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**Technology, Telecommunications  
& Energy Committee**

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**HB 2341**

**Brief Description:** Enacting the model distributed generation interconnection procedures and net metering provisions.

**Sponsors:** Representative Morris.

**Brief Summary of Bill**

- Modifies provisions relating to net metering by customer-generators.
- Specifies procedures, time lines, and technical specifications for interconnecting a customer's electrical generation facility of 20 megawatts or less to an electrical distribution system.

**Hearing Date:** 1/13/04

**Staff:** Pam Madson (786-7166).

**Background:**

Net metering allows electricity customers to offset (over a predetermined time period) their consumption of purchased electricity with electricity generated by their own small scale renewable system. Under net metering, the customer's small renewable energy system is connected to a utility's electrical distribution system.

Interconnection of small scale generation includes a number of issues. These issues include the technical, contractual, and rates and metering issues that must be settled between the utility and its customer before connection to the electrical distribution system can be made.

There are a number of efforts underway to establish standards for interconnection to an electrical grid for small scale generation. The National Association of Regulatory Utility Commissioners (NARUC), the Federal Energy Regulatory Commission (FERC), and the Institute of Electrical and Electronic Engineers (IEEE) among others are developing interconnection requirements to ensure safety and reliability of the electrical transmission and distribution system. The Interstate Renewable Energy Council (IREC) has developed a model net metering and a model interconnection rule to assist state policy makers when considering net metering and interconnection legislation.

Under net metering, the customer-generator uses the electricity from its own generation and may deliver excess electricity to the utility's distribution system through a bi-directional meter. The meter measures the difference between the electricity supplied by the electric utility, and the electricity generated by the customer that is fed back to the electric utility onto its distribution system over a specified billing period. At the end of the billing period, the customer may owe the utility for electricity consumed or may receive credit for the excess electricity generated.

In 1998, a State net metering law was enacted that required public and private utilities to make net metering available to customer-generators on a first come, first served basis. The statute provides that availability for net metering from each utility is limited to 0.1 percent of the utility's peak demand in 1996. A net metering system is defined as an electrical production facility that: (1) Use solar, wind, or hydro power; (2) has a generating capacity of 25 kilowatts or less; (3) is located on the customer's premises; (4) operates in parallel with the electrical utility's distribution and transmission system; and (5) is intended primarily to offset part or all of the customer's electricity requirements.

The utility must allow net metering systems to be interconnected using standard bidirectional meters, unless the Washington Utilities and Transportation Commission (WUTC), in the case of investor-owned utilities or the governing body of a consumer-owned utility determine additional metering equipment is necessary. The WUTC or the governing body must also allocate the cost of additional metering between the customer and the utility.

The monthly fee charged by the utility to a net metering customer must be the same as the fee charged to a non net metering customer in the same customer class. Additional fees may be allowed by the WUTC or the governing body of a consumer owned utility under certain circumstances.

A utility must use normal metering practices to determine the net electricity produced and consumed during the billing period. If the customer uses more electricity than he or she produces during the billing period, the customer is charged for the electricity consumed. If the customer produces more electricity than her or she uses, a credit is given to the customer. At the beginning of each calendar year, any credits remaining with the customer are granted to the utility.

A net metering system includes equipment that meets applicable safety, power quality, and interconnection requirements established by the National Electric Code, National Electrical Safety Code, Institute of Electrical and Electronic Engineers (IEEE), and Underwriters Laboratories (UL). The WUTC (for investor-owned utilities) or the governing body (for a consumer-owned utility) may adopt additional safety, power quality, and interconnection requirements.

An electric utility may not require additional safety or performance standards, payment for additional tests, or purchase of additional liability insurance. The electric utility is not liable for allowing attachment of a net metering system and it is not liable for damage or injury to a third party for actions or omissions of the customer-generator that may cause damage or injury.

### **Summary of Bill:**

To assist in simplifying the process of interconnecting distributed generation facilities to an electrical delivery system, the legislature finds that certain standards be adopted for a certain group of distributed generators.

The net metering provisions assume that retail electrical competition exists in the jurisdiction in which it is applied. (Washington has not chosen to implement retail electric competition.) All electric distribution companies and electric power suppliers must offer net metering to customers using any fuel source for generation, also referred to as Class I energy, for generation capacity of 2 megawatts or less. (Current law limits the generating capacity for net metering to 25 kilowatts or less.)

As under current law, a customer-generator is billed for electricity supplied by the distribution company or power supplier and receives credits for electricity generated and delivered to the distribution company or power supplier in excess of electricity used. The model provisions differ from current law in that excess credits held by the customer-generator at the end of the annualized billing period must be compensated by the power supplier at its avoided cost for wholesale power.

The WUTC must develop a standard tariff that sets out rules and rates to be applied to net metering. Each power supplier must report to the Commission, the total number of systems and total estimated rated generating capacity of its net metering customer-generators and the total estimated net kilowatt hours received.

A customer may use existing metering if it is capable of measure the bidirectional flow of electricity. If the meter is not sufficient, the distribution company must install a new meter at the distribution company's expense. The distribution company may not require more than one meter but additional meters may be installed at the expense of the requesting party.

Similar to current law, a power supplier or distribution company may not charge fees or impose other requirements that would not be imposed on non net metering customers. The Commission may provide for a special load profile charge.

The Commission may revise these provision by rule.

Model provisions establish three procedural paths for processing applications for interconnection: (1) Simplified process for certified inverter based facilities of 10 kw or less; (2) expedited process for certified generating facilities that have power rating of two megawatts or less; and (3) standard process for other generators of 20 megawatts or less.

To qualify for the simplified or expedited process, generators must be certified to comply with certain IEEE and UL standards.

An electric distribution company must screen a proposed interconnection according to certain technical specifications.

Several steps and time lines are specified for processing an application for interconnection under these three different paths. Under the simplified path, review of the application and execution of an interconnection agreement may happen within a few weeks if the application is complete when submitted. The cost of the application to the customer may not exceed \$25.

Under the expedited path, certain pre application assistance is required. After receipt of a completed application, the distribution company screens the application according to the statutory criteria. If the proposal meets these specifications, the distribution company must process the proposal under the expedited procedure. If the application fails to meet the statutory criteria,

further reviews may occur. Time lines are specified for each step. The application fee cost to the applicant may not exceed \$50 plus \$1 per kilowatt of capacity of the proposed generator. Additional fees may be imposed if minor system modifications are required.

Under the standard path, additional studies are required because of the increased complexity of a larger generation project. Fees for a standard application may not exceed \$100 plus \$2 per kilowatt capacity. Additional charges may include actual time spent on an interconnection study. Costs for engineering review may not exceed \$100 per hour. Additional costs may be assessed.

Limited testing may be required by the distribution company once the interconnect is approved.

The commission may resolve disputes using a technical master.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.