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HOUSE BILL 1129

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State of Washington

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By Representatives Morris and Ryu

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1 AN ACT Relating to customer-sited electricity generation; and  
2 amending RCW 80.60.010, 80.60.020, 80.60.030, 80.60.040, and  
3 82.16.090.

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

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

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

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

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

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

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

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

1 (6) "Irrigation district" means an irrigation district under  
2 chapter 87.03 RCW.

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

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

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

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

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

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 (15) "Large net metering system" means a fuel cell, a facility  
35 that produces electricity and used and useful thermal energy from a  
36 common fuel source, or a facility for the production of electrical  
37 energy that generates renewable energy, and that:

38 (a) Has an electrical generating capacity greater than one  
39 hundred ninety-nine kilowatts;

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

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

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

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

7 (1) An electric utility:

8 (a) Shall, except as otherwise provided in subsection (3) of this  
9 section, offer to make net metering available to eligible customers-  
10 generators with small net metering systems on a first-come, first-  
11 served basis until the cumulative generating capacity of small net  
12 metering systems equals ~~((0.25))~~ four percent of the utility's peak  
13 demand during 1996. ~~((On January 1, 2014, 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  
16 the utility's 1996 peak demand available for small net metering  
17 systems shall be reserved for the cumulative generating capacity  
18 attributable to net metering systems that generate renewable energy  
19 for residential ratepayers;

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

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

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

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

1 determines, after appropriate notice and opportunity for comment  
2 that:

3 (i) The electric utility will incur direct costs associated with  
4 interconnecting or administering small net metering systems that  
5 exceed any 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~~  
10 ~~electric utility to provide meter aggregation under RCW 80.60.030(4),~~  
11 ~~the customer-generator is responsible for the purchase of the~~  
12 ~~production meter and software))~~ An electric utility may offer to make  
13 net metering available to eligible customer-generators with large net  
14 metering systems. If the electric utility chooses to make net  
15 metering available to eligible customer-generators with large net  
16 metering systems, the electric utility shall:

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

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

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

31 (b) Charge the customer-generator a minimum monthly fee that is  
32 the same as other customers of the electric utility in the same rate  
33 class, but shall not charge the customer-generator any additional  
34 standby, capacity, interconnection, or other fee or charge unless the  
35 commission, in the case of an electrical company, or the appropriate  
36 governing body, in the case of other electric utilities, determines,  
37 after appropriate notice and opportunity for comment that:

38 (i) The electric utility will incur direct costs associated with  
39 interconnecting or administering large net metering systems that  
40 exceed any offsetting benefits associated with these systems; and

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

4 (3)(a) An electric utility may offer an alternative to net  
5 metering for customer-generators with small net metering systems in  
6 all or certain increments of the utility's distribution system  
7 beginning January 1, 2022, or after such a date as the cumulative  
8 generating capacity of small net metering systems equals or exceeds  
9 two percent of the utility's peak demand during 1996, whichever  
10 occurs first.

11 (b) In order to offer an alternative to net metering under this  
12 subsection, the electric utility must first engage in a distributed  
13 energy resources planning process, for all or certain increments of  
14 the utility's distribution system, that accomplishes the objectives  
15 for distributed energy resources planning processes established under  
16 chapter . . . (House Bill No. . . .), Laws of 2019. If chapter . . .  
17 (House Bill No. . . .), Laws of 2019, does not become law by June 30,  
18 2019, the process must accomplish the goals for distributed energy  
19 resources planning recommended in the report published on December  
20 31, 2017, by the commission on current practices in distributed  
21 energy resources planning.

22 (c) An electric utility must continue to offer net metering, in  
23 accordance with the requirements of this chapter, to a customer-  
24 generator with a small net metering system that is interconnected as  
25 of the effective date of this section. The electric utility may offer  
26 an alternative to net metering under this subsection if the property  
27 on which an existing small net metering system is located is sold or  
28 if the financial responsibility for the electric meter is transferred  
29 to a new customer.

30 (4) An electric utility may offer an alternative to net metering  
31 to customer-generators with large net metering systems in all or  
32 certain increments of the utility's distribution system in accordance  
33 with the distributed energy resources planning requirements  
34 established under subsection (3)(b) of this section.

