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**SUBSTITUTE HOUSE BILL 1049**

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**State of Washington                      62nd Legislature                      2011 Regular Session**

**By** House Technology, Energy & Communications (originally sponsored by Representatives McCoy, Frockt, Morris, and Moeller)

READ FIRST TIME 02/17/11.

1            AN ACT Relating to net metering of electricity; amending RCW  
2 80.60.010, 80.60.020, and 80.60.030; adding a new section to chapter  
3 80.60 RCW; and providing an effective date.

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 read  
6 as follows:

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

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

10           (2) "Customer-generator" means either: (a) A user of a net  
11 metering system located on the premises of a customer-generator; or (b)  
12 a customer of an electric utility with an assigned fraction of a  
13 community net metering system.

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

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

18           (5) "Electric utility" means any electrical company, public utility

1 district, irrigation district, port district, electric cooperative, or  
2 municipal electric utility that is engaged in the business of  
3 distributing electricity to retail electric customers in the state.

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

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

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

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

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

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

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

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

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

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

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

32 (13) "Public utility district" means a district authorized by  
33 chapter 54.04 RCW.

34 (14) "Renewable energy" means (~~energy generated by a facility that~~  
35 ~~uses water, wind, solar energy, or biogas from animal waste as a fuel~~)  
36 electrical energy derived from a "renewable resource" as defined in RCW  
37 19.285.030.

1       (15) "Community net metering" means measuring the difference  
2 between the electricity supplied by an electric utility and that  
3 generated by a customer-generator's assigned fraction over the  
4 applicable billing period.

5       (16) "Community net metering aggregator" means an entity that:

6       (a) Is responsible for professionally managing the community net  
7 metering system for the life of the project;

8       (b) Acts as the sole point of contact with the electric utility,  
9 responsible for maintaining and communicating to the electric utility  
10 a list of assigned fractions and an operating fraction of the  
11 electrical output of a net metering system; and

12       (c) Registers the net metering system with the western renewable  
13 energy generation information system and accounts for all renewable  
14 energy credit transactions on that system.

15       (17) "Assigned fraction" means the percentage of all kilowatt-hours  
16 generated by a net metering system as contracted for by a  
17 customer-generator with a community net metering aggregator.

18       (18) "Operating fraction" means the percentage of all kilowatt-  
19 hours generated by a net metering system that is:

20       (a) Specified by the community net metering aggregator;

21       (b) Not assigned to a customer-generator for community net  
22 metering; and

23       (c) Sold by the community net metering aggregator to the electric  
24 utility under terms as determined through negotiations between the  
25 community net metering aggregator and the electric utility.

26       (19) "Distribution system" means all of the distribution lines,  
27 substations, switches, and other distribution hardware contiguously  
28 connected at voltages below ninety kilovolts that are:

29       (a) Owned and operated by a single utility; or

30       (b) Owned and operated by two or more utilities with adjoining  
31 distribution systems agreeing to combine their distribution systems for  
32 the purpose of virtual net metering.

33       (20) "Full requirements customer" has the same meaning as defined  
34 in RCW 19.280.020.

35       (21) "Aggregate assigned fraction" means the total percentage of  
36 the output of a net metering system assigned to customer-generators for  
37 community net metering. The sum of the aggregate assigned fraction and  
38 the operating fraction must equal one hundred percent.

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

3       (1) An electric utility:

4       (a) (~~Shall~~) Must offer to make net metering and community net  
5 metering available to eligible customers-generators on a first-come,  
6 first-served basis until the cumulative generating capacity of net  
7 metering systems equals 0.25 percent of the utility's peak demand  
8 during 1996. On January 1, 2014, the cumulative generating capacity  
9 available to net metering systems will equal 0.5 percent of the  
10 utility's peak demand during 1996. Not less than one-half of the  
11 utility's 1996 peak demand available for net metering systems (~~shall~~)  
12 may be reserved for the cumulative generating capacity attributable to  
13 net metering systems that generate renewable energy;

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

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

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

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

35       (i) The electric utility will incur direct costs associated with  
36 interconnecting or administering net metering systems that exceed any  
37 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 (d) May require customer-generators participating in meter  
5 aggregation or community net metering to have their meters read on the  
6 same billing cycle.

7 (2)(a) If a production meter (~~and~~), software, associated  
8 interconnection equipment, or distribution system upgrade is required  
9 by the electric utility to provide meter aggregation under RCW  
10 80.60.030(4), or to provide net metering of systems larger than one  
11 hundred ninety-nine kilowatts, the customer-generator is responsible  
12 for the purchase of the production meter (~~and~~), software, associated  
13 interconnection equipment, and distribution system upgrade.

14 (b) If any requirements to provide meter aggregation in addition to  
15 the requirements of (a) of this subsection are imposed by the  
16 Bonneville power administration, the customer-generator is responsible  
17 for any such requirements.

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

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

22 (1) The electric utility (~~shall~~) must measure the net electricity  
23 produced or consumed during the billing period, in accordance with  
24 normal metering practices.

