Multiple Agency Fiscal Note Summary

Bill Number: 1427 HB	Title: On-premises energy generation

Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Utilities and Transportation Commission	.2	0	0	51,027	.0	0	0	4,154	.0	0	0	0
Washington State University	.6	235,000	235,000	235,000	.2	75,000	75,000	75,000	.0	0	0	0
Total $	0.8	235,000	235,000	286,027	0.2	75,000	75,000	79,154	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
Total $	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Tiffany West, OFM	**Phone:** (360) 890-2653	**Date Published:** Final

Individual State Agency Fiscal Note

Bill Number: 1427 HB	Title: On-premises energy generation	Agency: 103-Department of Commerce

Part I: Estimates

[X] **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

[ ] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

[ ] If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

[ ] Capital budget impact, complete Part IV.

[ ] Requires new rule making, complete Part V.

Legislative Contact:	Andrew Hatt	Phone: 360-786-7296	Date: 01/17/2023
Agency Preparation:	Marla Page	Phone: 360-725-3129	Date: 01/22/2023
Agency Approval:	Jason Davidson	Phone: 360-725-5080	Date: 01/22/2023
OFM Review:	Gwen Stamey	Phone: (360) 790-1166	Date: 01/23/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This bill creates a threefold increase in the minimum amount of full retail rate net energy metering (NEM) that electric utilities in Washington must allow.

The Department of Commerce (department) does not execute or implement the activities stated in this bill. The department is monitoring this legislation due to its implications for clean energy policy but there is no fiscal impact.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

There is no fiscal impact to the department. The department does not execute or implement the activities stated in this bill. The department is monitoring this legislation due to its implications for clean energy policy but there is no fiscal impact.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1427 HB	Title: On-premises energy generation	Agency: 215-Utilities and Transportation Commission

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	0.1	0.2	0.0	0.0
Account					
Public Service Revolving Account-State 111-1	29,016	22,011	51,027	4,154	0
Total $	29,016	22,011	51,027	4,154	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

Legislative Contact:	Andrew Hatt	Phone: 360-786-7296	Date: 01/17/2023
Agency Preparation:	Kim Anderson	Phone: 360-664-1153	Date: 01/20/2023
Agency Approval:	Kim Anderson	Phone: 360-664-1153	Date: 01/20/2023
OFM Review:	Tiffany West	Phone: (360) 890-2653	Date: 01/25/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Sec. 1 identifies the electrical generating AC capacity of investor-owned utilities to up to two megawatts but can allow a net metering system larger than two megawatts if (1) the system is located on the customer's generator's premises, (2) it operates in parallel with the utility's transmission and distribution facilities and is connected to the utility's distribution system, and (3) it is intended primarily to offset part or all of the customer-generator's requirements for electricity.

Sec. 2(1)(a) changes the date of offering net-metering availability to eligible customer-generators from June 30, 2029, to December 31, 2035.

Sec. 2(1)(d) requires the utility to enter into a contract, which must be no shorter than 25 years, with any person interested in becoming an eligible customer-generator. It also requires the contract to be transferrable to any future customer-generator at the electric meter for the remainder of the contract term.

Sec. 2(1)(e) requires the utility to develop a standard tariff schedule that is expressed as a percentage of the utility's retail rate.

Sec. 2(4)(a)(i) changes the date the utility must credit customer-generators who take service under net metering from June 30, 2029, to December 31, 2035. It also adjusts the required cumulative generating capacity of net metering systems from four percent to 12 percent of the utility's peak demand in 1996.

Sec. 2(5) allows the utility to offer net metering that incorporates time-of-use net metering rates to eligible customer-generators. Utilities offering time-of-use net metering rates are encouraged to create incentive plans for distributed energy storage and any time-of-use net metering rate offered must be optional for customer-generators.

Sec. 3(5) includes the utility to distribute, on March 31 of each calendar year, any remaining unused credits for kilowatt-hours accumulated during the previous year to low-income customers through a utility energy assistance program.

Sec. 6 requires the Washington State University extension energy program to create a work group by May 1, 2024, which includes a UTC representative. The UTC assumes this participation will happen between May 1, 2024, and November 30, 2026.

