
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5223

State of Washington

66th Legislature

2019 Regular Session

By Senate Ways & Means (originally sponsored by Senators Palumbo, Rivers, Rolfes, King, Carlyle, Mullet, McCoy, Wellman, Das, Nguyen, Randall, Frockt, Salomon, Keiser, Wilson, C., Kuderer, Darneille, Cleveland, Saldaña, Dhingra, Pedersen, Conway, and Van De Wege)

READ FIRST TIME 02/19/19.

1 AN ACT Relating to net metering; amending RCW 80.60.010,
2 80.60.020, 80.60.030, 80.60.040, and 82.16.090; and adding a new
3 section to chapter 19.27 RCW.

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~~
5 ~~rate class, on premises owned or leased by a customer-generator~~
6 ~~located within the service territory of a single electric utility~~)
7 net energy consumption from a designated net meter and eligible
8 aggregated meter.

9 (8) "Municipal electric utility" means a city or town that owns
10 or 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 excess
13 electricity generated by a customer-generator's net metering system
14 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
18 that generates renewable energy, and that:

19 (a) Has an electrical generating nameplate capacity of not more
20 than one hundred 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 is connected to the electric
24 utility's distribution system; and

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

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

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

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

35 (14) "Renewable energy" means energy generated by a facility that
36 uses water, wind, solar energy, or biogas (~~from animal waste~~) as a
37 fuel.

38 (15) "Aggregated meter" means an electric service meter measuring
39 electric energy consumption that is eligible to receive credits under
40 a meter aggregation arrangement as described in RCW 80.60.030.

1 (16) "Consumer-owned utility" means a municipal electric utility
2 formed under Title 35 RCW, a public utility district formed under
3 Title 54 RCW, an irrigation district formed under chapter 87.03 RCW,
4 a cooperative formed under chapter 23.86 RCW, or a mutual corporation
5 or association formed under chapter 24.06 RCW, that is engaged in the
6 business of distributing electricity to more than one retail electric
7 customer in the state.

8 (17) "Designated meter" means an electric service meter at the
9 service of a net metering system that is interconnected to the
10 utility distribution system.

11 (18) "Investor-owned utility" means a company owned by investors
12 that meets the definition of "corporation" in RCW 80.04.010 and is
13 engaged in distributing electricity to more than one retail electric
14 customer in the state.

15 (19) "Retail electric customer" includes an individual,
16 organization, group, association, partnership, corporation, agency,
17 unit of state government, or entity that is connected to the electric
18 utility's distribution system and purchases electricity for ultimate
19 consumption and not for resale.

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

22 (1) An electric utility:

23 (a) Shall offer to make net metering, pursuant to RCW 80.60.030,
24 available to eligible customers-generators on a first-come, first-
25 served basis until the ((cumulative generating capacity of net
26 metering systems equals 0.25 percent of the utility's peak demand
27 during 1996. On January 1, 2014, the cumulative generating capacity
28 available to net metering systems will equal 0.5 percent of the
29 utility's peak demand during 1996)) earlier of either: (i) June 30,

30 2029; or (ii) until the cumulative generating capacity available to
31 net metering systems pursuant to RCW 80.60.030 equals four percent of
32 the utility's peak demand during 1996. Not less than one-half of the
33 utility's 1996 peak demand available for net metering systems shall
34 be reserved for the cumulative generating capacity attributable to
35 net metering systems that generate renewable energy;

36 (b) Shall allow net metering systems to be interconnected using a
37 standard kilowatt-hour meter capable of registering the flow of
38 electricity in two directions, unless the commission, in the case of
39 an electrical company, or the appropriate governing body, in the case

1 of other electric utilities, determines, after appropriate notice and
2 opportunity for comment:

3 (i) That the use of additional metering equipment to monitor the
4 flow of electricity in each direction is necessary and appropriate
5 for the interconnection of net metering systems, after taking into
6 account the benefits and costs of purchasing and installing
7 additional metering equipment; and

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

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

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

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

25 (2) If a production meter and software is required by the
26 electric utility to provide meter aggregation under RCW 80.60.030(4),
27 the customer-generator is responsible for the purchase of the
28 production meter and software.

29 (3)(a)(i) An electric utility must provide net metering pursuant
30 to RCW 80.60.030 to eligible customer-generators until the earlier of
31 either: (A) June 30, 2029; or (B) until the cumulative generating
32 capacity available to net metering systems pursuant to RCW 80.60.030
33 equals four percent of the utility's peak demand during 1996.

34 (ii) A consumer-owned utility may develop a standard rate or
35 tariff schedule that deviates from RCW 80.60.030 for eligible
36 customer-generators to take effect either upon reaching four percent
37 of the cumulative generating capacity available to net metering
38 systems pursuant to subsection (1) of this section or after June 30,
39 2029, whichever is earlier.

