

SENATE BILL REPORT

SB 5118

As Reported by Senate Committee On:
Environment, Energy & Technology, January 24, 2019

Title: An act relating to the right to consume self-generated electricity.

Brief Description: Concerning the right to consume self-generated electricity.

Sponsors: Senators Palumbo, Rolfes, Carlyle, Mullet and Frockt.

Brief History:

Committee Activity: Environment, Energy & Technology: 1/16/19, 1/24/19 [DP, DNP, w/oRec].

Brief Summary of Bill

- Prohibits an electric utility from establishing compensation arrangements or interconnection requirements, other than net metering, that would have the effect of limiting a customer's ability to consume the electricity it self-generates or stores on its premises.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass.

Signed by Senators Carlyle, Chair; Palumbo, Vice Chair; Billig, Das, Hobbs, Lias, McCoy, Nguyen and Wellman.

Minority Report: Do not pass.

Signed by Senators Ericksen, Ranking Member; Sheldon, Assistant Ranking Member, Energy & Technology; Brown.

Minority Report: That it be referred without recommendation.

Signed by Senators Fortunato, Assistant Ranking Member, Environment; Short.

Staff: Kimberly Cushing (786-7421)

Background: Various metering and billing arrangements exist as compensation mechanisms for grid-connected, behind-the-meter distributed generation (DG) systems.

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.

Net Metering. Net metering allows electricity customers to offset their consumption of purchased electricity with electricity generated by their own small-scale, renewable energy systems.

Under current law in Washington, net-metered electricity is valued at the utility's retail rate. A net-metering system must be located on a customer's premises and must generate no more than 100 kilowatt (kW) using cogeneration, fuel cells, water, wind, solar energy, or biogas.

Electric utilities 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.

Buy All, Sell All. A buy-all, sell-all arrangement offers a standard sell rate to a DG system owner for all of the electricity they generate. Unlike net metering, these electricity customers do not physically consume the electricity their renewable energy systems produce. A renewable energy system exports all electricity to the utility grid and the system owner is compensated at a predetermined and typically fixed sell rate.

Summary of Bill: An electric utility may not establish compensation arrangements or interconnection requirements, other than net metering, that would have the effect of limiting a customer's ability to consume the electricity it self-generates or stores on its premises.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill establishes a right to create and store all energy on your premises. Ninety percent of utility owners live in service areas of utilities that hit the threshold. Washington has the most restrictive net metering law. Four utilities that have abandoned net metering. Utilities want clarification. Solar customers are all over the map and stimulate economic growth in the state. Net metering allows the average person to make their own clean energy. Customers pay a basic charge for having utility connection and should not be penalized for not using any electricity.

CON: Overall state policies are in a period of transition with many states considering other options, such as net billing to address cost shifts from high value homes to low-value homes. Hold off on section one of the bill. We support making recommendations on best and fairest way to move forward.

OTHER: This is a timely discussion because there is a lot of development in self-generation with customers taking advantage of tax incentives. Net metering shifts costs from more affluent customers to other rate payers. Avista is approaching cap and wants to establish the appropriate mechanism.

Persons Testifying: PRO: Senator Guy Palumbo, Prime Sponsor; Jeremy Smithson, CEO, Puget Sound Solar; Allison Arnold, Solar Installers of Washington.

CON: Nicolas Garcia, WPUDA.

OTHER: John Rothlin, Avista.

Persons Signed In To Testify But Not Testifying: No one.