

## **Washington net metering rate reform FAQ**

### **Q: What is net metering?**

Pacific Power's net metering program allows customers who install onsite generation to offset the energy they take from the grid with the energy they generate and export to the grid.

For example, a customer who takes 1,000 kilowatt-hours from the grid and exports 700 kWh would receive a bill for 300 kWh. Net metering customers who export more than they take can use the excess as credits against future bills over the course of a year, with unused credits expiring in the customer's March bill.

### **Q: What is net billing?**

Net billing allows customers who install onsite generation to receive credit for the excess electricity they generate and send to the grid. The credit is determined by an export credit rate, not the company's full retail rate.

### **Q: What is the difference between net metering and net billing?**

Net metering is credited 1-for-1 at the full retail rate per kWh they export, while net billing compensates for exported energy at a rate that represents the avoided cost of energy for the utility. Avoided cost is the cost saved by the utility from receiving customer-generated electricity on the grid. For generation that is not exported to the grid but is used onsite, the customer will be able to avoid buying those kWh from the grid and avoid the full retail rate under both net metering and net billing.

### **Q: Why is the company proposing to transition from net metering to net billing?**

Under net metering, customer generators are compensated for their exported energy at the same rate as the energy they take from the grid. However, included in this rate are significant fixed costs that the company requires to serve customers reliably and at any given time, and the current net metering program shifts these costs to other customers who do not have onsite generation.

The company estimates that net metering is currently increasing average monthly residential bills by about \$1.34, or 0.8%, per month, and the company expects this to grow as customers continue to install generation.

**Q: When will the program changes occur?**

Pacific Power proposed an effective date that was delayed by the Washington Utilities and Transportation Commission to February 2027. However, the Commission may suspend this filing or change the effective date which would result in a later effective date for any changes that the Commission might approve.

**Q: I made an investment in my customer generation system based on the rates available under the current net metering program. What now?**

The company understands that net metering customers have made investments in their generation systems under the expectation of future net metering rates. Pacific Power has proposed that current net metering customers and customers who submit a completed interconnection application to the company on or before the close of business on February 1, 2027, (or a later effective date based on Commission approval) may choose to remain on the net metering program. Pacific Power has proposed that they will continue to be billed under the net metering program for the next 25 years with a sunset of the net metering program in early 2052.

**Q: What happens if the retail rates for electricity continue to rise?**

Under net billing, instead of kWh credits, customers would receive financial credits at a rate that reflects the actual value of their exported energy. The company has proposed updating this rate annually to ensure it remains fair and accurately represents the company's avoided cost over time. Customers on net billing will still be able to avoid paying the retail rate for any energy that they generate and use onsite and do not export to the grid.

**Q: If I recently submitted an application, but my system is not online yet, how long will I have to interconnect my onsite generation?**

To be eligible for the net metering program, your application must be submitted before the effective date of program changes. Customers will have up to one year after receiving company approval of their application to interconnect and still be eligible for Schedule 135. Non-residential customers will be able to request an additional six-month extension.

**Q: What if I submit my application after the proposed effective date of February 1, 2027?**

Any customer who applies after the effective date will receive financial credits on their monthly bill under the new net billing program.

**Q: Is Pacific Power supportive of renewable energy sources?**

Yes, in addition to 44.4 megawatts of existing net metering generation capacity in Washington, the company has utility-scale wind and solar generation on its system that benefit all customers with low-cost, non-emitting resources. Since 2015, the company has added thousands of megawatts of renewable energy to the grid and continue to look for low-cost renewable energy sources.

**Q: What if I still have questions that aren't answered here?**

Pacific Power is happy to speak with you and answer any questions you might have about net metering and net billing. Please contact us at 1-800-625-6078 with any questions or concerns you might have.

If after speaking with Pacific Power you are still unsure or concerned about the net metering and net billing transition, you can contact the Washington Utilities and Transportation Commission at 360-664-1160.