35 (5) Beginning January 1, 2020, each electric utility must provide  
36 to the department of commerce and update semiannually a net metering  
37 report containing the following:

38 (a) The utility's 1996 peak demand and remaining capacity, if  
39 any, available to eligible customer-generators under the requirement  
40 established in subsection (1)(a) of this section;

1       (b) If the utility has exceeded the requirement established in  
2 subsection (1)(a) of this section, whether it is continuing to offer  
3 net metering to eligible customer-generators; and

4       (c) If the utility has exceeded the requirement established in  
5 subsection (1)(a) of this section and continues to offer net  
6 metering, whether it has established a new cumulative capacity  
7 allocation available to eligible customer-generators.

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

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

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

15       (2) If the electricity supplied by the electric utility exceeds  
16 the electricity generated by the customer-generator and fed back to  
17 the electric utility during the billing period, the customer-  
18 generator shall be billed for the net electricity supplied by the  
19 electric utility, in accordance with normal metering practices.

20       (3) If electricity generated by the customer-generator exceeds  
21 the electricity supplied by the electric utility, the customer-  
22 generator:

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

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

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

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

34       (b) Not more than a total of one hundred kilowatts shall be  
35 aggregated among all customer-generators participating in a  
36 generating facility under this subsection.

37       (c) Excess kilowatt-hours credits earned by the net metering  
38 system, during the same billing period, shall be credited equally by

1 the electric utility to remaining meters located on all premises of a  
2 customer-generator at the designated rate of each meter.

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

5 (5) ~~((a))~~ If a production meter and software is required by the  
6 electric utility to provide meter aggregation under subsection (4) of  
7 this section, the customer-generator is responsible for the purchase  
8 of the production meter and software.

9 (6) By April 30th of each calendar year, any remaining unused  
10 kilowatt-hour credit accumulated during the previous ~~((year))~~ twelve-  
11 month period shall be granted to the electric utility, without any  
12 compensation to the customer-generator. An electric utility may use  
13 any net metering credits granted under this subsection to assist  
14 qualified low-income residential customers of the electric utility in  
15 paying their electricity bills, if doing so is found to be cost-  
16 effective and feasible.

17 **Sec. 4.** RCW 80.60.040 and 2006 c 201 s 4 are each amended to  
18 read as follows:

19 (1) A large or small net metering system used by a customer-  
20 generator shall include, at the customer-generator's own expense, all  
21 equipment necessary to meet applicable safety, power quality, and  
22 interconnection requirements established by the national electrical  
23 code, national electrical safety code, the institute of electrical  
24 and electronics engineers, and underwriters laboratories.

25 (2) The commission, in the case of an electrical company, or the  
26 appropriate governing body, in the case of other electric utilities,  
27 after appropriate notice and opportunity for comment, may adopt by  
28 regulation additional safety, power quality, and interconnection  
29 requirements for customer-generators, including limitations on the  
30 number of customer-generators and total capacity of large or small  
31 net metering systems that may be interconnected to any distribution  
32 feeder line, circuit, or network that the commission or governing  
33 body determines are necessary to protect public safety and system  
34 reliability.

35 (3) An electric utility may not require a customer-generator  
36 whose large or small net metering system meets the standards in  
37 subsections (1) and (2) of this section to comply with additional  
38 safety or performance standards, perform or pay for additional tests,  
39 or purchase additional liability insurance. However, an electric

1 utility shall not be liable directly or indirectly for permitting or  
2 continuing to allow an attachment of a large or small net metering  
3 system, or for the acts or omissions of the customer-generator that  
4 cause loss or injury, including death, to any third party.

5 **Sec. 5.** RCW 82.16.090 and 1988 c 228 s 1 are each amended to  
6 read as follows:

7 Any customer billing issued by a light or power business or gas  
8 distribution business that serves a total of more than twenty  
9 thousand customers and operates within the state shall include the  
10 following information:

11 (1) The rates and amounts of taxes paid directly by the customer  
12 upon products or services rendered by the light and power business or  
13 gas distribution business; (~~and~~)

14 (2) The rate, origin, and approximate amount of each tax levied  
15 upon the revenue of the light and power business or gas distribution  
16 business and added as a component of the amount charged to the  
17 customer. Taxes based upon revenue of the light and power business or  
18 gas distribution business to be listed on the customer billing need  
19 not include taxes levied by the federal government or taxes levied  
20 under chapters 54.28, 80.24, or 82.04 RCW; and

21 (3) The total amount of kilowatt-hours of electricity consumed  
22 for the most recent twelve-month period.

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