1 (iii) An investor-owned utility may submit a filing with the
2 commission to develop a standard tariff schedule that deviates from
3 RCW 80.60.030 for eligible customer-generators. The commission must
4 approve, reject, or approve with conditions an alternative net
5 metering tariff schedule within one year of an investor-owned utility
6 filing. If the commission approves the filing with conditions, the
7 investor-owned utility may choose to accept the tariff schedule with
8 conditions or file a new tariff schedule with the commission.

9 (b) An approved alternative standard rate or tariff schedule
10 applies to any customer-generator subject to an interconnection
11 agreement entered into: (i) After June 30, 2029, or (ii) the first
12 date upon which the cumulative generating capacity available to net
13 metering systems pursuant to RCW 80.60.030 equals four percent of the
14 utility's peak demand during 1996, whichever is earlier, unless the
15 commission or governing body determines that a customer-generator is
16 eligible for net metering under a rate or tariff schedule pursuant to
17 RCW 80.60.030.

18 (c) (i) A consumer-owned utility must notify the Washington State
19 University extension energy program sixty days in advance of when a
20 standard rate for an eligible customer-generator is first placed on
21 the agenda of the governing body.

22 (ii) Each electric utility must give notice by July 31, 2020, and
23 semiannually thereafter, to the Washington State University extension
24 energy program of the current status of meeting the cumulative
25 generating capacity available to net metering systems pursuant to
26 subsection (1) (a) of this section.

27 (iii) The Washington State University extension energy program
28 must make available on its web site a list of the following:

29 (A) Each electric utility's progress on reaching the cumulative
30 generating capacity available to net metering systems pursuant to
31 subsection (1) (a) of this section;

32 (B) Electric utilities that have provided notice of an
33 alternative rate or tariff schedule under this subsection; and

34 (C) Electric utilities that have adopted an alternative standard
35 rate or tariff schedule under this subsection.

36 (d) If the commission does not approve an investor-owned
37 utility's alternative tariff schedule under (a) (iii) of this
38 subsection, the commission may determine the alternative cumulative
39 generating capacity available to net metering systems pursuant to RCW
40 80.60.030.

1 (4) (a) An electric utility must continue to credit a customer-
2 generator pursuant to RCW 80.60.030 if:

3 (i) The customer-generator takes service under net metering prior
4 to the earlier of: (A) June 30, 2029; or (B) the cumulative
5 generating capacity available to net metering systems pursuant to RCW
6 80.60.030 reaches four percent of the utility's peak demand in 1996;
7 and

8 (ii) The customer-generator's existing interconnection agreement
9 for the net metering system remains valid.

10 (b) The commission, in the case of investor-owned utilities, and
11 a governing body, in the case of consumer-owned utilities, must
12 determine as part of an alternative standard rate or tariff schedule
13 under this subsection when customer-generators become ineligible for
14 credit pursuant to RCW 80.60.030.

15 (c) Upon adoption of a standard rate or tariff schedule by the
16 commission or governing body pursuant to subsection (3)(a) of this
17 section, the electric utility is exempt from requirements under
18 subsection (1)(c) of this section and RCW 80.60.030 for new
19 interconnection agreements.

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

22 Consistent with the other provisions of this chapter, the net
23 energy measurement, billed kilowatt-hour consumption charges, and
24 kilowatt-hour credit for excess generation by a net metered system,
25 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's net metering
31 system and fed back to the electric utility during the billing
32 period, the customer-generator shall be billed for the net
33 electricity supplied by the electric utility, in accordance with
34 normal metering practices.

35 (3) If excess electricity generated by the ~~((customer-generator))~~
36 net metering system during a billing period exceeds the electricity
37 supplied by the electric utility during the same billing period, the
38 customer-generator:

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

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

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

8 (a) For a customer-generator((s)) participating in meter
9 aggregation, kilowatt-hours credits earned by ((a)) the customer-
10 generator's net metering system during the billing period first shall
11 be used to offset electricity supplied by the electric utility at the
12 location of the customer-generator's designated meter.

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

16 ~~(c))~~ A customer-generator may aggregate a designated meter with
17 one additional aggregated meter located on the same parcel as the
18 designated meter or a parcel that is contiguous with the parcel where
19 the designated meter is located.

20 (c) For the purposes of (b) of this subsection, a parcel is
21 considered contiguous if they share a common property boundary, but
22 may be separated only by a road or rail corridor.

23 (d) A retail electric customer who is a customer-generator and
24 receives retail electric service from an electric utility at an
25 aggregated meter must be the same retail electric customer who
26 receives retail electric service from such an electric utility at the
27 designated meter that is located on the premises where such a
28 customer-generator's net metering system is located.

