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**Technology, Energy & Communications  
Committee**

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**HB 1049**

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

**Sponsors:** Representatives McCoy, Frockt, Morris and Moeller.

**Brief Summary of Bill**

- Increases the allowable electrical generating nameplate capacity of a net metering system to five megawatts.
- Allows electric utility customers to participate in virtual net metering.
- Specifies that renewable energy credits produced from a net metering system is the property of the customer-generator.

**Hearing Date:** 1/18/11

**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. 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 (kWh) credit

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appearing on the bill for the following billing period. On April 30 of each calendar year, any remaining unused kWh 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 (kW); (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 make net metering available to eligible customer-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.

### **Meter Aggregation.**

Under current net metering law, electric utilities are required to provide meter aggregation for net metering customer-generators within their service area. Meter aggregation means the administrative combination of readings from and billing for all meters, regardless of the rate class, on premises of a customer-generator located within the service area 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, kWh credits earned by a net metering system during the billing period first must be used to offset electricity supplied by the electric utility.

### **Full Requirements Customer.**

Under current electric utility resource planning statute, a full requirements customer is defined as an electric utility that relies on the Bonneville Power Administration for all power needed to supply its total load requirement other than that served by nondispatchable generating resources totaling no more than six megawatts or renewable resources.

### **Summary of Bill:**

#### **Electricity Generating Cap on Net Metering Systems.**

The maximum electric generating capacity of a net metering system is no more than five megawatts. For electric utilities that are full requirements customers of the Bonneville Power Administration, a net metering system must either: (1) have an electrical generating capacity of no more than 199 kW and be metered by one meter; or (2) have an electrical generating capacity of up to five megawatts and be metered by multiple meters with no meter measuring more than 199 kW.

**Requiring Virtual Net Metering.**

Electric utilities are required to provide virtual net metering to their customer-generators. Multiple customers may receive fractional net-metering credits from the production meter of a single net metering system, so long as the customers and meters are within the same electric distribution system. Excess kWh credits earned by the virtual net metering system, during the same billing period, must be credited by the electric utility to remaining meters in proportion to the specified fraction for each customer-generator.

A virtual net metering system may be administered by an aggregator who is responsible for managing the net metering system for the life of the system, acts as the single point of contact with the electric utility, maintains a list of assigned fractions, and registers the system for renewable energy credit tracking purposes.

Virtual net-metering fractions are divided into assigned fractions and operating fractions. An assigned fraction is a specified percentage of generated power that is deducted from a customer-generator's electricity consumption by the electric utility serving the customer. An operating fraction is the percentage of generated power, not assigned to a customer, that the virtual net metering aggregator can sell to the utility at a renewable energy rate.

Customer-generators participating in virtual net metering must purchase the necessary software and interconnection equipment, if required by an electric utility. If an electric utility chooses to update its billing software to accommodate meter aggregation, a customer-generator may not be required to purchase software.

**Renewable Energy Credits.**

All Renewable Energy Credits (RECs) produced as a result of the generation of electricity from a net metering system belong to the customer-generator. For RECs generated through virtual net metering, the aggregator allocates assigned fractions of the RECs to customer-generators.

**Biomass.**

Biomass is added as an eligible form of energy under the definition of renewable energy.

**Appropriation:** None.

**Fiscal Note:** Available.

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