

# THE WILLIAM D. RUCKELSHAUS CENTER

UNIVERSITY OF WASHINGTON

## Value of Distributed Solar and Storage Engagement Assessment FINAL Report

Prepared for the Washington State Academy of Sciences

June 18, 2025

The William D. Ruckelshaus Center is an impartial resource for collaborative problem solving in the State of Washington and the Pacific Northwest, dedicated to assisting public, private, tribal, non-profit, and other community leaders in their efforts to build consensus and resolve conflicts around difficult public policy issues. It is a joint effort of Washington State University and the University of Washington.

For more information visit [www.ruckelshauscenter.wsu.edu](http://www.ruckelshauscenter.wsu.edu)

WILLIAM D. RUCKELSHAUS CENTER  
155 NE 100th Street, Suite 401  
Seattle, WA 98125

### PROJECT TEAM

#### Ruckelshaus Center Staff

- Amanda Murphy, Ruckelshaus Center Senior Facilitator, WSU Extension Associate Professor
- Phyllis Shulman, Ruckelshaus Center Senior Facilitator, WSU Extension Assistant Professor

#### Washington State Academy of Sciences Staff

- Donna M. Gerardi, Project Director, WSAS Senior Advisor
- Emma Rogers, Project Coordinator



WASHINGTON STATE  
UNIVERSITY

**W**

EVANS SCHOOL  
OF PUBLIC POLICY & GOVERNANCE

UNIVERSITY of WASHINGTON

## TABLE OF CONTENTS

<b>I.</b>	<b>Background and Overview</b>	<b>4</b>
<b>II.</b>	<b>Situation Assessment Process and Protocols</b>	<b>5</b>
<b>III.</b>	<b>Key Findings from Interviews</b>	<b>6</b>
<b>A.</b>	<b>Goals and Objectives for Distributed Solar and Storage</b>	<b>6</b>
	Assist in Meeting Projected Increased Future Demand for Electricity	6
	Meet Clean Energy Transformation Act (CETA) Goals	6
	Build Community Resilience Especially Regarding Hazards and Changing Climate Conditions	6
	Improve Grid Reliability and Reducing Peak Loads	7
	Establish Equitable and Affordable Energy Costs for All Customers Including Fair Compensation for Exported Solar Energy	7
	Support Local Economic Development	7
	Increase the Access to and Use of Renewable Energy	8
<b>B.</b>	<b>Key Considerations for Evaluating Rate Structure for Distributed Solar</b>	<b>8</b>
	Rate Design Elements	8
	Operational, Geographic, and Infrastructure Considerations	9
	Fairness and Equity Considerations	10
	Environmental and Societal Considerations	10
	Future-Oriented Considerations	10
	Economic Development Considerations	11
	Policy Considerations	11
	Solar Storage and Resilience Considerations	11
	Consistency Considerations	11
<b>C.</b>	<b>Key Considerations for Net Metering Policies and Determining Compensation for Distributed Solar Production</b>	<b>12</b>
	Alignment with Clean Energy Goals and Targets	12
	Equity, Fairness, and Accessibility	13
	Retail Rates, Avoided Costs, and Fixed Costs	14
	Societal Benefits	15
	Seasonal Variability and Grid Reliability and Sustainability	15
	Resilience & Storage Integration	16
	Consumer Protection and Long-Term Predictability	16

---

Hydroelectricity Production.....	16
<b>D. Benefits and Adverse Effects of Net Energy Metering.....</b>	<b>17</b>
<b>E. Ideas for Reaching Agreement on Net-Metering Policies and Desired Processes for Further Engagement of Interested Parties.....</b>	<b>18</b>
Developing a Collaborative Process.....	18
Creating a Viable Process.....	19
Challenges to Reaching Agreement.....	20
Utilizing and Communicating Information, Data, and Analysis.....	21
Engagement of Interested Parties in Phase 2.....	21
<b>IV. RECOMMENDATIONS FOR NEXT PHASE OF ENGAGEMENT.....</b>	<b>22</b>
Recommendation 1: Create a Phase 2 Advisory Committee.....	23
Recommendation 2: Create a Collaborative Task Force.....	24
<b>APPENDICES</b>	
<b>A. Interview List</b>	
<b>B. Interview Questions</b>	

## I. BACKGROUND AND OVERVIEW

Net energy metering (NEM) is a metering and billing arrangement that allows grid-tied solar energy system owners to receive credit for excess power they generate from renewable energy sources exported to the grid. In Washington State, NEM is being used for behind the meter or customer-sited solar energy generation, which allows the compensation of excess solar energy produced in the form of an "energy credit" worth equal to the current market rate of a kilowatt-hour. In 1998, the Legislature passed ESHB 2773 which stated that it is in the public interest to: (1) Encourage private investment in renewable energy resources; (2) Stimulate the economic growth of this state; and (3) Enhance the continued diversification of the energy resources used in this state. The law was significantly revised in 2019 to raise utility NEM thresholds and allow for utility-specific NEM replacement rates.

Pursuant to [RCW 80.60.020](#), an electric utility shall make full retail rate NEM available to eligible customer-generators on a first-come, first-served basis until the earlier of either June 30, 2029, or the first date upon which the cumulative generating capacity of net metering systems equals four percent of the utility's peak demand during 1996. When a utility reaches either the 4% threshold or the 2029 date, it may propose a new tariff to its regulatory authority.

Value of solar refers to a form of valuing distributed generation interactions with and contributions to the electricity grid. Determining the value of a solar methodology and a compensation rate has been a challenge in that there is not agreement amongst interested and impacted parties on how the electricity generated by customers at their home or business and exported onto the grid should be compensated.

In 2024 the Legislature directed (via Engrossed Substitute Senate Bill 5950 Section 130 (45)) the Department of Commerce to "...contract with the Washington State Academy of Sciences (WSAS) to conduct a study to determine the value of distributed solar and storage in Washington State, including any factors the academy finds relevant, in order to create recommendations and options for a methodology or methodologies that utility regulators and governing bodies may use after the statutory four percent net metering threshold is met. During their research and analysis, the academy shall engage relevant stakeholders focused on the value of distributed energy resources in Washington state, including solar, storage, vehicle to grid, and other resources".

A key component of this study in the first year was engaging interested parties who work with distributed solar resources in Washington State, including representatives of consumer owned utilities, municipal-owned utilities, investor-owned utilities, utility regulators, the rooftop solar and storage industry, as well as advocacy organizations involved with consumer advocacy, environmental justice, clean energy, climate change, labor unions, and federally recognized Indian tribes. WSAS contracted the William D. Ruckelshaus Center (Ruckelshaus Center) to assist with this first phase of engagement, as directed in the proviso. The Ruckelshaus Center recommended conducting an engagement assessment involving a series of unstructured and semi-structured interviews and conversations with parties impacted by NEM rate decisions about behind the meter or customer-sited solar energy generation. The purpose of the assessment was to better understand key issues and perspectives of

interested parties about the value of distributed solar and storage, and NEM in Washington State and the level of engagement interested parties desire for the WSAS's next phase of work.

