
HOUSE BILL 1049

State of Washington

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By Representatives McCoy, Frockt, Morris, and Moeller

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1 AN ACT Relating to net metering of electricity; amending RCW
2 80.60.010, 80.60.020, and 80.60.030; and providing an effective date.

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 read
5 as follows:

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

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

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

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

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

17 (5) "Electric utility" means any electrical company, public utility
18 district, irrigation district, port district, electric cooperative, or

1 municipal electric utility that is engaged in the business of
2 distributing electricity to retail electric customers in the state.

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

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

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

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

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

18 (a)(i) For electric utilities that are not full requirements
19 customers, has an electrical generating capacity of not more than ((one
20 hundred kilowatts)) five megawatts; or

21 (ii) For electric utilities that are full requirements customers,
22 either: (A) Has an electrical generating capacity of no more than one
23 hundred ninety-nine kilowatts and is metered by one meter; or (B) has
24 an electrical generating capacity of up to five megawatts and is
25 metered by multiple meters with no meter measuring more than one
26 hundred ninety-nine kilowatts in electrical generating capacity;

27 (b) Is located on the customer-generator's premises or, for virtual
28 net metering, is located within the same electric distribution system
29 of the customer-generator;

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

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

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

37 (12) "Port district" means a port district within which an

1 industrial development district has been established as authorized by
2 Title 53 RCW.

3 (13) "Public utility district" means a district authorized by
4 chapter 54.04 RCW.

5 (14) "Renewable energy" means energy generated by a facility that
6 uses water, wind, solar energy, biomass, or biogas from animal waste as
7 a fuel.

8 (15) "Virtual net metering" means the administrative combination of
9 readings from the production meter from a single net metering system
10 and billing for multiple meters, regardless of class, from a group of
11 customer-generators according to an assigned fraction of that net
12 metering system for each customer-generator as contracted with a
13 virtual net metering aggregator. The net metering system and the group
14 of customer-generators must all be within the same electric
15 distribution system.

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

17 (a) Is responsible for professionally managing the net metering
18 system for the life of the project;

19 (b) Acts as the sole point of contact with the electric utility,
20 responsible for maintaining and communicating to the electric utility
21 a list of assigned fractions and operating fractions of the electrical
22 output of a net metering system; and

23 (c) Registers the net metering system with the western renewable
24 energy generation information system and accounts for all renewable
25 energy credit transactions on that system.

26 (17) "Assigned fraction" means the percentage of kilowatt-hours
27 generated by a net metering system deducted from the electrical
28 consumption of a customer-generator. Unless there is a voluntary
29 agreement for smaller fractions, an assigned fraction may not be
30 smaller than:

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

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

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

1 (a) Specified by the net metering aggregator;

2 (b) Not assigned to a customer-generator for virtual net metering;

3 and

4 (c) Sold by the virtual net metering aggregator to the utility at
5 the rates, terms, and conditions that would otherwise apply to a
6 renewable energy generation system of the same size as the net metering
7 system.

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

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

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

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

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

19 (1) An electric utility:

20 (a) Shall offer to make net metering available to eligible
21 customers-generators on a first-come, first-served basis until the
22 cumulative generating capacity of net metering systems equals 0.25
23 percent of the utility's peak demand during 1996. On January 1, 2014,
24 the cumulative generating capacity available to net metering systems
25 will equal 0.5 percent of the utility's peak demand during 1996. Not
26 less than one-half of the utility's 1996 peak demand available for net
27 metering systems shall be reserved for the cumulative generating
28 capacity attributable to net metering systems that generate renewable
29 energy;

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

36 (i) That the use of additional metering equipment to monitor the
37 flow of electricity in each direction is necessary and appropriate for

1 the interconnection of net metering systems, after taking into account
2 the benefits and costs of purchasing and installing additional metering
3 equipment; and

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

6 (c) Shall charge the customer-generator a minimum monthly fee that
7 is the same as other customers of the electric utility in the same rate
8 class, but shall not charge the customer-generator any additional
9 standby, capacity, interconnection, or other fee or charge unless the
10 commission, in the case of an electrical company, or the appropriate
11 governing body, in the case of other electric utilities, determines,
12 after appropriate notice and opportunity for comment that:

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

16 (ii) Public policy is best served by imposing these costs on the
17 customer-generator rather than allocating these costs among the
18 utility's entire customer base;

19 (d) Shall buy an operating fraction of the net metering aggregator
20 of the net metering system using rates, tariffs, contracts, and
21 conditions as would otherwise apply to the utility buying power from a
22 comparable renewable energy generator.

23 (2) If a production meter (~~and~~), software, and associated
24 interconnection equipment is required by the electric utility to
25 provide meter aggregation under RCW 80.60.030(4), (~~the~~)
26 customer-generators (~~is~~) are responsible for the purchase of the
27 production meter (~~and~~), software, and associated interconnection
28 equipment. If an electric utility chooses to update its billing
29 software to accommodate meter aggregation, the customer-generator may
30 not be required to purchase software.

31 (3) A net metering aggregator shall submit an updated list of
32 assigned fractions and operating fractions to the electric utility no
33 more than once per quarter on a date determined by the electric
34 utility. A net metering aggregator must provide information to the
35 electric utility demonstrating that the assigned fractions and
36 operating fractions equal one hundred percent.

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

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

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

8 (2) If the electricity supplied by the electric utility exceeds the
9 electricity generated by the customer-generator and fed back to the
10 electric utility during the billing period, the customer-generator
11 shall be billed for the net electricity supplied by the electric
12 utility, in accordance with normal metering practices.

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

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

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

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

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

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

30 (c) Excess kilowatt-hours credits earned by the net metering
31 system, during the same billing period, shall be either: (i) Credited
32 equally by the electric utility to remaining meters located on all
33 premises of a customer-generator at the designated rate of each meter;
34 or (ii) in the case of virtual net metering, credited by the virtual
35 net metering aggregator to remaining meters in proportion to the
36 contracted specified fraction for each customer-generator. An assigned
37 fraction shall be directly proportional to each meter's share of the

1 net consumption or generation at its rate class as related to the total
2 of all aggregated meters of a virtual net metering aggregator.

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

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

9 (6)(a) All renewable energy credits produced as a result of the
10 generation of electricity from a net metering system shall be the
11 property of the customer-generator.

12 (b) For renewable energy credits generated through virtual net
13 metering, an assigned fraction of the renewable energy credit shall be
14 assigned to the customer-generator by the virtual net metering
15 aggregator.

16 NEW SECTION. Sec. 4. This act takes effect January 1, 2012.

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