Sec. 7 cites that the state's net-metering policy be updated and implemented by January 1, 2035. Also, any tariff schedule under a future net metering policy must compensate customer-generators at a rate different then the retail rate, be expressed as a percentage of the utility's retail rate, be communicated to customers with three years notice from when the tariff schedule is first publicly proposed to before its effective date and allow for inclusion of time-of-use net metering rate structures for distributed storage systems.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

No cash receipt impact.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Tariff Revisions to Implement the Solar Energy Resiliency Act
Section 2 and 3 changes necessitate tariff revisions to each utility's net-metering tariff and potentially a separate revision to each utility's low-income bill assistance tariff. The change to the net metering credit annual ending period will also require a small change to the UTC reporting requirement.

FY2024 - $7,005 total cost
(Deputy Asst. Director | Regulatory Services, 0.01 FTE; Regulatory Analyst 3, 0.04 FTE)

Simple Rulemaking to Establish New Requirements and Sections in RCW 80.60
Section 7 requires a simple rulemaking to include the new statutory billing information requirement.

FY2024 & FY2025 - $38,292 total cost
(Administrative Law Judge, 0.06 FTE; Director | Regulatory Services, 0.02 FTE; Deputy Director | Regulatory Services, 0.02 FTE; Policy Advisor, 0.02 FTE; Deputy Asst. Director | Regulatory Services, 0.02 FTE; Regulatory Analyst 2, 0.03 FTE; Regulatory Analyst 3, 0.04 FTE; Asst. Director Policy, 0.02 FTE)

Washington State University Extension Energy Workgroup Representation
Section 6 requires a UTC representative to participate in the Washington State University Extension Energy workgroup.

FY2024, FY2025, FY2026, & FY2027 - $9,884 total cost
(Deputy Asst. Director | Regulatory Services, 0.01 FTE; Regulatory Analyst 3, 0.01 FTE)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
111-1	Public Service Revolving Account	State	29,016	22,011	51,027	4,154	0
		Total $	29,016	22,011	51,027	4,154	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	0.1	0.2	0.0	
A-Salaries and Wages	19,045	14,280	33,325	2,826	
B-Employee Benefits	6,666	4,998	11,664	989	
C-Professional Service Contracts					
E-Goods and Other Services	3,305	2,733	6,038	339	
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	29,016	22,011	51,027	4,154	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Law Judge	119,088	0.0	0.0	0.0		
Asst. Director, Policy	110,064	0.0	0.0	0.0		
Deputy Asst. Director | Regulatory Services	101,136	0.0	0.0	0.0	0.0	
Deputy Director | Regulatory Services	117,996	0.0	0.0	0.0		
Director, Regulatory Services	134,532	0.0	0.0	0.0		
Policy Advisor	100,008	0.0	0.0	0.0		
Regulatory Analyst 2	82,896	0.0	0.0	0.0		
Regulatory Analyst 3	93,840	0.1	0.0	0.1	0.0	
Total FTEs		0.2	0.1	0.2	0.0	0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 7 requires the UTC to develop rules establishing billing and reporting requirements in WAC. The UTC assumes this will be a new section under RCW 80.60 Net Metering of Electricity. The rules must be adopted by January 1, 2035.

Individual State Agency Fiscal Note

Bill Number: 1427 HB	Title: On-premises energy generation	Agency: 365-Washington State University

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.7	0.6	0.2	0.0
Account					
General Fund-State 001-1	100,000	135,000	235,000	75,000	0
Total $	100,000	135,000	235,000	75,000	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Andrew Hatt	Phone: 360-786-7296	Date: 01/17/2023
Agency Preparation:	Brittney Gamez	Phone: 509-335-5406	Date: 01/20/2023
Agency Approval:	Chris Jones	Phone: 509-335-9682	Date: 01/20/2023
OFM Review:	Ramona Nabors	Phone: (360) 742-8948	Date: 01/24/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