## II. SITUATION ASSESSMENT PROCESS AND PROTOCOLS

The Washington State Legislature funded WSAS to conduct a study to determine the value of distributed solar and storage in Washington State in order to create recommendations and options for a methodology or methodologies that utility regulators and governing bodies may use after the statutory four percent net metering threshold is met. A key component of this study is engaging interested parties who work with distributed energy resources in Washington State. To better understand key issues and perspectives of interested parties about the value of distributed solar and storage in Washington State and ways in which interested parties would like to be engaged as part of Phase 2 of this study, the WSAS contracted with the Ruckelshaus Center to conduct a situation assessment consisting of a series of interviews with interested parties.

The Ruckelshaus Center staff was scoped to conduct up to 40 interviews between mid-February 2025 thru April 2025. WSAS staff identified individuals to interview, beginning with a summary list of key stakeholder groups put together by the cohort of [Clean Energy Institute Advanced Experience Program](#) Fellows. To develop a list that as much as possible represented a range of perspectives, the Ruckelshaus Center staff and WSAS staff (Project Team) used a chain referral recruitment method to identify additional potential interviewees. In accordance with this method, the Project Team asked each interviewee to identify individuals, interests, or groups that would be important to interview. Interviews were then scheduled with individuals identified via this referral sampling method.

WSAS staff contacted people to determine their willingness to participate and to schedule an interview. Individuals either agreed to participate, declined to participate, suggested an alternate interviewee from their organization, or did not respond to the invitation. If a given person did not respond, the team followed up with additional invitations by phone and/or email, including a final invitation near the conclusion of the interview stage of the process.

The Project Team conducted 23 interviews with a total of 48 interviewees (some included multiple representatives of one organization). Appendix A is the list of people interviewed and their affiliations. Interviews lasted approximately 60 minutes and the Project Team provided a copy of the interview questions to interviewees in advance of the interview (Appendix B). The Project Team informed each interviewee that their participation was voluntary and that they could choose at any time to decline to answer a question or end the interview. Interviewees were also informed that the summary report would summarize the information gathered from interviews, but not attribute any specific statements to any individuals or organizations.

The Project Team convened several times for discussions regarding observations and key findings. Ruckelshaus Center staff then analyzed, organized, and synthesized key findings from the interviews. The recommendations in this report are based on the Ruckelshaus Center's analysis of what was heard and learned from interviewees about what they would like to see for engagement in Phase 2 and the Ruckelshaus Center's expertise in stakeholder engagement and collaborative processes.

### III. KEY FINDINGS FROM INTERVIEWS

Key findings summarized in this section comprise a synthesis of what was heard and learned from interviewees, relevant to the questions that were asked during interviews (see Appendix B). The questions asked of interviewees were intended for two purposes: (1) to inform WSAS’s Phase 2 by better understanding key issues and perspectives of interested parties about the value of distributed solar and storage in Washington State and perspectives on NEM; and (2) to identify how interested parties would like to be engaged as part of Phase 2. Included in this report is a high-level synthesis of what was heard regarding the complexity of technical and policy issues discussed. This high-level summary of key findings, summarized in this section of the report helps to set the context for understanding the interests, perspectives, and underlying values of the interviewees. This understanding creates the foundation for further engagement opportunities. The comprehensive and technical information shared in the interviews, while not summarized in detail in this report, was documented by WSAS staff, which is being used to inform Phase 2 work.

#### A. Goals And Objectives for Distributed Solar and Storage

Interviewees were asked to share their overall goals and objectives for distributed solar and storage. It is helpful to understand whether and where there might be commonalities and differences in the interviewees’ goals and objectives. The following specific themes emerged from the conversations.

##### Assist in Meeting Projected Increased Future Demand for Electricity

Nearly all interviewees talked about how energy demand in Washington is projected to increase by 30% in the next decade. Interviewees see distributed solar and storage as having a role to play in helping to meet this increased demand and being an important part of the portfolio of energy sources.

##### Meet Clean Energy Transformation Act (CETA) Goals

Interviewees talked about how promoting distributed solar and storage helps to promote clean energy, which is an important tool for mitigating climate change and important components of meeting Washington State’s Clean Energy Transformation Act (CETA), which requires electric utilities to fully transition to clean, renewable and non-emitting resources by 2045.

##### Build Community Resilience Especially Regarding Hazards and Changing Climate Conditions

Interviewees spoke about ways solar and storage can support the nexus of emergency management and community resilience, considering the projected load growth to the grid and natural climate hazards. Interviewees emphasized that storage enhances energy independence as customers become more energy independent by being able to store excess solar power for later use and reducing reliance on the grid. Also, mentioned was that distributed solar and storage can help meet the emerging energy demands as historically in Washington, there has been high production, lower use in the spring and summer, and low production, much higher use in the late fall and winter. Some talked about how this pattern is changing due to climate changes and increasing temperatures in Washington, where more people are installing air conditioner systems in their homes and businesses, resulting in greater electric energy usage in the spring and summer months.

Many interviewees suggested revising and/or adding on to NEM some type of incentive structure to support battery energy storage. Expanding access to resilient, battery-backed systems for communities vulnerable to grid outages, including those in wildfire or storm-prone areas would increase community resilience. Some also talked about how storage would help to support the dispatch ability and flexibility of solar for customer and utility use.

### Improve Grid Reliability and Reducing Peak Loads

Interviewees noted that as more renewable energy is added to our system, which is variable, there needs to be rates that can provide an incentive for customers to shift their consumption of grid energy away from peak demand periods. Distributed solar and storage can aid in managing this energy demand as well as address congestion within the grid while also optimizing solar distributed through the system. They noted that it will be important to integrate storage and smart grid technology where it improves reliability and operational efficiency. Interviewees emphasized that within these objectives it is important to acknowledge that the approaches to improving grid reliability and reducing peak loads through distributed solar and storage could be quite different depending upon particular circumstances. These circumstances include the differences between when peak loads occur in Western vs Eastern Washington. Solar plus storage could be beneficial to address some of these issues.

### Establish Equitable and Affordable Energy Costs for All Customers Including Fair Compensation for Exported Solar Energy

Interviewees mentioned several goals as well as approaches to meet these objectives. Examples of goals and objectives included:

- Maintain rate fairness and transparency, as well as minimize cross-subsidization.
- Create a sustainable rate structure that fairly compensates distributed solar and storage without overcompensating customers at retail rates. This ensures that all customers—both participants and non-participants—benefit equitably while aligning compensation with actual grid value and prevents cost shifting to non-participant customers.
- Establish opportunities where everyone should be able to invest in solar, but compensation should reflect the actual value to the grid and avoid cost shifts.
- Balance the supply side and demand side with the aim of finding the most cost-effective way to meet customer needs while ensuring reliable service.
- Create policies that support clean energy ownership and long-term benefits to be accessible to every electric customer in the state, particularly the renters and lower income households that have been historically excluded from benefiting from clean energy technology.

### Support Local Economic Development

A key objective discussed was to continue to support local economies through distributed solar projects as they create jobs in installation and maintenance and provide tax revenue for local communities. Some interviewees noted the importance of establishing and maintaining policies and opportunities that sustain small business participation in the clean energy transition — without which rural communities may be left behind. Interviewees expressed support for the preservation and

expansion of Washington’s distributed solar sector, to retain decades of technical expertise and ensure a just energy transition statewide.

