

HOUSE BILL REPORT

HB 2510

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to net metering.

Brief Description: Concerning net metering.

Sponsors: Representatives Morris, Hudgins and Santos.

Brief History:

Committee Activity:

Technology & Economic Development: 1/16/18, 1/25/18 [DPS].

Brief Summary of Substitute Bill

- Increases the maximum capacity of systems eligible for net metering to 1,000 kilowatts.
- Requires an electric utility to offer to make net metering available to eligible customer-generators until the cumulative generating capacity of net metering systems equals 2.5 percent of the utility's peak demand during 1996.
- Requires an electric utility that reaches its cumulative net metering generating capacity threshold to first engage in a distributed energy resources planning process that accomplishes certain goals before offering an alternative to net metering.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; DeBolt, Assistant Ranking Minority Member; Doglio, Fey, Harmsworth, Hudgins, Santos, Slatter and Wylie.

Minority Report: Do not pass. Signed by 5 members: Representatives Smith, Ranking Minority Member; Manweller, McDonald, Nealey and Steele.

Minority Report: Without recommendation. Signed by 1 member: Representative Young.

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.

Staff: Nikkole Hughes (786-7156).

Background:

Net Metering.

An electric 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 0.5 percent of the utility's peak demand during 1996. Not less than one-half of the utility's 1996 peak demand available for net metering systems must be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy.

"Net metering system" means a fuel cell, a combined heat and power facility, or a renewable energy generation facility that:

- has an electrical generating capacity of not more than 100 kilowatts;
- is located on the customer-generator's premises;
- operates in parallel with the electric utility's transmission and distribution facilities; and
- is intended primarily to offset part or all of the customer-generator's requirements for electricity.

Distributed Energy Resources Planning.

The 2017-2018 Operating Budget directed the Utilities and Transportation Commission (UTC) to, by December 31, 2017, report findings and recommendations to the energy committees of the Legislature on best practices and policies for electric utilities to develop distributed energy resources plans. The UTC was required to include in its report a review of policies and practices for distributed energy resources planning in other states, an inventory of current utility distribution planning practices and capabilities in Washington, and recommendations for using distributed energy resources planning to inform utility Integrated Resource Plans.

In its 2017 report to the Legislature, the UTC recommended that any distributed energy resources planning policies adopted by the Legislature be broad and flexible, and suggested 10 best practices for distributed energy resources planning.

Summary of Substitute Bill:

An electric 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 2.5 percent of the utility's peak demand during 1996.

In order to offer an alternative to net metering, an electric utility that reaches its cumulative generating capacity threshold must first engage in a distributed energy resources planning process that accomplishes certain goals, including:

- identifying the data gaps that impede a robust planning process as well as any upgrades needed to obtain data that would allow the electric utility to quantify the locational and temporal value of resources on the distribution system;
- identifying potential programs and tariffs to fairly compensate customers for the value of their distributed energy resources; and
- providing, at a minimum, a 10-year plan for distribution system investments and an analysis of nonwires alternatives for major investments.

A net metering system must have an electrical generating capacity of not more than 1,000 kilowatts and must be sized no greater than the capacity required to meet 100 percent of the customer-generator's total electricity consumption during the previous year.

Substitute Bill Compared to Original Bill:

The substitute bill:

- requires that net metering systems be sized no greater than the capacity required to meet 100 percent of the customer-generator's total electricity consumption during the previous year;
- requires an electric utility to offer to make net metering available to eligible customer-generators until the cumulative generating capacity of net metering systems equals 2.5 percent of the utility's peak demand during 1996;
- requires an electric utility that reaches its cumulative net metering generating capacity threshold to first engage in a distributed energy resources planning process that accomplishes certain goals before offering an alternative to net metering; and
- removes the provision authorizing the Department of Commerce and the Washington State University Extension Energy Program to coordinate to provide technical assistance to small utilities for the purpose of implementing net metering.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Washington has one of the lowest net metering thresholds in the country. Changing the threshold will allow for continued growth in solar energy in the state. The inclusion of distributed energy resources planning goals in the net metering statute will allow electric utilities to measure actual values for net metering systems in order to achieve a greater system benefit, rather than simply an individual benefit.

(Opposed) The net metering requirement under current law is burdensome to utility customers of the Bonneville Power Administration. Increasing the maximum size of net metering systems would only add to that burden. Connecting a distributed generation system

of 1 megawatt in size would pose a significant cost to utilities. There is a concern about the cost shift to other customers that this bill may cause.

(Other) Net metering has been an important part of the value proposition for solar energy systems in the state. Increasing the size cap may result in more anaerobic digesters to qualify for net metering. As electric utilities make the transition toward distributed energy resources planning, the industry should continue to make room for additional growth in net metering systems. The bill authorizes the Department of Commerce to provide technical assistance to small utilities to implement net metering, but it does not explain what that assistance would entail.

Persons Testifying: (In support) Representative Morris, prime sponsor; Joni Bosh, Northwest Energy Coalition; and Jaimes Valdez, Spark Northwest.

(Opposed) Kent Lopez, Washington Rural Electric Cooperative Association; and Nicolas Garcia, Washington Public Utility Districts Association.

(Other) Allison Arnold, Solar Installers of Washington; Jasmine Vasavada, Department of Commerce; and Vlad Gutman-Britten, Climate Solutions.

Persons Signed In To Testify But Not Testifying: None.