In Section 6 of HB 1427, the WSU Energy Program must convene a work group by May 1, 2024 focused on the future of net metering in Washington. The work group must include representatives from consumer-owned utilities, investor-owned utilities, the commission, the rooftop solar industry – including the Washington solar energy industries association, agricultural farms in the business of producing crops for food and fermented beverages, environmental justice advocates, labor unions, consumer advocates, rural communities including communities in Eastern Washington, and Indian Tribes.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

This workgroup must report recommendations to the WSU Energy Program on what alternatives to net metering should be considered by the Legislature and when it is reasonable for these alternatives to be implemented. There are several criteria listed in Section 6 of the bill regarding areas of consideration and deliverables for the work group. In addition – also in Section 6 – by January 31, 2024, the WSU Energy Program must begin to conduct a study to investigate the magnitude of any cost shifts among ratepayers associated with retail rate net metering in Washington, under scenarios assuming total net metered generation capacity of six percent, 12 percent, and 24 percent of 1996 peak power.

Furthermore – also captured in Section 6 – the WSU Energy Program must summarize the work group's recommendations and the findings of the cost shift study in a report and deliver the report to the Legislature by December 1, 2026.
All of these efforts would require a significant portion of focused staff time from several WSU Energy Program staff members – including an Energy Program Coordinator, Energy Project Analyst, and various other technical and support staff members. Activities would include convening the work group; staffing it; facilitating it; and guiding it though the required considerations, tasks and deliverables highlighted in Section 6. In addition, there would be significant staff efforts – from an Energy Program Coordinator, Energy Project Analyst, and various other technical and support staff members – to conduct and deliver the study. Because of the dates articulated in the bill, the study would be conducted simultaneously with the activities of the the work group. Finally, there would be focused staff time involved in compiling and summarizing the recommendations from the work group and the findings of the study in a report to the Legislature by December 1, 2026.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	100,000	135,000	235,000	75,000	0
		Total $	100,000	135,000	235,000	75,000	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.7	0.6	0.2	
A-Salaries and Wages	47,052	63,788	110,840	34,897	
B-Employee Benefits	30,491	41,334	71,825	22,613	
C-Professional Service Contracts					
E-Goods and Other Services	21,457	28,878	50,335	16,490	
G-Travel	1,000	1,000	2,000	1,000	
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	100,000	135,000	235,000	75,000	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Application Systems Analyst	98,159	0.1	0.1	0.1	0.0	
Director	111,686	0.1	0.1	0.1	0.0	
Energy Project Analyst	59,962	0.1	0.1	0.1	0.1	
Energy Project Coordinator	87,637	0.3	0.4	0.4	0.1	
Manager	138,711					
Total FTEs		0.5	0.7	0.6	0.2	0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1427 HB	**Title:** On-premises energy generation

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- [X] Cities: Cities that operate electric utility services.
- [X] Counties: Counties that operate electric utility services.
- [X] Special Districts: Public Utility Districts & Municipal Electric Companies.
- [ ] Specific jurisdictions only:
- [ ] Variance occurs due to:

Part II: Estimates

- [ ] No fiscal impacts.
- [ ] Expenditures represent one-time costs:
- [X] Legislation provides local option: Electric utilities may offer net metering that incorporates time-of-use net metering rates and may create incentive plans for distributed energy storage.
- [X] Key variables cannot be estimated with certainty at this time: The number of utilities that do not already require customer generator contracts or offer standard rates or tariff schedules. It is also unknown how many utilities will choose to adopt local options.

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Chelsea Mickel	Phone: 518-727-3478	Date: 01/24/2023
Leg. Committee Contact: Andrew Hatt	Phone: 360-786-7296	Date: 01/17/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/24/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/25/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill amends the net metering requirements for utilities, including contract requirements with customer-generators and authorizing time-of-use net metering rates.

Section 1 adds definitions to the revised code for net metering.

Section 2 amends the deadline for electric utilities to make net metering available to eligible customer-generators to December 31, 2035, or the first date upon which a utility reaches the cumulative generating capacity for net metering systems, which is increased from 4% to 12% of the utility's peak demand in 1996. The bill states that consumer-owned utilities may develop a standard rate or tariff schedule that deviates from net metering for eligible customer-generators to take effect by December 31, 2035.

