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**SUBSTITUTE HOUSE BILL 2510**

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**State of Washington**

**65th Legislature**

**2018 Regular Session**

**By** House Technology & Economic Development (originally sponsored by Representatives Morris, Hudgins, and Santos)

READ FIRST TIME 01/30/18.

1 AN ACT Relating to net metering; and amending RCW 80.60.010,  
2 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  
5 read 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  
9 commission.

10 (2) "Customer-generator" means a user of a net metering system.

11 (3) "Electrical company" means a company owned by investors that  
12 meets the definition of RCW 80.04.010.

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

15 (5) "Electric utility" means any electrical company, public  
16 utility district, irrigation district, port district, electric  
17 cooperative, or municipal electric utility that is engaged in the  
18 business of distributing electricity to retail electric customers in  
19 the state.

20 (6) "Irrigation district" means an irrigation district under  
21 chapter 87.03 RCW.

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

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

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

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

14 (a) Has an electrical generating capacity of not more than one  
15 (~~hundred~~) thousand kilowatts and is sized no greater than the  
16 capacity required to meet one hundred percent of the customer-  
17 generator's total electricity consumption during the previous year;

18 (b) Is located on the customer-generator's premises;

19 (c) Operates in parallel with the electric utility's transmission  
20 and distribution facilities; and

21 (d) Is intended primarily to offset part or all of the customer-  
22 generator's requirements for electricity.

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

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

29 (13) "Public utility district" means a district authorized by  
30 chapter 54.04 RCW.

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

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

36 (1) An electric utility:

37 (a) Shall offer to make net metering available to eligible  
38 customers-generators on a first-come, first-served basis until the  
39 cumulative generating capacity of net metering systems equals

1 ((0.25)) 2.5 percent of the utility's peak demand during 1996. ((On  
2 January 1, 2014, the cumulative generating capacity available to net  
3 metering systems will equal 0.5 percent of the utility's peak demand  
4 during 1996.)) Not less than one-half of the utility's 1996 peak  
5 demand available for net metering systems shall be reserved for the  
6 cumulative generating capacity attributable to net metering systems  
7 that generate renewable energy;

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

14 (i) That the use of additional metering equipment to monitor the  
15 flow of electricity in each direction is necessary and appropriate  
16 for the interconnection of net metering systems, after taking into  
17 account the benefits and costs of purchasing and installing  
18 additional metering equipment; and

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

22 (c) Shall charge the customer-generator a minimum monthly fee  
23 that is the same as other customers of the electric utility in the  
24 same rate class, but shall not charge the customer-generator any  
25 additional standby, capacity, interconnection, or other fee or charge  
26 unless the commission, in the case of an electrical company, or the  
27 appropriate governing body, in the case of other electric utilities,  
28 determines, after appropriate notice and opportunity for comment  
29 that:

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

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

36 (2) In order to offer an alternative to net metering under this  
37 chapter, an electric utility that reaches the cumulative generating  
38 capacity threshold specified under subsection (1)(a) of this section  
39 must first engage in a distributed energy resources planning process  
40 that accomplishes the following:

1 (a) Identifies the data gaps that impede a robust planning  
2 process as well as any upgrades, such as but not limited to advanced  
3 metering and grid monitoring equipment, needed to obtain data that  
4 would allow the electric utility to quantify the locational and  
5 temporal value of resources on the distribution system;

6 (b) Proposes monitoring and metering upgrades that are supported  
7 by a business case identifying how those upgrades will be leveraged  
8 to provide net benefits for customers;

9 (c) Identifies potential programs and tariffs to fairly  
10 compensate customers for the value of their distributed energy  
11 resources, which may both produce and consume electricity and  
12 capacity from the distribution system individually or in groups, and  
13 ensure their optimal usage, including programs targeted at low-income  
14 customers;

15 (d) Forecasts, using probabilistic models, the growth of  
16 distributed energy resources on the utility's distribution system;

17 (e) Provides, at a minimum, a ten-year plan for distribution  
18 system investments and an analysis of nonwires alternatives for major  
19 investments. This plan should include a process whereby near-term  
20 assumptions regularly inform and adjust the long-term projections of  
21 the plan. The goal of the plan should be to provide the most  
22 affordable investments for all customers and avoid reactive  
23 expenditures to accommodate unanticipated growth in distributed  
24 energy resources. An analysis that fairly considers wire-based and  
25 nonwires alternatives on equal terms is foundational to achieving  
26 this goal. The electric utility should be indifferent to the  
27 technology that is used to meet a particular resource need. The  
28 distribution system investment planning process should utilize a  
29 transparent approach that involves opportunities for stakeholder  
30 input and feedback;

31 (f) Competitively procures the distributed energy resources needs  
32 identified in the plan through detailed requests for proposals that  
33 identify the specific needs at each identified location. Competitive  
34 procurements that are tailored to solve specific needs, rather than  
35 to procure a specific resource, increase an electric utility's  
36 ability to identify the lowest cost, most efficient means of meeting  
37 distribution system needs. If the projected cost of a procurement is  
38 more than the calculated system net benefit, the electric utility  
39 should then establish a pilot process that mimics the efficiencies of  
40 a competitive procurement;

1 (g) Includes the distributed energy resources identified in the  
2 plan in the electric utility's integrated resource plan developed  
3 under this chapter. Distribution system plans should be used as  
4 inputs to the integrated resource planning process. Distributed  
5 energy resources may be used to meet system needs when they are not  
6 needed to meet a local distribution need. Including select  
7 distributed energy resources in the integrated resource planning  
8 process allows those resources to displace or delay system resources  
9 in the integrated resource plan;

10 (h) Includes a high level discussion of how the electric utility  
11 is adapting cybersecurity and data privacy practices to the changing  
12 distribution system and the internet of things, including an  
13 assessment of the costs associated with ensuring customer privacy;  
14 and

15 (i) Includes a discussion of lessons learned from the planning  
16 cycle and identify process and data improvements planned for the next  
17 cycle.

18 (3) If a production meter and software is required by the  
19 electric utility to provide meter aggregation under RCW 80.60.030(4),  
20 the customer-generator is responsible for the purchase of the  
21 production meter and software.

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

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

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

29 (2) If the electricity supplied by the electric utility exceeds  
30 the electricity generated by the customer-generator and fed back to  
31 the electric utility during the billing period, the customer-  
32 generator shall be billed for the net electricity supplied by the  
33 electric utility, in accordance with normal metering practices.

34 (3) If electricity generated by the customer-generator exceeds  
35 the electricity supplied by the electric utility, the customer-  
36 generator:

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

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

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

6 (a) For customer-generators participating in meter aggregation,  
7 kilowatt-hours credits earned by a net metering system during the  
8 billing period first shall be used to offset electricity supplied by  
9 the electric utility.

10 (b) Not more than a total of one (~~hundred~~) thousand kilowatts  
11 shall be aggregated among all customer-generators participating in a  
12 generating facility under this subsection.

13 (c) Excess kilowatt-hours credits earned by the net metering  
14 system, during the same billing period, shall be credited equally by  
15 the electric utility to remaining meters located on all premises of a  
16 customer-generator at the designated rate of each meter.

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

19 (5) On April 30th of each calendar year, any remaining unused  
20 kilowatt-hour credit accumulated during the previous year shall be  
21 granted to the electric utility, without any compensation to the  
22 customer-generator.

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