### Increase the Access to and Use of Renewable Energy

To meet the objective of increasing access to and use of renewable energy, many interviewees suggested that the viability of distributed solar and storage for rural customers should be ensured by maintaining strong incentives and policies like net metering. Without net metering, customers who have installed residential solar panels could be looking at many decades before they can recoup their investment. It was also noted that clean energy should be considered a tool to promote economic justice and equity through delivering cost savings. Interviewees emphasized the importance of developing approaches and policies that help low-income and multi-family residences access solar. An important component of increasing access and use of renewable energy is ensuring that customers are receiving accurate information about the benefits, installer charges, rate structure, and how processes and programs work.

## B. Key Considerations for Evaluating Rate Structure for Distributed Solar

Interviewees were asked to share their thoughts about what is important to consider when evaluating rate structure for distributed solar and storage, including how important consistency in rate structure is for different programs. Nearly everyone interviewed talked about the importance of understanding and considering all perspectives including those from ratepayers and utilities. They also stated it was important to include societal and environmental considerations in the evaluation of rate structure. It was noted that the inclusion of all interests ensures a comprehensive and balanced approach. Interviewees talked in detail about a number of complexities that make designing an effective rate structure for distributed solar challenging in Washington State including that with more than 60 utilities in Washington, the issues vary depending on the utility. Nearly all interviewees talked about cross-subsidization and the need to consider whether the rate structure prevents undue cost shifts between solar and non-solar customers. Some talked about the challenges of balancing the costs of grid infrastructure with the benefits of distributed solar generation. Many talked about the differences between solar generation in Western vs. Eastern Washington and that the rate structure may need to consider the timing of when there is an increased demand for electricity and when solar generation is maximized.

Interviewees frequently referenced rate structure design in other states, such as California and Texas and opinions varied as to their applicability to Washington. Some interviewees found lessons on rate structure and distributed solar valuation useful, while others cautioned against adopting policies that fail to align with Washington’s unique energy ecosystem.

The following are key considerations interviewees shared. The ordering does not reflect prioritization nor frequency of mention.

### Rate Design Elements

Many elements of rate structure design were talked about by interviewees. For example:

- Time-of-Use (TOU) Rates: prices vary based on demand and supply conditions.

- Fixed Charges: a base rate that helps recover fixed costs such as infrastructure and administrative costs.
- Grid Access Charge: a standard fee all customers pay regardless of how much electricity they use.
- Volumetric rates: rate based on how much electricity the customer uses.
- Demand Charges: prices based on peak usage.
- Net Billing: energy credits are often equal to the wholesale rate of electricity, which is less than the retail rate.
- Variable Energy Charges: prices fluctuate based on market conditions, demand, or other factors.
- Export credits that reflect avoided costs.

While preferences for rate design elements varied, interviewees frequently stressed the importance of establishing a rate structure that is fair, transparent, and reflects the actual cost of service. This included energy generation, transmission, and distribution. Many also noted it important to consider the costs of maintaining grid infrastructure and administrative costs that need to be covered, such as billing services. Interviewees cautioned against high fixed charges, which impact affordability for all customers and many thought such charges should be the same for both solar and non-solar customers. Frequently mentioned by interviewees were time-varying rate structures, where rates are aligned with TOU or real time pricing and reflects when energy is most valuable.

### Operational, Geographic, and Infrastructure Considerations

Interviewees frequently talked about the complexity of rate structures in Washington State. The State has roughly 60 electric utilities, which are a mix of private or investor-owned utilities, Public Utility Districts (PUDs), and rural electric cooperations or co-ops. Each has its own rate structures and regulatory processes. Some utilities use TOU rates, others use tiered rates, and billing charges differ based on the utility. Washington's residential electricity rates are much lower than the national average, partially due to hydroelectric power, however, rates vary amongst utilities and based on geographic location. Interviewees often compared electric rates in Seattle with those in Chelan County to emphasize this point. The average rate in Seattle is around 13.9 cents per kilowatt hour, while in Chelan, the average residential rate is 3.76 cents per kilowatt hour. Chelan County PUD can subsidize local rates by selling excess hydropower. Interviewees frequently stressed the importance of considering such variation in rates when looking at the value of solar and storage and whether compensation based on retail rate makes sense state-wide.

Interviewees also talked about how infrastructure challenges such as aging systems impact distributed solar valuation and rate design. Technological changes like automatic metering systems and their cost implications were mentioned as critical yet under-discussed aspects. Insights were shared on the role of automatic metering systems in facilitating dynamic pricing and better capturing energy flow between distributed generation and the grid. However, it was mentioned that the complexity and cost implications of implementing such systems remain barriers to widespread adoption.

### Fairness and Equity Considerations

Nearly all interviewees talked about fairness and equity as key considerations for rate design. Frequently mentioned was cross-subsidization and the importance of balancing fair compensation for solar participants with avoiding cost-shifting to non-participants. However, views differed about whether current rate structures are preventing undue cost shifts between solar and non-solar customers.

Nearly all interviewees also talked about the importance of providing equitable access to solar and storage. Interviewees stressed the importance of access for low-income customers and for vulnerable and underserved communities. Suggestions included robust discount programs, tiered rates, and outreach initiatives aimed at ensuring low-income households can benefit from distributed solar. Additionally, equity-focused mechanisms were proposed to minimize financial burdens on non-participants while incentivizing solar adoption in economically constrained areas. Progressive rate designs, where rates reflect socioeconomic conditions, was another suggestion to address historical disparities in access to renewable energy.

The goal of expanding access to solar energy was noted by some as a key consideration when creating a rate structure. Community solar was highlighted as a mechanism to expand access to renewable energy for renters, low-income households, and those without suitable rooftops for solar installation. Dynamic pricing for battery storage was suggested as a tool for incentivizing fair energy usage.

### Environmental and Societal Considerations

Nearly all interviewees talked about the importance of considering the environmental benefits of distributed solar. However, opinions differed on whether such benefits should be considered as part of the rate structure and if so, how they would be quantified.

A number of interviewees saw distributed solar and storage as essential tools to aid in the mitigation of climate impacts and for supporting Washington's clean energy goals. Some talked about how Washington's reliance on hydropower and constrained transmission capacity underscores the necessity of incorporating more distributed renewables to meet future energy demands.

Some interviewees argued externalities, such as environmental and economic benefits, should be excluded from rate structures, suggesting these are best addressed through policy mechanisms, by policymakers. Others maintained that incorporating these benefits directly into the rate design is essential to achieving policy goals.

Interviewees often talked about how California incorporated a Societal Cost Test (SCT), in addition to its Total Resource Cost (TRC), into its evaluation of distributed energy resources. An SCT for solar evaluates the net cost-benefit of a solar program by incorporating broader societal benefits and costs. A TRC primarily considers costs and benefits directly related to the utility and participants of a program. Perspectives varied on whether Washington should adopt a similar approach.

### Future-Oriented Considerations

Insights into nodal pricing for distributed solar valuation were discussed, including challenges in aligning future cost signals with historical costs. Opinions differed regarding whether rate structures

should focus on past costs or future avoided costs. Many cautioned against compensating based on historical costs, which may misalign with future grid needs and cost signals.

Interviewees emphasized the need for a systems-level view of distributed solar integration. Nearly all talked about future rate structures needing to consider dynamic factors such as increasing electrical demand, grid congestion, the role of hydropower, and the evolution of utility infrastructure.