Utilities must enter into a contract with any person interested in becoming an eligible customer-generator. The contract must be at least 25 years in duration. If the electric utility and the party interested in becoming an eligible customer-generator agree to the terms of the contract, they must enter into said contract. The contract must be transferable to any future customer-generator, in the case of changing system ownership, for the remainder of the contract term. Utilities must also develop a standard rate or tariff schedule that is expressed as a percentage of the utility's retail rate.

An electric utility may offer net metering that incorporates time-of-use net metering rates to eligible customer generators. Electric utilities that offer time-of-use net metering rates are encouraged to create incentive plans for distributed energy storage. If an electric utility offers time-of-use net metering rate, it must be optional for customer-generators.

Section 3 adds language stipulating that remaining unused kilowatt hours accumulated during the previous year shall be given to the utility for distribution to low-income customers through a utility energy assistance program, in addition to existing funds used for this purpose.

Section 4 details the requirements for a person to install a solar energy system. Customers must have a written contract with a solar energy contractor unless the customer installs the system without a solar energy contractor.

Section 5 states that an entity offering solar energy sales or installation services must offer a contract pursuant to the requirements in section 4.

Section 6 requires the Washington State University (WSU) extension energy program to convene a work group focused on the future of net metering in Washington State by May 1, 2024. They are required to include representatives from consumer-owned and investor-own utilities and other relevant organizations in Eastern Washington. The work group must make recommendations on alternatives to net metering and an inventory of other states' deviation from net metering. WSU must also conduct a study to investigate the magnitude of any cost shifts among rate-payers associated with enacting net metering by January 31, 2024. Findings from the work group and the study must be delivered to the legislature by December 1, 2026.

Section 7 states that the state's net metering policy will be updated and implemented by January 1, 2035. This section also lists the requirements for standard rates or tariff schedules offered by an electric utility under a future net metering policy.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill would have indeterminate expenditure impacts on local governments.

Net metering enables utility customers producing their own electricity with on-site energy systems (customer-generators) to sell back the electricity they do not use to an electric utility and offset their future energy costs. This bill requires utilities to develop a standard rate or tariff schedule for eligible customer-generators and enter into a contract with any person interested in becoming an eligible customer-generator. Some utilities, such as Snohomish County, already require net metering agreements for customer-generators. For utilities that already require contracts, the increase in costs in staff time would be de minimis, since these tasks already fall under the purview of current employees. For utilities that do not already require contracts or set standard rates for customer-generators, there may be costs incurred from increased staff time to draft and negotiate net metering contracts, as well as determine an appropriate standard rate or tariff schedule.

There are a number of local options in this bill that make expenditure costs difficult to determine. Utilities may offer time-of-use net metering rates to eligible customer-generators, and are encouraged to create incentive plans for distributed energy storage if they offer these rates, but they are not required to. It is unknown how many utilities would choose to adopt these local options.

The WSU extension energy program work group is required to include representatives from consumer-owned and investor-own utilities and other relevant organizations in Eastern Washington. This work group may require multiple in-person meetings, which would incur travel and potentially hotel costs for local utility staff, depending on how far away they live from the meeting. If the meetings were held in Pullman, at WSU, it would cost a utility staff member traveling from Spokane, which is 113 miles away, $301 for a single one-day meeting. This cost includes a $74 per diem, $114 hotel cost and a mileage reimbursement fee. The bill does not say where the meetings would be held, how to determine which utilities must send representatives to the work group, how many representatives are required for quorum, or how frequently they must meet. It is difficult to determine the total cost of in-person work group meetings to local governments because of these uncertainties.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill would have indeterminate revenue impacts on local governments. Utility customers producing their own electricity as customer-generators may shift service and capital costs to traditional rate-paying customers if utilities increase usage cost rates in order to make up for lost revenue. However, it is unknown if this cost shift would be significant. Since utilities may offset lost revenue by increasing the service costs for standard rate customers, the revenue impacts of this bill are indeterminate.

SOURCES
Department of Commerce
House Bill Analysis, HB 1427, Environment & Energy Committee (2023)
Local Government Fiscal Note Program Travel Cost Model (2023)
Snohomish County Public Utility District
Washington State Public Utility Districts Association