer-owned clean energy systems
37 in their service territory toward their clean energy transformation
38 act compliance targets.

1 (2) By January 31, 2024, the Washington State University
2 extension energy program must begin to conduct a study to investigate
3 the magnitude of any cost shifts among ratepayers associated with
4 retail rate net metering in Washington state, under scenarios
5 assuming total net metered generation capacity of six percent, 12
6 percent, and 24 percent of 1996 peak power.

7 (3) The Washington State University extension energy program must
8 summarize the work group's recommendations and the findings of the
9 cost shift study in a report and must deliver the report to the
10 appropriate committees of the legislature by December 1, 2026.

11 NEW SECTION. **Sec. 7.** A new section is added to chapter 80.60
12 RCW to read as follows:

13 (1) It is the intent of the legislature that the state's net
14 metering policy is updated and implemented by January 1, 2035.

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

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

19 (b) Be expressed as a percentage of the utility's retail rate;

20 (c) Be communicated to customers with three year's notice from
21 when the rate or tariff schedule is first publicly proposed to before
22 it would go into effect; and

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

25 NEW SECTION. **Sec. 8.** This act may be known and cited as the
26 solar energy resiliency act.

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