### Economic Development Considerations

Interviewees talked about how solar businesses, such as solar installers, need stability and predictability in rate structures to sustain investments, create and maintain jobs, and serve customers effectively. This included avoiding complex rate designs, which creates confusion amongst customers and can negatively impact the adoption of solar. The loss of technical knowledge and workforce capacity in the solar sector was flagged as a risk when policies abruptly shift and become unfavorable to small businesses.

### Policy Considerations

Interviewees talked about how the Legislature and various policy decisions can play a key role in setting and ensuring societal benefits, like equity and resilience, are adequately addressed when it comes to supporting distributed solar and storage. However, many noted there can be a disconnect between policy aspirations and the technical feasibility of achieving them. Others cautioned against tying solar incentives to rate structures, noting that changes to the structure directly impact the value of the incentives. Some suggested that policy incentives be standalone programs or tax benefits, and not tied to electric rates.

### Solar Storage and Resilience Considerations

Many interviewees suggested that the rate structure should incentivize pairing solar with battery storage. Interviewees talked about the need to shift away from valuing solar in isolation and instead better understand and value solar and storage as an integrated system.

Some talked about ways battery storage enables dynamic pricing and time-varying rates. The value of pairing solar with battery storage was noted by some as a potential way to mitigate seasonal energy supply fluctuations and to address peak energy demand. Battery storage would allow customers to better optimize energy use, which would better align with broader grid needs, shifting the focus from solar-specific value to the value of energy as a whole.

Interviewees talked about the potential for Washington State to lead in valuing resilience within its energy rate structures, particularly by exploring frameworks like the “value of lost load” (VOLL) to better account for grid reliability during disruptions. VOLL represents the monetary value of lost power and is used to quantify the economic impact of power outages. VOLL can determine the value of backup power from solar-plus-storage systems during outages. Interviewees highlighted that resilience is often an overlooked value, but has gained increased focus, in particular solar-plus-storage, in the face of extreme weather events and rising energy demands.

### Consistency Considerations

When asked about the importance of consistency in rate structure for different solar programs, most interviewees thought statewide uniformity in rate structures would not be feasible nor desirable.

However, interviewees emphasized that having a consistent framework or methodology for determining rate structure for solar and storage was important to ensure that rate design across different programs is fair, transparent, and grounded in shared principles. Interviewees suggested standardizing methodologies for calculating costs and benefits across programs while allowing flexibility to reflect local conditions and priorities.

Interviewees talked about how different programs—such as net metering, community solar, or commercial solar projects—serve distinct goals, and therefore necessitate tailored rate structures that reflect the unique purpose and value of each program. Some noted that utilities face challenges in coordinating diverse methodologies across programs, adding complexity to ratemaking and customer communications.

Some interviewees noted that for many in the solar business, predictability in compensation structures is critical to adequately pricing the cost of solar installation, educating customers, and being able to be transparent with customers about payback periods and returns on their investment. Inconsistent rate structures present challenges for solar businesses such as complexities in tracking programs, navigating administrative requirements, and understanding variations across utilities. Stable and predictable rate structures are necessary for businesses to invest, hire employees, and adequately serve customers and unpredictability in rate structures undermines market confidence and slows progress.

Technological advancements like dynamic pricing, virtual net metering, and battery storage introduces additional complexity. While some interviewees saw these as tools for achieving consistency, others highlighted the administrative and technical challenges they pose, especially for smaller utilities.

Interviewees talked about how diversity in utility operating models, borrowing costs, and energy sources, make uniform rates across utilities difficult to achieve. Many noted the east-west divide in Washington, with its limited transmission capacity and reliance on eastern hydropower versus western consumption, are complicating factors for uniform rate design, underscoring the need for tailored solutions rather than a one-size-fits-all approach. Many favored methodologies that consider these differences while providing consistent principles for rate design.

### **C. Key Considerations for Net Metering Policies and Determining Compensation for Distributed Solar Production**

Interviewees responses to the question about what should be considered when determining compensation for distributed solar production and the question about what the principles should be when creating policies for net-metering tended to overlap. And many responses mirror what was stated when asked about evaluating rate structure.

#### **Alignment with Clean Energy Goals and Targets**

Washington State’s Clean Energy Transformation Act (CETA) requires electric utilities to fully transition to clean, renewable, and non-emitting resources by 2045. CETA sets the following targets:

- **2025** – All electric utilities must eliminate coal-fired generation serving Washington State customers.

- **2030** – All electric utilities must be greenhouse gas neutral—for example, remaining carbon emissions are offset by renewable energy, energy efficiency, carbon reduction project investments, or payments funding low-income assistance.
- **2045** – All electric utilities must generate 100% of their power from renewable or zero-carbon resources.

When asked about what principles should be considered when creating policies for NEM many talked about the need for a broader policy conversation about how distributed solar and NEM aid in meeting the goals and targets the State has set forth. Some questions interviewees posed included:

- What is the vision for distributed energy in Washington State?
- Given that vision, what is the role of distributed solar and storage today and in the future?
- How do NEM policies support this vision?
- What were the reasons for and goals of NEM? Are they still relevant today?
- What is the purpose and desired outcome of NEM?
- What is the problem that is trying to be addressed with NEM policies?
- What is the vision for solar AND storage?

Interviewees spoke about how the conditions in place in the 1990’s when NEM laws were created are not the same conditions that exist today or in the future. Many talked about how energy demand in Washington is projected to increase by 30% in the next decade, due to factors such as rapid expansion of data centers, expansion of electric vehicles, increased high-tech manufacturing, increased development, and greater electrification in homes and buildings. Some questioned whether to incentivize individual roof-top solar given current and changing conditions, suggesting that incentivizing utility-scale solar instead would be more productive and capital efficient. Others cautioned against relying solely on large scale generation, noting potential increases to utility rates, siting challenges, and environmental impacts. Others thought a more balanced approach to incentives was needed, and to ensure that incentives continue to make renewable energy more accessible and affordable, while avoiding cost-shifting to non-solar customers, and that distributed solar is an important component of the State’s overall portfolio for contributing to a more sustainable energy future.

### Equity, Fairness, and Accessibility

Equity, fairness, and accessibility were recurring themes when asked what should be considered for net-metering policies and determining compensation for distributed solar. In particular, interviewees were interested in ensuring fair compensation and avoiding cross-subsidization. Interviewees talked about the importance of net-metering policies and incentive-based solar programs not disproportionately benefiting more affluent individuals while shifting costs to lower-income communities. This included cross-subsidization, ensuring compensation for solar participants is fair and avoiding cost-shifting to non-participants.

In Washington State, net-metering credits solar customers by allowing them to “sell” the energy they generate back on to the grid at the full retail rate. Many referenced the [2023 study conducted by Energy and Environmental Economics \(E3\)](#) that found that the compensation provided through retail

rate net-metering exceeds the value that is being provided to the electric system. Interviewees explained that non-solar customers pay for the infrastructure and maintenance costs to the grid that support these systems, therefore creating a cost shift from solar participants to non-participants. However, some interviewees raised several [critiques about the E3 study](#), including that concepts of cost shift and revenue shifts were inflated and that a number of the qualitative benefits of NEM were not included.

Interviewees also talked about the importance of ensuring policies create access to solar, particularly for low-income, disadvantaged, and underserved communities. Some suggested greater engagement and involvement of community-based organizations in policy discussions. Others talked about needing to consider the role of distributed energy resources for rural communities and how removing or devaluing NEM could have a disproportionate impact in these communities where grid reliability is limited, and upgrades are costly.

