
SUBSTITUTE HOUSE BILL 2403

State of Washington

59th Legislature

2006 Regular Session

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Morris, B. Sullivan and Miloscia)

READ FIRST TIME 01/26/06.

1 AN ACT Relating to promoting distributive generation; amending RCW
2 80.60.010, 80.60.020, and 80.60.030; and adding a new section to
3 chapter 80.60 RCW.

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

5 **Sec. 1.** RCW 80.60.010 and 2000 c 158 s 1 are each amended to read
6 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 commission.

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

11 (3) "Distributive generation" means generation below five hundred
12 kilowatts that is connected to the distribution transmission of an
13 electric utility.

14 (4) "Electrical company" means a company owned by investors that
15 meets the definition of RCW 80.04.010.

16 (~~(4)~~) (5) "Electric cooperative" means a cooperative or
17 association organized under chapter 23.86 or 24.06 RCW.

18 (~~(5)~~) (6) "Electric utility" means any electrical company, public
19 utility district, irrigation district, port district, electric

1 cooperative, or municipal electric utility that is engaged in the
2 business of distributing electricity to retail electric customers in
3 the state.

4 ~~((+6+))~~ (7) "Irrigation district" means an irrigation district
5 under chapter 87.03 RCW.

6 ~~((+7+))~~ (8) "Municipal electric utility" means a city or town that
7 owns or operates an electric utility authorized by chapter 35.92 RCW.

8 ~~((+8+))~~ (9) "Net metering" means measuring the difference between
9 the electricity supplied by an electric utility and the electricity
10 generated by a customer-generator that is fed back to the electric
11 utility over the applicable billing period.

12 ~~((+9+))~~ (10) "Net metering system" means a fuel cell or a facility
13 for the production of electrical energy that:

14 (a) Uses ~~((as its fuel either solar, wind, or hydropower))~~
15 renewable energy;

16 (b) Has a generating capacity of not more than ~~((twenty-five))~~ five
17 hundred kilowatts;

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

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

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

23 ~~((+10+))~~ (11) "Port district" means a port district within which an
24 industrial development district has been established as authorized by
25 Title 53 RCW.

26 ~~((+11+))~~ (12) "Public utility district" means a district authorized
27 by chapter 54.04 RCW.

28 (13) "Renewable energy" means resources whose common characteristic
29 is that they are nondepletable or are naturally replenishable,
30 existing, or emerging nonfossil fuel energy sources or technologies,
31 and shall include but not be limited to the following: Solar
32 photovoltaic or solar thermal electric energy; wind energy; ocean
33 thermal, wave, or tidal energy; fuel cells; landfill gas; incremental
34 gains in energy production from capital improvements in naturally
35 flowing water and hydroelectric or run of river hydropower generation;
36 and advanced biomass power conversion technologies, such as
37 gasification using such biomass fuels as wood, agricultural, or food
38 wastes, energy crops, biogas, biodiesel, or organic refuse-derived

1 fuel. The following technologies or fuels shall not be considered
2 renewable energy supplies: Coal, oil, nuclear power, or fuel gases,
3 excluding fuel gases that are used in a combined heat and power plant
4 designed to produce both heat and electricity from a single heat
5 source.

6 **Sec. 2.** RCW 80.60.020 and 2000 c 158 s 2 are each amended to read
7 as follows:

8 An electric utility:

9 (1) Shall offer to make net metering available to eligible
10 customers-generators on a first-come, first-served basis until the
11 cumulative generating capacity of net metering systems equals ~~((0.1))~~
12 0.5 percent of the utility's peak demand during 1996, of which not less
13 than ~~((0.05))~~ 0.25 percent shall be attributable to net metering
14 systems that use ~~((as its fuel either solar, wind, or hydropower))~~
15 renewable energy;

16 (2) Shall allow net metering systems to be interconnected if:

17 (a) By January 2, 2008, the generating capacity is less than one
18 hundred kilowatts; or

19 (b) By January 2, 2010, the generating capacity is less than three
20 hundred kilowatts; or

21 (c) After January 1, 2010, the generating capacity is less than
22 three hundred kilowatts, unless the net metering system involves three
23 phase power lines, in which case generating capacity shall be allowed
24 up to five hundred kilowatts;

25 (3) Shall allow net metering systems to be interconnected using a
26 standard kilowatt-hour meter capable of registering the flow of
27 electricity in two directions, unless the commission, in the case of an
28 electrical company, or the appropriate governing body, in the case of
29 other electric utilities, determines, after appropriate notice and
30 opportunity for comment:

31 (a) That the use of additional metering equipment to monitor the
32 flow of electricity in each direction is necessary and appropriate for
33 the interconnection of net metering systems, after taking into account
34 the benefits and costs of purchasing and installing additional metering
35 equipment; and

36 (b) How the cost of purchasing and installing an additional meter
37 is to be allocated between the customer-generator and the utility;

1 (~~(3)~~) (4) Shall charge the customer-generator a minimum monthly
2 fee that is the same as other customers of the electric utility in the
3 same rate class, but shall not charge the customer-generator any
4 additional standby, capacity, interconnection, or other fee or charge
5 unless the commission, in the case of an electrical company, or the
6 appropriate governing body, in the case of other electric utilities,
7 determines, after appropriate notice and opportunity for comment that:

8 (a) The electric utility will incur direct costs associated with
9 interconnecting or administering net metering systems that exceed any
10 offsetting benefits associated with these systems; and

11 (b) Public policy is best served by imposing these costs on the
12 customer-generator rather than allocating these costs among the
13 utility's entire customer base.

14 **Sec. 3.** RCW 80.60.030 and 1998 c 318 s 4 are each amended to read
15 as follows:

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

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

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

26 (3) If electricity generated by the customer-generator exceeds the
27 electricity supplied by the electric utility, the customer-generator:

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

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

33 (~~At the beginning~~) On April 30th of each calendar year, any
34 remaining unused kilowatt-hour credit accumulated during the previous
35 year shall be granted to the electric utility, without any compensation
36 to the customer-generator.

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

3 (1) A customer-generator may solicit power purchase agreements to
4 sell the customer-generator's output to any other Washington utility to
5 the extent that transactions are not preempted by federal energy
6 regulatory commission rule, regulation, or order. The local utility
7 has the option to match the proposed price or must wheel the qualifying
8 facility's output at a flat rate price not to exceed one percent of the
9 value of the power actually delivered under the contracted price. For
10 purposes of this section, a customer-generator is any renewable energy
11 generation facility having five hundred kilowatt capacity or less.

12 (2) A utility is exempt from this section if one percent of its
13 power originates from distributive generation.

14 (3) If a utility is exempt under subsection (2) of this section,
15 the utility must report their exemption to the relevant standing
16 committees in the legislature.

17 (4) If one or more utilities are found to be exempt under this
18 section, the legislature may review the generation thresholds contained
19 in this section for potential modification.

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