

SENATE BILL REPORT

SHB 1140

As Reported By Senate Committee On:
Water, Energy & Telecommunications, March 30, 2007

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

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

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

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

Committee Activity: Water, Energy & Telecommunications: 3/21/07, 3/30/07 [DPA, DNP].

SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

Majority Report: Do pass as amended.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Fraser, Holmquist, Marr, Oemig, Pridemore and Regala.

Minority Report: Do not pass.

Signed by Senators Honeyford, Ranking Minority Member; Delvin and Morton.

Staff: Margaret King (786-7416)

Background: Net Metering of Electricity: 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

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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 land, owned or leased by a customer-generator within the service area of a single electric utility.

EFFECT OF CHANGES MADE BY RECOMMENDED AMENDMENT(S) AS PASSED COMMITTEE (Water, Energy & Telecommunications): The following changes are made:

- replaces the term "generated" with "credits" to make language consistent with existing language in existing RCW; and
- clarifies that meters can not be aggregated in a way that changes the underlying rate class of that meter.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Our hope is that this meter aggregation will allow more farmers to use anaerobic digesters technology and offset their own electricity uses on their own farms. Dairies have multiple meters and this would allow them to be aggregated and offset on the meters. The limit on the amount of electricity digesters can generate at 100 kW is too small. This is about making digesters make money and making it make sense. We have a significant number of meters that could set up under this. This is a great mechanism to

develop renewable energy and make farms viable in the Puget Sound area. Viable farms are key to a viable salmon population.

CON: This bill would create a cost shift to other customers on the system. It allows energy to be put in on one end of the system and taken off at the other without paying for the costs and benefits that others pay for. We would like the aggregation limited to contiguous properties.

OTHER: We are close to supporting this bill, but we want to make sure that the meters should not be able to change rate classes because of the meter aggregation. We don't have a problem with running the kW hours back, but we don't want to allow credit to be spread across other rate classes. We would also like aggregation to be contiguous to avoid aggregations with other users across the county. Administrative costs should also be covered by the generator in case software is not needed, but there is an increase in administrative costs.

Persons Testifying: PRO: Jay Gordon, Washington State Dairy Foundation; Andy Werkhoven, John A. Sayre, QUALCO Energy.

CON: Ken Johnson, Puget Sound Energy.

OTHER: Dave Warren, Washington Public Utility District Association.