### Retail Rates, Avoided Costs, and Fixed Costs

In Washington State, utilities are required to offer NEM at the full retail rate for systems up to 100kw. Solar customers receive credit for excess energy they feed back to the grid at the same rate they pay for non-solar generated electricity. This means that solar customers could reduce their electricity bill by generating and exporting excess energy. Electric utilities are required to offer the retail rate for NEM until either June 30, 2029, or until the total generating capacity of NEM systems connected to the utility reaches 4% of the utility's 1996 peak demand, whichever comes first. Once a utility reaches one of the thresholds, they can continue to offer the retail rate NEM or propose an alternative tariff schedule. Avoided cost is the cost a utility company can avoid by not having to purchase or generate new power or purchase it from a third party. Fixed costs are the inherent charges a utility incurs to maintain the entire grid infrastructure and provide basic services - including transmission and distribution lines, meter reading, and billing services - regardless of how much electricity an individual customer uses.

Perspectives varied when asked whether excess solar electricity should be credited at the full retail rate, or at a lower rate that considers the utilities avoided costs and fixed costs. A number of interviewees thought it important that compensation was based on the actual avoided cost to the utility, and they spoke in great detail about the various costs to the utility and their complexity. This included reflecting the marginal cost of generation, transmission and distribution deferral, grid services such as peak shaving and grid support, and operational and administrative costs. Other interviewees thought it important that compensation not be based solely on avoided costs to the utility. They explained how compensation based solely on avoided costs does not reflect the full value of solar, such as environmental benefits and reduced grid congestion. Some talked about how strict avoided cost compensation can create market distortions that do not fully incentivize solar adoption and therefore hinder the adoption of distributed solar and growth of DERs. When asked about models that consider avoided costs, interviewees frequently referenced the California Public Utility Commission's Avoided Cost Calculator.

Interviewees highlighted the challenges of balancing compensation with ensuring utilities recover fixed costs in a manner that is equitable. Many talked about fixed infrastructure costs and, depending on the utility and the price the utility purchases electricity, how compensation based on the energy a utility

avoids purchasing may not cover the costs of maintaining the grid that these customers still rely on. A few interviewees felt strongly that compensation should continue to be based on the retail rate.

### Societal Benefits

Perspectives amongst those interviewed differed on whether societal benefits should be reflected in compensation for distributed solar. Those that supported including such benefits spoke about the environmental benefits, such as reduction in greenhouse gas emissions and air pollutant emissions as well as reducing the need for large tracts of land for solar infrastructure. Some thought that the environmental scale of impacts of distributed solar vs. grid scale solar generation should be considered. They noted that the impact of putting solar panels on an already existing structure is less impactful than grid scale generation, which requires a sizable portion of land, where siting is controversial, may disrupt the ecosystems, and required large-scale transmission that may impact species corridors and networks. Others talked about community resiliency and economic benefits. This included such things as the value of solar and storage in disaster preparedness and in job creation and supporting local economies. Renewable energy credits and being mindful of double counting – when the environmental benefits of a single renewable energy credit are claimed by more than one entity – was also flagged as a topic for discussion.

Several interviewees thought a more robust conversation was needed about whether compensation and rate structure were the appropriate means to be incentivizing solar deployment and achieving various societal and environmental benefits, or whether other policy and incentive-based program structures would be more appropriate. Some suggested completely detaching distributed solar incentives from rate-based compensation structures. Others suggested no longer incentivizing solar alone, but solar plus battery storage. And some suggested a better blending of state policy incentives with a dynamic tariff structure.

### Seasonal Variability and Grid Reliability and Sustainability

According to a number of interviewees, Eastern Washington has better solar potential compared to Western Washington. Many utilities experience annual peak load during winter months. However, summer peaks are becoming more significant, largely due to increased air conditioning use. Solar production tends to peak at midday while demand for electricity tends to peak in the evening. While solar energy helps offset summer consumption, it cannot do so as effectively in winter. This mismatch between solar generation and peak demand was frequently noted by interviewees as important to consider when developing policies for NEM and determining compensation structures. Interviewees spoke in great detail and in length about various strategies that should be considered, including incentivizing battery storage, increasing solar capacity, and implementing demand response programs. TOU rates and “time-varying rates” were frequently mentioned. Essentially the same concept, customers pay different rates for electricity depending on the time of day, with higher rates during peak hours and lower rates during off-peak hours. Several interviewees suggested NEM policies and compensation models better reflect peak demand times and regional grid needs rather than using a static rate across all locations.

Interviewees suggested various incentive and compensation models aimed at aligning with real-time grid needs, such as:

- Incentivizing southwest-facing solar installations over traditional south-facing solar panels. Traditional south facing panels may produce excess energy midday, coinciding with an oversupply of solar that is less valuable to the grid, while south-west facing panels provide higher energy production during late-afternoon peak hours when system demand is highest.
- Localized grid congestion pricing, where areas with high grid stress during peak hours receive higher compensation, while regions with excessive solar generation face lower compensation to discourage oversupply.
- Zonal pricing adjustments, akin to locational marginal pricing (LMP) in wholesale markets, where distributed solar compensation varies based on real-time congestion and voltage support needs.

### Resilience & Storage Integration

Another recurring theme mentioned by nearly all interviewees was energy storage. Many suggested that future NEM policies should include an incentive structure to support battery energy storage, which would support the dispatch ability and flexibility of solar for both customers and the utility. Also suggested was to create incentives to expand access to battery-backed systems for communities in fire, storm, and other hazard prone areas that are vulnerable to grid outages. Many spoke about resilience as a value, in particular, when coupled with storage, allows for uninterrupted power during grid outages.

### Consumer Protection and Long-Term Predictability

Some interviewees raised concerns that with more than 60 utilities in Washington State, different compensation rates and tariff structures would be difficult to navigate for the customers and for promoting solar adoption. When creating policies for NEM some noted the importance of considering how new policies would impact current NEM solar customers and solar businesses. Interviewees suggested grandfathering policy protections for customers and businesses that made investments under existing rules.

A few interviewees emphasized that energy independence is a right for home and business owners. They shared how customers are entitled to consume the energy they generate with no obligation to pay the utility any portion of the retail rate beyond the direct service connection to the grid.

### Hydroelectricity Production

The role and impact of hydroelectricity was also discussed by some interviewees. They talked about how climate change and drought are straining hydroelectricity production, creating volatility in wholesale market prices. They saw NEM solar generation as a way to reduce loads, allowing for hydroelectric plants to be able to export more power to California, thus reducing rates, and to release more water at the dams, benefiting fisheries. Others noted that while reduced hydroelectricity need in the summer due to NEM solar production may be true, this reduced consumption in the summer does not reduce system peaks in the winter months.

A number of interviewees talked about how electricity rates are low in Washington State, partially due to hydroelectric power. Interviewees talked about how rates vary amongst utilities, noting that in Chelan County offers some of the lowest electricity rates in the country - the average residential rate is

3.76 cents per kilowatt hour. Chelan County PUD can subsidize local rates by selling excess hydropower. Interviewees talked about how such low rates impact the financial return of solar installations and that solar customers are not able to recoup their investment through energy savings. However, some noted that there is still a demand for installing residential solar in Chelan County and that federal tax credits and state and local incentive programs are available to help reduce upfront costs. It was mentioned that solar installation is still a financially viable option for those in rural areas where homes are far from existing power lines and connecting to the grid would be too expensive.

