

HOUSE BILL REPORT

SHB 1140

As Amended by the Senate

Title: An act relating to net meter aggregation of electricity.

Brief Description: Allowing for the net meter aggregation of electricity.

Sponsors: By House Committee on Technology, Energy & Communications (originally sponsored by Representatives McCoy, Crouse, Grant and Blake).

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/24/07, 2/16/07 [DPS].

Floor Activity:

Passed House: 2/28/07, 91-5.

Senate Amended.

Passed Senate: 4/12/07, 47-0.

<h3>Brief Summary of Substitute Bill</h3>

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| <ul style="list-style-type: none">• Requires electric utilities to provide meter aggregation for net metering customer-generators. |
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HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Morris, Chair; McCoy, Vice Chair; Eddy, Hudgins, Hurst, Takko and Van De Wege.

Minority Report: Without recommendation. Signed by 4 members: Representatives Crouse, Ranking Minority Member; McCune, Assistant Ranking Minority Member; Ericksen and Hankins.

Staff: Scott Richards (786-7156).

Background:

Net Metering of Electricity

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.

Net metering means measuring the difference between the electricity supplied by an electric utility and the electricity generated by a net metering system customer-generator over an applicable billing period.

Under current law, a net metering system is defined as either a fuel cell, a facility that produces electricity and useful thermal energy from a common fuel source, or a facility for the production of electrical energy that generates renewable energy. Renewable energy is defined as energy generated by a facility that uses water, wind, solar energy, or biogas from animal waste as a fuel.

Net Metering System

A net metering system must: (1) have an electrical generating capacity of not more than 100 kilowatts; (2) be located on the customer-generator's premises; (3) operate in parallel with the electric utility's transmission and distribution facilities; and (4) be intended primarily to offset part or all of the customer-generator's requirements for electricity.

Calculating Net Energy

An electric utility measures the net electricity produced or consumed during the billing period, in accordance with normal metering practices. If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator during the billing period, the customer-generator is billed for the net electricity supplied by the electric utility. If electricity generated by the customer-generator exceeds the electricity supplied by the electric utility, the customer-generator is billed for the appropriate customer charges for that billing period and is credited for the excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing period.

Summary of Substitute Bill:

Electric utilities are required to provide meter aggregation for net metering customer-generators within their service territory upon request by the customer-generator.

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

If required by the electric utility in order to provide meter aggregation the customer-generator must purchase a production meter and necessary software.

In calculating the bill of a customer-generator, kilowatt-hours generated by a net metering system during a billing period are used first to offset electricity supplied by the electric utility.

Excess kilowatt-hours generated by the net metering system, during the same billing period, are credited equally by the electric utility to remaining meters located on all premises of a customer-generator at the designated rate of each meter.

Premises means any residential property, commercial real estate, or lands, owned or leased by a customer-generator within the service area of a single electric utility.

EFFECT OF SENATE AMENDMENT(S):

- Replaces the term "generated" with "credits" to make consistent with language in existing RCW.
- Clarifies that aggregating meters does not change the underlying rate class of that meter.
- Specifies that not more than a total of 100 kilowatts may be aggregated among all customer-generators.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) Because of an energy project in Snohomish County, this issue was brought up. This bill would bring the law up to date.

This bill is an incentive to develop renewable energy projects by individuals and small businesses. Farms are small businesses and net metering can help make farms more viable. This bill also helps strengthen farms and the role farms play for salmon habitat in western Washington. If you lose the farms you lose the fish.

This bill would simplify the process for making anaerobic digesters more financially feasible. As it is now, it is difficult getting the full value for the wattage for the energy they produce. There is a challenge integrating a digester into a heavily regulated electric grid, making it difficult for producers to wheel power to an end user.

(Concerns) There are no problems with net metering and aggregating multiple bills into one bill. There is a concern that customer-generators adding up all usage could potentially qualify for a different rate class while there has been no real economies of scale. There is a question unanswered in this bill. What happens when there are different rate classes involved? What happens when the net metered electricity is produced on a residential rate and may be applied to a commercial rate? Each rate class is charged differently.

A watt of electricity costs money to move from place to place. This bill goes beyond the intent of the net metering law. This bill may favor the larger customer. There may be costs that need to be covered that are not considered in the bill.

(Opposed) This bill is not consistent with the spirit and intent of the net metering statute. Currently, a customer-generator receives credit for power produced against their bill at the

same rate as they would be billed for electricity. These rates are based on the cost of service. By aggregating multiple facilities served at multiple rates, the credits would be returned equally across those meters at the rates at which they are charged electricity regardless of the amount of power used at that location. This creates an inequity within this system, resulting in other customers subsidizing the customer-generator use of the grid at no charge. This bill may put utilities in violation of Washington Code stating that we must treat all customers equally.

Persons Testifying: (In support) Representative McCoy, prime sponsor; John Sayre, Northwest Chinook Recovery; Diane Kamionka, Stanwood BioEnergy Producers, LLC; and Jay Gordon, Washington State Dairy Federation.

(Concerns) Kent Lopez, Washington Rural Electric Cooperative Association; and Kathleen Collins, PacifiCorp.

(Opposed) Ken Johnson, Puget Sound Energy.

Persons Signed In To Testify But Not Testifying: None.