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**SUBSTITUTE HOUSE BILL 1106**

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**State of Washington**

**63rd Legislature**

**2013 Regular Session**

**By** House Environment (originally sponsored by Representatives McCoy, Morris, Ryu, and Hudgins)

READ FIRST TIME 02/22/13.

1       AN ACT Relating to net metering of electricity; and amending RCW  
2 80.60.010, 80.60.020, and 80.60.030.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4       **Sec. 1.** RCW 80.60.010 and 2007 c 323 s 1 are each amended to read  
5 as follows:

6       The definitions in this section apply throughout this chapter  
7 unless the context clearly indicates otherwise.

8       (1) "Commission" means the utilities and transportation commission.

9       (2) "Customer-generator" means a user of a net metering system. A  
10 customer-generator is responsible to the electric utility for the  
11 interconnection, operation, and maintenance of a net metered system.

12       (3) "Electrical company" means a company owned by investors that  
13 meets the definition of RCW 80.04.010. A third-party owner is not an  
14 electrical company.

15       (4) "Electric cooperative" means a cooperative or association  
16 organized under chapter 23.86 or 24.06 RCW.

17       (5) "Electric utility" means any electrical company, public utility  
18 district, irrigation district, port district, electric cooperative, or

1 municipal electric utility that is engaged in the business of  
2 distributing electricity to retail electric customers in the state.

3 (6) "Irrigation district" means an irrigation district under  
4 chapter 87.03 RCW.

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

9 (8) "Municipal electric utility" means a city or town that owns or  
10 operates an electric utility authorized by chapter 35.92 RCW.

11 (9) "Net metering" means measuring the difference between the  
12 electricity supplied by an electric utility and the electricity  
13 generated by a customer-generator over the applicable billing period.

14 (10) "Net metering system" means a fuel cell, a facility that  
15 produces electricity and used and useful thermal energy from a common  
16 fuel source, or a facility for the production of electrical energy that  
17 generates renewable energy, and that:

18 (a) Has an electrical generating capacity of not more than one  
19 hundred ninety-nine kilowatts;

20 (b) Has an electrical generating capacity of not more than one  
21 hundred ninety-nine kilowatts when used by a customer-generator for  
22 meter aggregation;

23 (c) Is located on the customer-generator's premises;

24 ~~((c))~~ (d) Operates in parallel with the electric utility's  
25 transmission and distribution facilities; and

26 ~~((d))~~ (e) Is intended primarily to offset part or all of the  
27 customer-generator's requirements for electricity.

28 (11) "Premises" means any residential property, commercial real  
29 estate, or lands, owned or leased by a customer-generator within the  
30 service area of a single electric utility.

31 (12) "Port district" means a port district within which an  
32 industrial development district has been established as authorized by  
33 Title 53 RCW.

34 (13) "Public utility district" means a district authorized by  
35 chapter 54.04 RCW.

36 (14) "Renewable energy" means energy generated by a facility that  
37 uses water, wind, solar energy, or biogas from animal waste as a fuel.

1       (15) "Third-party owner" means an entity that owns a net metering  
2 system located on the premises of a customer-generator and has entered  
3 into a contract with the customer-generator for provision of power from  
4 the net metering system. A third-party owner may not resell the  
5 electricity produced from the net metering system.

6       **Sec. 2.** RCW 80.60.020 and 2007 c 323 s 2 are each amended to read  
7 as follows:

8       (1) An electric utility:

9       (a) Shall offer to make net metering available to eligible  
10 customers-generators on a first-come, first-served basis until the  
11 cumulative generating capacity of net metering systems equals 0.25  
12 percent of the utility's peak demand during 1996. On (~~January 1,~~  
13 ~~2014~~) the effective date of this section, the cumulative generating  
14 capacity available to net metering systems will equal 0.5 percent of  
15 the utility's peak demand during 1996. Not less than one-half of the  
16 utility's 1996 peak demand available for net metering systems shall be  
17 reserved for the cumulative generating capacity attributable to net  
18 metering systems that generate renewable energy;

19       (b) Shall allow net metering systems to be interconnected using a  
20 standard kilowatt-hour meter capable of registering the flow of  
21 electricity in two directions, unless the commission, in the case of an  
22 electrical company, or the appropriate governing body, in the case of  
23 other electric utilities, determines, after appropriate notice and  
24 opportunity for comment:

25       (i) That the use of additional metering equipment to monitor the  
26 flow of electricity in each direction is necessary and appropriate for  
27 the interconnection of net metering systems, after taking into account  
28 the benefits and costs of purchasing and installing additional metering  
29 equipment; and

30       (ii) How the cost of purchasing and installing an additional meter  
31 is to be allocated between the customer-generator and the utility;

32       (c) Shall charge the customer-generator a minimum monthly fee that  
33 is the same as other customers of the electric utility in the same rate  
34 class, but shall not charge the customer-generator any additional  
35 standby, capacity, interconnection, or other fee or charge unless the  
36 commission, in the case of an electrical company, or the appropriate

1 governing body, in the case of other electric utilities, determines,  
2 after appropriate notice and opportunity for comment that:

3 (i) The electric utility will incur direct costs associated with  
4 interconnecting or administering net metering systems that exceed any  
5 offsetting benefits associated with these systems; and

6 (ii) Public policy is best served by imposing these costs on the  
7 customer-generator rather than allocating these costs among the  
8 utility's entire customer base.

9 (2) If a production meter and software is required by the electric  
10 utility to provide meter aggregation under RCW 80.60.030(4), the  
11 customer-generator is responsible for the purchase of the production  
12 meter and software.

13 **Sec. 3.** RCW 80.60.030 and 2007 c 323 s 3 are each amended to read  
14 as follows:

15 Consistent with the other provisions of this chapter, the net  
16 energy measurement must be calculated in the following manner:

17 (1) The electric utility shall measure the net electricity produced  
18 or consumed during the billing period, in accordance with normal  
19 metering practices.

20 (2) If the electricity supplied by the electric utility exceeds the  
21 electricity generated by the customer-generator and fed back to the  
22 electric utility during the billing period, the customer-generator  
23 shall be billed for the net electricity supplied by the electric  
24 utility, in accordance with normal metering practices.

25 (3) If electricity generated by the customer-generator exceeds the  
26 electricity supplied by the electric utility, the customer-generator:

27 (a) Shall be billed for the appropriate customer charges for that  
28 billing period, in accordance with RCW 80.60.020; and

29 (b) Shall be credited for the excess kilowatt-hours generated  
30 during the billing period, with this kilowatt-hour credit appearing on  
31 the bill for the following billing period.

32 (4) If a customer-generator requests, an electric utility shall  
33 provide meter aggregation.

34 (a) For a customer-generator(~~s~~) participating in meter  
35 aggregation, kilowatt-hour(~~s~~) credits earned by a net metering system  
36 during the billing period first shall be used to offset electricity  
37 supplied by the electric utility.

1           (b) ~~((Not more than a total of))~~ A net metering system of not more  
2 than one hundred ninety-nine kilowatts shall be aggregated among all  
3 the meters of a customer-generator((s)) participating in ((a generating  
4 facility)) meter aggregation under this subsection.

5           (c) Excess kilowatt-hour((s)) credits earned by the net metering  
6 system, during the same billing period, shall be credited equally by  
7 the electric utility to remaining meters located on all premises of a  
8 customer-generator at the designated rate of each meter.

9           (d) Meters so aggregated shall not change rate classes due to meter  
10 aggregation under this section.

11           (5) On August 31st of each calendar year for hydroelectric power  
12 and on April 30th of each calendar year for all other technologies, any  
13 remaining unused kilowatt-hour credit accumulated during the previous  
14 year shall be granted to the electric utility, without any compensation  
15 to the customer-generator.

16           (6) If a customer-generator has entered into a contract with a  
17 third-party owner for the provision of power from a net metering  
18 system, the electric utility maintains the net metering relationship  
19 with the customer generator.

20           (7) If an electrical company submits a request to the commission or  
21 an electric utility that is not an electrical company submits a request  
22 to its governing board seeking to recover costs as a result of net  
23 metered systems, the commission or the governing board must examine  
24 both the system-wide costs and system-wide benefits of net metered  
25 systems in order to ensure that these costs and benefits are equitably  
26 distributed to customer-generators and ratepayers, while maintaining  
27 the value of net metering to the participating customer-generator.

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