#### **D. Benefits and Adverse Effects of Net Energy Metering**

When asked about benefits of NEM, interviewees responses mirrored closely with the benefits listed and described by the [Net Energy Metering Technical Advisory Group](#). Benefits mentioned by interviewees included:

- Reduces energy bills for solar system owners.
- Reduces criteria pollutant emissions.
- Reduces greenhouse gas emissions.
- Reduces land use impacts.
- Reduces Utilities' purchase of energy that would otherwise be needed.
- Helps to meet CETA goals.
- Avoids transmission and distribution line losses.
- Increases energy independence and reliability.
- Makes solar financially viable.
- Supports local economic development.
- Reduces peak capacity needs and deferral of new generation resources.
- Reduces the draw from dams, leaving more hydroelectricity for utilities to sell regionally or keep in reserve.
- Supports local employment – green jobs, apprenticeship opportunities, local living wage employment and training in the electrical field.
- Reduces energy burden over time and stabilizes energy costs. As electricity rates fluctuate over the multiple decade lifetime of a solar installation, NEM participants may be able to avoid some impact of those fluctuations because the rates they pay to utilities will only apply to a fraction of the energy they use.
- Improves community resilience, where solar and storage systems can sustain power during outages.

When asked about adverse effects of NEM, responses were similar to those given when asked about considerations for creating NEM policies and compensation for distributed solar and storage. These included:

- NEM does not incentivize energy storage.

- Cost shifts to non-solar customers. Utilities are required to credit solar generation at retail rates, which are higher than wholesale rates. This practice may lead to increased rates for non-solar customers in order to cover the fixed costs of grid maintenance and infrastructure.
- Retail rate NEM does not account for time of use or grid congestion.
- Equity and Accessibility – NEM benefits are more accessible to homeowners who can afford the upfront costs of solar installations. Renter, low-income households, and those in unsuitable solar locations are unable to participate and reduce their utility bills through NEM.
- Any changes to current NEM laws could affect the financial viability of the solar industry.
- Washington’s cloudy climate is a challenge in that solar production peaks during midday, while demand often peaks in the evening. This mismatch of peak and demand can strain the grid.
- Solar energy production is highly seasonal in Washington State and geographic locations – east vs. west of the Cascades – present different conditions. In winter months, especially west of the Cascades, reduced sunlight significantly lowers solar output, however this is when energy demand is peaking and when excess solar is needed. This seasonal variability can impact the payback period for solar investments.

## **E. Ideas for Reaching Agreement on Net-Metering Policies and Desired Processes for Further Engagement of Interested Parties**

Interviewees were asked to share their ideas on how agreement could be reached on net-metering policies. Interviewees focused their comments mainly on four areas: developing a collaborative process to come to common understanding and dialogue; creating a viable process; identifying challenges to reaching agreement; and utilizing and communicating information, data, and analysis.

### **Developing a Collaborative Process**

Many interviewees acknowledged that coming to agreement on methodology and policies for net metering has been challenging. They commented that part of the challenge is the lack of a trusted process for dialogue among interested parties. They also emphasized that developing a methodology and policies for net metering brings up broader issues and questions around the value of solar, changing conditions since previous policies were established more than 15 years ago, and the need to engage differing interests to find shared values and principles.

There was widespread interest in creating a collaborative process that engages a broad group of interested parties to identify, discuss, and strive to come to mutual understanding and agreement regarding a vision of the future, principles, values, explicit benefits, appropriate approaches, and guidelines for establishing rates/compensation. Interviewees stated that these broader issues were essential to discuss among interested parties in order to strive towards agreement and “buy in” regarding potential methodologies and policies. Interviewees stated that establishing a collaborative process is important as it is the first step to minimize further conflict down the road. Some interviewees stated the importance of developing a process for engagement that moves beyond the politics of solar and focuses on data-driven analysis.

There were a number of suggestions for topics that interviewees stated would be important to discuss in a collaborative process, for example:

- Unpack the concerns and issues about cost shifting to low-income customers.
- Find agreement on the list of benefits of residential and community solar including those that are hard to quantify.
- Find agreement on the assets and benefits of residential and community solar to the utilities as well as the consumers.
- Identify and discuss the trade-offs of different options for determining the value of solar.
- Discuss and explore perspectives and impacts regarding the rate structure: Is this environmentally friendly? Will it increase or decrease costs? Will it increase or decrease reliability?
- Develop a new framework to support a partnership between utilities and customers in how the grid is managed in a cleaner energy future.
- Identify how any agreements or collaborative solutions will inform and involve decision-makers.
- Identify who the decision-makers are.
- Provide input into the analysis and approaches taken in determining the value of solar.
- Identify approaches to treating similar customers similarly.

Some interviewees discussed what has and has not worked in previous engagement processes including those in other states. They emphasized the importance of learning from these similar processes about what worked and did not work to design an appropriate process for Washington. Especially considering the concerns raised over past processes, several interviewees stated that it would be important to include input from interested parties to assist with the design of a collaborative process.

### Creating a Viable Process

Many Interviewees provided ideas and considerations for what would contribute to a process that is viable and trusted. These included:

- Any process should have skilled facilitators/mediators (impartial)
- Facilitators as well as analysts (scientists, economists, and social scientists) must be seen as non-biased.
- Process needs to be transparent and well communicated and understood by interested parties.
- Different viewpoints need to be acknowledged and genuinely heard.
- Be clear and agree upon the desired outcomes of the process.
- Stakeholders from impacted communities need to be involved and thought of in the discussions.
- All data and analysis utilized in the process needs to be broad and transparent and available/shared throughout the process.

- Base any agreements or decisions as much as possible on data.
- Use participants' time well.
- Communicate information for both those who understand the technical aspects and those who do not.
- Identify a broad range of stakeholders, communicate the criteria for who participates in the process(s), and what the stakeholder engagement plan is.
- Share updates about the process and discussions often.
- Process needs to be robust and inclusive.
- Multiple workshops or on-going meetings (like an on-going working group) would be helpful.
- Utilize experts (consultants) for technical analysis.
- Strive for agreement on accepted compromises.
- Identify key questions to be answered when bringing people together.
- Ensure broad utility involvement.

### Challenges to Reaching Agreement

Interviewees shared a number of challenges that they perceived to reaching agreement on the methodology and policies for net metering. These perceptions were often informed by interviewees' engagement with previous processes, analyses, studies, or knowledge of processes and studies in other states. Some interviewees expressed skepticism and stated that they held low expectations regarding the ability for interested parties to come to agreement, especially because of past experiences of processes, other state's contentious processes, and arguments and differing opinions over previous studies, data, analysis, and misinformation. The history of conflicting interests, fear of change, and parties looking out for their own interests complicates the likelihood of reaching agreement. Some examples of the conflicting interests included differing views on economic and environmental benefits; maintenance vs. reduction of the compensation rate of net metering; first come first served vs. equity; consistency among utilities vs. individualized approaches to net metering; and concerns about cost-shifting. Even though many interviewees noted that conflict would be present and getting to agreement could be difficult in a collaborative process, they stated that a trusted and professionally managed process could create an opportunity to find common ground. It would be important to manage expectations, and the different things participants would want out of the process.