29 (e) Excess kilowatt-hours credits earned by the net metering
30 system((r)) at the site of a designated meter during ((the same)) a
31 billing period((r)) shall be credited ((equally)) by the electric
32 utility ((to remaining meters located on all premises of a customer-
33 generator)) for kilowatt hour charges due at the aggregated meter at
34 the ((designated)) applicable rate of ((each)) the aggregated meter.

35 ~~((d))~~ (f) If credits generated in any billing period exceed
36 total consumption for that billing period at both meters that are
37 part of an aggregated arrangement, credits are retained pursuant to
38 subsections (3) and (5) of this section.

39 (g) Credits carried over from one billing period to the next
40 pursuant to (f) of this subsection must be applied in subsequent

1 billing periods in the same manner described under (a) and (e) of
2 this subsection.

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

5 (5) On ~~((April 30th))~~ March 31st of each calendar year, any
6 remaining unused kilowatt-hour credit accumulated during the previous
7 year shall be granted to the electric utility, without any
8 compensation to the customer-generator.

9 (6) Nothing in this section prohibits a utility from allowing
10 aggregation under terms different than the requirements of subsection
11 (4) of this section if a customer-generator has an existing
12 arrangement for meter aggregation in effect or a customer submits a
13 written request for aggregation on or before July 1, 2019.

14 (7) Nothing in this section prohibits the owner of multifamily
15 residential facility from installing a net metering system as defined
16 in RCW 80.60.010 assigned to a single designated meter located on the
17 premises of the multifamily residential facility where the tenants
18 are not individually metered customers of the utility and
19 distributing any benefits of the net metering to tenants of the
20 facility where the net metering system is located. The utility must
21 measure the net energy produced and provide credit to the single
22 designated meter to which the net metering system is assigned in
23 accordance with subsections (1) through (3) of this section or under
24 the terms of a standard rate or tariff schedule established under RCW
25 80.60.020(3). The distribution of benefits to tenants of such a
26 system, if any, is the responsibility of the owner of the net
27 metering system and not the responsibility of the utility.

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

30 (1) A net metering system used by a customer-generator shall
31 include, at the customer-generator's own expense, all equipment
32 necessary to meet applicable safety, power quality, and
33 interconnection requirements established by the national electrical
34 code, national electrical safety code, the institute of electrical
35 and electronics engineers, and underwriters laboratories.

36 (2) The commission, in the case of an electrical company, or the
37 appropriate governing body, in the case of other electric utilities,
38 after appropriate notice and opportunity for comment, may adopt by
39 regulation additional safety, power quality, and interconnection

1 requirements for customer-generators, including limitations on the
2 number of customer_generators and total capacity of net metering
3 systems that may be interconnected to any distribution feeder line,
4 circuit, or network that the commission or governing body determines
5 are necessary to protect public safety and system reliability.

6 (3) An electric utility may not require a customer-generator
7 whose net metering system meets the standards in subsections (1) and
8 (2) of this section to comply with additional safety or performance
9 standards, perform or pay for additional tests, or purchase
10 additional liability insurance. However, an electric utility shall
11 not be liable directly or indirectly for permitting or continuing to
12 allow an attachment of a net metering system, or for the acts or
13 omissions of the customer-generator that cause loss or injury,
14 including death, to any third party.

15 (4) Except when required under the federal public utility
16 regulatory policies act, an electric utility may not establish
17 compensation arrangements or interconnection requirements, other than
18 those permitted in this chapter, for a customer-generator that would
19 have the effect of prohibiting or restricting the ability of a
20 customer-generator to generate or store electricity for consumption
21 on its premises.

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

24 Any customer billing issued by a light or power business or gas
25 distribution business that serves a total of more than twenty
26 thousand customers and operates within the state shall include the
27 following information:

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

31 (2) The rate, origin and approximate amount of each tax levied
32 upon the revenue of the light and power business or gas distribution
33 business and added as a component of the amount charged to the
34 customer. Taxes based upon revenue of the light and power business or
35 gas distribution business to be listed on the customer billing need
36 not include taxes levied by the federal government or taxes levied
37 under chapters 54.28, 80.24, or 82.04 RCW; and

38 (3) The total amount of kilowatt-hours of electricity consumed
39 for the most recent twelve-month period or other information that

1 provides the customer with information regarding their energy usage
2 over a twelve-month period.

3 NEW SECTION. **Sec. 6.** A new section is added to chapter 19.27
4 RCW to read as follows:

5 The state building code council, in consultation with the
6 department of commerce and local governments, shall conduct a study
7 of the state building code and adopt changes necessary to encourage
8 greater use of renewable energy systems as defined in RCW 82.16.110.

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