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**Technology, Energy & Communications  
Committee**

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**HB 2471**

**Brief Description:** Concerning net metering of electricity.

**Sponsors:** Representative McCoy.

**Brief Summary of Bill**

- Increases the allowable electrical generating nameplate capacity of a net metering system to two megawatts.
- Increases, on January 1, 2014, the cumulative generating capacity available to net metering systems to 5 percent of the utility's peak demand during 1996.
- Requires electric utilities to carry over excess kilowatt hour credits earned by a customer-generator and apply those credits to subsequent billing periods until all credits are used.
- Permits a customer-generators to receive a lump-sum payment for excess generation or to donate excess credits to assist low-income residential customers.

**Hearing Date:** 1/11/10

**Staff:** Scott Richards (786-7156).

**Background:**

**Net Metering:** Current Washington law allows for the net metering of certain electricity generating systems owned by customer-generators. Net metering means measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator's net metering system over a billing period. If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator and fed back to the electric utility during the billing period, the customer-generator is billed for the net electricity supplied by the electric utility.

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*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.*

**Excess Generation Credits:** If electricity generated by the customer-generator exceeds the electricity supplied by the electric utility, the customer-generator is: (1) billed for the appropriate customer charges for that billing period; and (2) credited for the excess kilowatt-hours generated during the billing period with the kilowatt-hour credit appearing on the bill for the following billing period. On April 30th of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous year is granted to the electric utility, without any compensation to the customer-generator.

**Net Metering System:** A net metering system is defined as a fuel cell, a facility that produces electricity from used 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. Additionally, 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.

**Cumulative Generating Capacity of Net Metering Systems:** Electric utilities must offer to make net metering available to eligible customers-generators on a first-come, first-served basis until the cumulative generating capacity of net metering systems equals 0.25 percent of the utility's peak demand during 1996. On January 1, 2014, the cumulative generating capacity available to net metering systems increases to 0.5 percent of the utility's peak demand during 1996.

#### **Summary of Bill:**

**Excess Kilowatt Hour Credits:** Electric utilities must carry over any excess kilowatt hour credits earned by a customer-generator and apply those credits to subsequent billing periods to offset the customer-generator's consumption in those billing periods until all credits are used.

For customer-generators who do not choose to carry over excess generation credits to subsequent billing periods, electric utilities must offer the following additional options:

- A customer-generator may receive a lump-sum payment for annual net excess generation at the electric utility's avoided cost.
- The customer-generator may donate excess credits to assist low-income residential customers served by the utility.
- A customer-generator may choose a combination of the first two options.

**Net Metering System:** The allowable electrical generating nameplate capacity of a net metering system is increased to two megawatts.

**Cumulative Generating Capacity of Net Metering Systems:** On January 1, 2014, the cumulative generating capacity available to net metering systems is increased to 5 percent of the utility's peak demand during 1996.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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