Other challenges that interviewees brought up included tensions that exist between equity goals and 1<sup>st</sup> come, 1<sup>st</sup> served, the different positions of the solar industry and the utilities, that the status quo for some interested parties may be the most comfortable, differing perspectives on the relevancy of net metering to current conditions and the importance of storage, and the difficulty of coming to agreement when everything is a zero sum game. Also expressed was concern that all utilities in the State will take different approaches.

Some interviewees suggested that agreement is more likely if utilities have a meaningful seat at the table and participate in analysis and data collection; there is transparency in assumptions (green house gas reductions, avoided cost, capacity value); and that interested parties recognize that legacy net metering is outdated (particularly for future customers), and better models exist.

### Utilizing and Communicating Information, Data, and Analysis

Interviewees stressed the importance that data, analysis, and information plays in the discussions regarding the methodology and policies for net metering and even more importantly in the broader discussion regarding the value of solar. They emphasized the importance of striving to come to common understanding of the analysis and data, and that information needs to be communicated in a way that all interested parties understand. Interviewees stated that any research/technical information/data that is being utilized to develop a methodology needs to be peer reviewed, as well as made available for review and comment by interested parties during the process and before being finalized. Interviewees gave examples of what needs to be considered when developing a methodology for net metering and determining the value of solar. These examples included:

- Consider the benefits that are hard to quantify in determining the value of solar.
- Need more information and analysis on the data around cost shifts to non-solar customers.
- Consider different processes between investor-owned and consumer-owned utilities.
- Need to show what is the most valuable to the end user and the customer.
- Legislators will need to understand the key technical information, the goals, and vision behind the outcomes.
- Need better information in understanding what the benefits, costs, and consequences truly are.

Interviewees noted that policymakers will need to understand the key technical information that informs the analysis as well as the vision of the future, the goals, values, and principles that are discussed in a collaborative process.

### Engagement of Interested Parties in Phase 2

Interviewees were also asked what they thought would be a meaningful follow-on process for engagement of interested parties in WSAS's next phase of work. Interviewees' responses to this question were often redundant to the answers they gave for the question about how agreement could be reached on the methodology and policies for net metering. The findings from these two sections should be considered together. Responses coalesced around the value of engagement at various stages of the analytic process that both includes continuous engagement from a diversity of interested parties as well as opportunities for broad engagement and input. Most interviewees also stated that it is important to establish a collaborative process to dialogue and work through differences on the broader issues regarding the value of solar, changing conditions since previous policies were established, and the need to engage differing interests to find shared values and principles, as mentioned in the previous section. The following are ideas suggested by interviewees for meaningful follow-on processes for the project going forward.

1. Initial engagement with interviewees and open to others (a public forum) to discuss Phase 1 report, findings from the interviewees, and recommendations/scope of work for next steps. Establish a way to collect comments on the 2025 Phase 1 report.
2. Establish a process for the duration of Phase 2 that provides on-going guidance and input by interested parties into the research, analysis, and development of methodologies/frameworks. Provide utilities opportunities to challenge assumptions and to ask questions. Process(s) would

be designed to provide input and feedback to WSAS while Phase 2 is occurring. This may include workshops with experts on specific subjects.

3. Towards the end of Phase 2 repeat engagement opportunities to collect comments on the 2026 report and hold moderated workshops, open forums to discuss specific components and to vet ideas/potential recommendations and conclusions.
4. Establish a collaborative process as stated in the findings of the previous question, either during Phase 2 or once Phase 2 is complete. Interviewees added the following comments to those provided in the previous question:
  - Best if the process is in-person.
  - Focus on resolution and addressing differences.
  - As part of the process agree on goals and how to find win-wins.
  - Process needs to have integrity, and facilitation needs to be impartial.
  - Design process where participants discuss mix of values, benefits, costs that can go into valuing solar and to provide input. Could be a series of workshops.
  - Needs to be a range of participants including the utilities. A full gamut of perspectives needs to be involved.
  - Create shared understanding of terms and technical information.
  - A structured process with robust stakeholder engagement needs to occur. Establishing forum(s) for continuous engagement ultimately will be important to maintain cooperation.
  - Process should be transparent, action-oriented and state the facts.
  - Need to move from study to collaborative design that includes working group and workshops, then into implementation, and identification of feedback loops (monitoring) to make adjustments, if needed to policies.
  - Trade-offs need to be discussed.
  - Will need to design for how to engage decision-makers in the process.
  - Collaborative process needs to include agreement on information and that there is shared understanding of background information and agreement on facts.
  - It will be important to identify what information is needed to assist the process.
  - Create a design that encourages people who have different viewpoints to come together and understand their differences.
  - Identify the salient points of disagreement.

## **IV. RECOMMENDATIONS FOR NEXT PHASE OF ENGAGEMENT**

The previous section (Section III.) provides a brief summary of what interviewees stated in response to the interview questions. The following recommendations are based on what was heard, learned, and

emphasized by interviewees. The Ruckelshaus Center staff utilized these comments to inform the design of potential engagement processes going forward.

Interviewees acknowledged that there is a lot of information, data, studies, and methodologies, both Washington specific as well as from other states, that currently address the value of solar, net metering, and distributed solar and storage. They emphasized the importance of learning from these similar processes about what worked and what did not work to design an appropriate process or processes for Washington. Additional methodologies and data can be helpful to guide decision-making. Interviewees emphasized that what has been missing is the opportunity for interested parties to work together to identify, dialogue, and strive to come to mutual understanding and agreement regarding the vision of the future, values, principles, explicit benefits, appropriate approaches, and guidelines for establishing rates/compensation.

Interviewees expressed interest in learning from one another and having the opportunity to resolve differences and see if there can be agreement on methodologies and potential policies. An asset within Washington is that there are many individuals and entities that have deep technical knowledge and understand the complexity and nuances of the energy system in Washington. In addition to wanting the opportunity to engage with each other across differences, interviewees also were interested in helping to guide and have input into Phase 2 of this project as well as next steps once Phase 2 is completed. The following recommendations reflect these interests for engagement going forward.

### **Recommendation 1: Create a Phase 2 Advisory Committee**

1. Create an advisory committee to enable ongoing engagement and input between interested parties and the WSAS Value of Distributed Solar and Storage Project during Phase 2 of its work. Include on the advisory committee all interested parties who participated in the interviews in Phase 1 to be part of the advisory committee. Also, solicit ideas for additional members who may be important to the process from the interviewees.
  - a. Convene an initial meeting to discuss the Phase 1 report, findings from the interviewees, recommendations/scope of work for next steps, and a process for soliciting comments on the Phase I report.
  - b. Establish a charter and hold, at a minimum, quarterly meetings of the advisory committee to provide guidance at key stages of Phase 2 and to provide periodic updates from the WSAS research team.
  - c. Towards the end of the Phase 2 analysis, repeat engagement opportunities to collect comments on the 2026 report and hold moderated workshops/open forums to discuss specific components, and to vet ideas/potential recommendations and conclusions.
  - d. Task the advisory committee with helping to create the process for soliciting comments on the Phase 2 draft report. Also, task the advisory committee with providing ideas for the design of a collaborative process (if it has not yet been established), as several interviewees stated that it would be important to include input from interested parties in the design.

