
**Technology, Energy & Communications
Committee**

HB 2243

Brief Description: Concerning the net metering of electricity.

Sponsors: Representatives Eddy, Morris, McCoy, Moeller and Hudgins.

Brief Summary of Bill

- Increases the maximum electrical generating capacity of a net metering system to two megawatts.
- Increases the cumulative generating capacity of net metering systems allowed to interconnect to an electric utility to 5 percent of the utility's peak demand during 1996.
- Allows third party ownership of net metering systems.

Hearing Date: 1/18/12

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

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excess kilowatt-hours (kWh) generated during the billing period with the kWh credit 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, 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.

Safety, Power Quality and Interconnection Requirements.

The Utilities and Transportation Commission (UTC) and governing bodies of electric utilities may adopt limitations on the number of customer-generators and total capacity of net metering systems that may be interconnected to any distribution feeder line, circuit, or network in order to protect public safety and system reliability.

Charges to Customer-Generators.

An electric utility is prohibited from charging the customer-generator any additional standby, capacity, interconnection, or other fees or charge unless the UTC, in the case of an electrical company, or the appropriate governing body, in the case of other electric utilities, determines, after notice and opportunity to comment that: (1) The electric utility will incur direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these systems; and (2) public policy is best served by imposing these costs on the customer-generator rather than allocating these costs among the utility's entire customer base.

Third Party Ownership of Net Metering Systems.

In recent years, the third party ownership model has emerged as a method for financing net metering system installations. With this model, instead of buying a net metering system, a customer signs a long-term contract with a third-party who installs and owns a net metering system on the customer's property and sells the power produced by the system to the host customer for a set period. Third party ownership agreements may be used by a customer who cannot utilize certain tax credits, prefers not to own and maintain a system, or lacks financial capital to purchase equipment.

Summary of Bill:

Electricity Generating Cap on Net Metering Systems.

The maximum electric generating capacity of a net metering system is increased to no more than two megawatts.

Allowable Cumulative Generating Capacity of Net Metering Systems.

An electricity utility must offer to 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 5 percent of the utility's peak demand during 1996.

Third Party Ownership.

A customer-generator may be either a customer that owns and operates, leases and operates, or contracts with a third party that owns and operates a net metering system.

Appropriation: None.

Fiscal Note: Requested on January 16, 2012.

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