25 (2) If the electricity supplied by the electric utility exceeds the  
26 electricity generated by the customer-generator and fed back to the  
27 electric utility during the billing period, the customer-generator  
28 (~~shall~~) must be billed for the net electricity supplied by the  
29 electric utility, in accordance with normal metering practices.

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

32 (a) (~~Shall~~) Must be billed for the appropriate customer charges  
33 for that billing period, in accordance with RCW 80.60.020; and

34 (b) (~~Shall~~) Must be credited for the excess kilowatt-hours  
35 generated during the billing period, with this kilowatt-hour credit  
36 appearing on the bill for the following billing period.

1 (4) If a customer-generator requests, an electric utility (~~shall~~)  
2 must provide meter aggregation.

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

7 (b) Not more than a total of (~~one hundred kilowatts shall~~) five  
8 megawatts may be aggregated among all customer-generators participating  
9 in a (~~generating facility~~) net metering system under this subsection.

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

14 (d) Meters so aggregated (~~shall~~) may not change rate classes due  
15 to meter aggregation under this section.

16 (5) On April 30th of each calendar year, any remaining unused  
17 kilowatt-hour credit accumulated during the previous year (~~shall~~)  
18 must be granted to the electric utility, without any compensation to  
19 the customer-generator, unless the electric utility establishes:

20 (a) A date other than April 30th that is more appropriate for the  
21 seasonal output of a specific net metering system; or

22 (b) A program for rolling over all or part of a  
23 customer-generator's kilowatt-hour credit to the subsequent year.

24 (6) All renewable energy credits produced as a result of the  
25 generation of electricity from a net metering system are the property  
26 of the electric utility.

27 NEW SECTION. Sec. 4. A new section is added to chapter 80.60 RCW  
28 to read as follows:

29 (1) For community net metering, kilowatt-hour credits generated by  
30 the net metering system, during the same billing period must be  
31 credited to participating customer-generators in proportion to each  
32 customer-generator's assigned fraction.

33 (2) On April 30th of each calendar year, any remaining unused  
34 kilowatt-hour credit accumulated by a customer-generator during the  
35 previous year must be granted to the electric utility, without any  
36 compensation to the customer-generator, unless:

1 (a) The utility establishes a date other than April 30th that is  
2 more appropriate for the seasonal output of a specific net metering  
3 system; or

4 (b) The utility establishes a program for rolling over all or part  
5 of a customer-generator's kilowatt-hour credit to the subsequent year.

6 (3)(a) If a production meter, project specific software, associated  
7 interconnection equipment, or distribution system upgrade is required  
8 by the electric utility to connect a community net metering system, the  
9 community net metering system aggregator is responsible for the  
10 purchase of the production meter, project specific software, associated  
11 interconnection equipment, or distribution system upgrade required. If  
12 an electric utility chooses to update its billing software to  
13 accommodate meter aggregation, the customer-generator of the connected  
14 community net metering system is not responsible for the costs of such  
15 billing software update.

16 (b) If any requirements to connect a community net metering system  
17 in addition to the requirements of (a) of this subsection are imposed  
18 by the Bonneville power administration, the community net metering  
19 system aggregator is responsible for any such requirements.

20 (4) A community net metering aggregator may choose to retain an  
21 operating fraction of the electrical output of a community net metering  
22 system and sell the electricity to the electric utility, under terms  
23 negotiated with the electric utility, in order to provide operating  
24 income to maintain the community net metering system.

25 (5) A net metering aggregator must submit an updated list of  
26 assigned fractions and operating fractions to the electric utility no  
27 more than once per quarter by a date determined by the electric  
28 utility. A net metering aggregator must provide information to the  
29 electric utility demonstrating that the sum of assigned fractions and  
30 operating fraction equals one hundred percent.

31 (6) A community net metering system may not have assigned fractions  
32 smaller than:

33 (a) One-tenth of one percent (1/1000) and on average produce no  
34 less than one thousand kilowatt-hours annually for utilities with more  
35 than twenty-five thousand ratepayers;

36 (b) One percent (1/100) and on average produce no less than two  
37 thousand kilowatt-hours annually for utilities with less than  
38 twenty-five thousand ratepayers; or

1 (c) A size limit set at an electric utility's discretion that is  
2 less than required of the electric utility under (a) and (b) of this  
3 subsection.

4 (7) All renewable energy credits generated by a community net  
5 metering system are the property of the electric utility.

6 (8) An electric utility must provide to prospective community net  
7 metering aggregators and customer-generators sufficient information to  
8 determine the boundaries of a distribution system.

9 (9) An electric utility may negotiate a power purchase agreement  
10 for an operating fraction with the community net metering aggregator of  
11 the community net metering system using rates, tariffs, contracts, and  
12 conditions as would otherwise apply to the utility buying power from a  
13 comparable renewable energy generator. An electric utility must treat  
14 an operating fraction in a similar manner as it would a qualifying  
15 small power production facility under 18 C.F.R. 292.204 of the federal  
16 regulations for the federal public utility regulatory policies act.

17 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2012.

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