**Recommendation 2: Create a Collaborative Task Force**

Create a collaborative task force that consists of representatives of the advisory committee and other interested parties. The purpose would be to identify, discuss, and strive to come to common understanding and agreement regarding a vision of the future for solar and storage, values, principles, explicit benefits, appropriate approaches, and guidelines for establishing rates/compensation. If the task force is created after Phase 2 is completed, utilize the Phase 2 framework/methodology to inform the dialogue and to provide policy and programmatic recommendations. The task force could be established by the State Legislature or a state agency. It is recommended that the task force meet a minimum of one year.

The following should be considered in establishing and managing a task force.

- Enlist skilled and impartial facilitators/mediators for the task force.
- Develop a process that is transparent and well communicated and understood by interested parties.
- Establish a task force charter that describes the “rules of engagement” that includes having respect for and genuinely consider different viewpoints, how data and analysis is utilized and shared/accessed throughout the process, striving for agreement on facts, and encourages people who have different viewpoints to come together and understand their differences.
- Establish a scope of work for the task force that identifies desired outcomes of the process and goals, recommendations for implementation, and development of feedback loops that inform future adjustments.
- Involve stakeholders from impacted communities.
- Communicate information for both those who understand the technical aspects and those who do not.
- Identify a broad range of stakeholders, communicate the criteria for who participates in the process(s), and what the broader engagement plan is.
- Develop mechanisms to share updates about the process and discussions often.
- Meet regularly for an extended period of time to ensure that participants have the opportunity for robust conversations and problem-solving.
- Identify the salient points of disagreement and strive for agreement on accepted compromises.
- Identify key questions to be answered when bringing people together.
- Ensure broad involvement including utilities.
- As much as is feasible, hold task force meetings in person.
- Create shared understanding of terms and technical information.
- Develop strategies for how to engage decision-makers in the process.
- Identify what information is needed to assist the process.

Additional ideas, rationale for, and creation of a collaborative process are reflected in the section E of the report.

## Appendix A. Interview List

Affiliation	First Name	Last Name	Title
Avista	Shawn	Bonfield	Sr. Manager of Regulatory Policy and Storage
	Josie	Cummings	Government Relations
	John	Rothlin	Manager of Government Relations
	James	Gall	Manager of Resource Analysis
	Mike	Diedesch	Grid Innovation lab Manager
	Dan	Burgess	Sr. Business and Daqta Analyst at the Lab
	Lisa	Garrett	Product Manager
	Rendall	Farley	Manager, Clean Energy Solutions
	Amanda	Ghering	Regulatory Policy
Building Potential	Kerry	Meade	Executive Director
Cascadia Renewables	Markus	Virta	Managing Partner
Chelan Public Utility	Jim	White	Principal Energy Efficiency Engineer
Coalition for Community Solar Access	Derek	Chernow	Western Director
Cowlitz Public Utility	Dever	Haffner-Ratliffe	Regulatory Affairs Coordinator
Washington State Department of Commerce	Nora	Hawkins	Senior Energy Policy Specialist
	Glenn	Blackmon	Director, Energy Policy Office
	Talia	Mirel	
E3 - Energy and Environmental Economics, Inc.	Ari	Gold-Parker	Director
	Arne	Olson	Senior Partner
Fire Mountain Solar	Alana	Nelson	Co-Owner
M.Cubed	Richard	McCann	Founding Partner
NW Energy Coalition	Charlee	Thompson	Policy Associate
Olympia Community Solar	Mason	Rolph	President
Orcas Power and Light Co. (OPALCO)	Foster	Hildreth	General Manager
	Vince	Dauciunas	President, Board of Directors
Oregon Public Utility Commission	Jean	Falconer	Senior Economic and Policy Analyst, Energy Rates and Regulatory Strategy; Policy and Economic Analysis
	Curtis	Dlouhy	Program Manager, Energy Rates and Regulatory Strategy; Policy and Economic Analysis
	Peter	Kernan	Senior Utility Analyst, Energy Resources and Planning
PacifiCorp	Robert	Meredith	Director, Regulatory Affairs
	Lee	Elder	Load Forecasting Manager
	Dan	MacNeil	Resource and Commercial Strategy Adviser
Protogen Energy	Adam	Morse	VP of Engineering
Pugest Sound Energy	Michael	Wehling	Program Manager Energy Equity - Data Analytics
	Leslie	Monynihn	Product Manager
	Heather	Mulligan	Manager, Customer Clean Energy Solutions
	Chris	Mickelson	Manager, Cost of Service and Pricing

Seattle City Light	Jennifer	Finnigan	Manager—CES Strategy, Planning and Evaluation
	Alex	Porteshawver	Energy Portfolio/Segment Manager
Spark Northwest	John	Seng	Policy Manager
Pacific NW DER Task Force	Nathaniel	Nichol	Member
Unaffiliated	Mike	Nelson	
Washington Washington Utilities and Transportation Commission (UTC)	Joel	Nightingale	Section Manager
Washington Solar Energy Industries Association (WASEIA)	Bill	Will	Retired
	Reeves	Clippard	Board of Directors
	Gavin	Tenold	Secretary, Board of Directors
WSU Energy Office	Phil	Lou	Energy Program Coordinator
Washington State Public Utility Districts Association (WAPUDA)	Nicolas	Garcia	Policy Director

---

## **Interview Questions for Parties Interested in the Value of Distributed Solar and Storage**

*To engage interested in parties in a legislatively mandated study on the value of distributed solar and storage, the Washington State Academy of Sciences has contracted with the William D. Ruckelshaus Center to conducted semi-structured facilitated interviews. The questions below will guide one-hour interviews to be conducted virtually in February through mid-April 2025.*

### **General Background**

1. Please tell us about your background, affiliation, and interests with respect to net metering rates and the value of distributed solar and storage.
2. What are your organizations' goals and objectives for the development of distributed solar and/or distributed energy storage in Washington state?

### **Rate structure for distributed solar and storage**

3. Many perspectives could be considered to evaluate the rate structure for distributed solar, for example, ratepayer, utility, and inclusions of externalities. What perspective(s) do you think should be used?
4. What considerations should be used to determine compensation for distributed solar production?
5. Should compensation for community solar projects be different from behind-the-meter solar projects? If so, why?
6. How important is consistency in rate structure (compensation) for different programs, for example net metering, community solar, commercial driven distributed solar and storage projects?

### **Net Metering**

7. What principles should be considered in creating policies for net-metering?
8. What components of the rate structure should be considered when developing options for the rate structure?
9. What components for net metering do you think should be considered when developing options for the rate structure?
10. What are examples of potential adverse effects of net metering?
11. What are some of the potential community or customer benefits?
12. What needs to be considered related to the impacts/burdens on low-income customers?
13. How do you think agreement can be reached on the methodology and policies for net-metering?

## **Wrap-up**

14. Is there anyone in particular you think it is important we interview? Why is it important to speak to them?
15. What do you think would be a meaningful follow-on process for additional engagement of interested parties?
16. Please send relevant studies/analyses/materials on net metering to [emma.rogers@washacad.org](mailto:emma.rogers@washacad.org) by **April 11, 2025**.
17. Do you have any questions for us?

*Thank you for your time and attention. We look forward to your participation.*