

HOUSE BILL NO. 37

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE OLSON

Introduced: 1/18/11

Referred: House Special Committee on Energy, Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the net metering of electric energy for electric utilities subject to
2 economic regulation by the Regulatory Commission of Alaska and for a utility's retail
3 consumers; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 42.05 is amended by adding a new section to read:

6 **Sec. 42.05.686. Net metering of electrical energy.** (a) This section applies to
7 every electric utility that is subject to exercise of the jurisdiction of the commission
8 that extends to matters concerning rates and charges for public utility services.

9 (b) The commission may modify or waive a requirement in this section, in
10 whole or in part, by order. The commission may act on an application for modification
11 or waiver and a showing of good cause or on the commission's own motion. An
12 application for modification or waiver under this section must be in writing and must
13 set out the pertinent facts in sufficient detail to support a finding by the commission
14 that no legitimate public interest will be served by enforcing the requirement

1 designated in the application. Under the authority set out in this subsection, the
2 commission may not modify or waive a requirement in another provision of AS 42.05.

3 (c) The commission may adopt by regulation additional requirements
4 pertaining to safety, power quality, and interconnection standards for consumer
5 generation systems participating in the net metering program if the commission
6 considers the requirements to be necessary to protect public safety and system
7 reliability.

8 (d) This section does not apply to the following systems of an electric utility
9 that is otherwise subject to exercise of the jurisdiction of the commission described in
10 (a) of this section:

11 (1) an independent electric system owned and operated by an electric
12 utility if

13 (A) except for fossil fuel generation for standby and emergency
14 power, 100 percent of the independent electric system's power is supplied by a
15 facility described in (l)(1) of this section; or

16 (B) the independent system had total retail sales of less than
17 5,000,000 kilowatt-hours during the previous calendar year; or

18 (2) any portion of the distribution system of the electric utility if and to
19 the extent the electric utility demonstrates to the commission that limiting net metering
20 installations in that portion of its distribution system is reasonably necessary to
21 address system stability constraints or other operational issues.

22 (e) Except as provided in (f) or (j) of this section, an electric utility subject to
23 this section shall

24 (1) make a net metering program available to each of its retail
25 consumers that requests interconnection; and

26 (2) allow eligible consumer generation systems complying with (l) of
27 this section to be interconnected to the electric utility's facilities in accordance with
28 interconnection standards approved or accepted by the commission.

29 (f) An electric utility may refuse to interconnect with a consumer that requests
30 net metering if interconnection would cause the total nameplate capacity of all eligible
31 consumer generation systems participating in the net metering program to exceed 1.5

1 percent of the electric utility's average retail demand. The utility shall notify the
2 commission if it refuses to interconnect with a potential net metering consumer under
3 this subsection.

4 (g) An electric utility that has a decrease in average retail demand that results
5 in the total nameplate capacity of eligible consumer generation systems exceeding 1.5
6 percent of average retail demand shall allow existing net metering consumers to
7 continue participating in the net metering program.

8 (h) By March 1 of each year, an electric utility shall submit a tariff filing
9 stating the number of kilowatts equivalent to 1.5 percent of the electric utility's
10 average retail demand for the previous calendar year and the total nameplate capacity
11 of eligible consumer generation systems participating in the net metering program at
12 the time of filing. The commission may require the filing to be made using a tariff
13 advice letter with accompanying tariff sheet.

14 (i) An electric utility may submit a tariff filing requesting an increase in the
15 limit on total nameplate capacity of eligible consumer generation systems participating
16 in the net metering program above 1.5 percent of the electric utility's average retail
17 demand. The commission may require the filing to be made using a tariff advice letter.

18 (j) An electric utility may deny participation in a net metering program to an
19 electric consumer that

20 (1) participates in another program if the program allows the consumer
21 to collect, through voluntary contributions from other participating consumers of the
22 utility, more than the non-firm power rate a kilowatt-hour for the sale of electric
23 energy; or

24 (2) sells electric energy under an existing contract if the contract
25 allows the consumer to collect more than the non-firm power rate a kilowatt-hour for
26 the sale of electric energy.

27 (k) An electric utility may install additional metering equipment for net
28 metering consumers. The electric utility

29 (1) is responsible for all costs related to the purchase, installation, and
30 maintenance of the additional metering equipment; and

31 (2) may not assess a recurring charge for the additional metering

1 equipment.

2 (l) To be eligible for interconnection under a net metering program, a
3 generation system must

4 (1) be a facility that produces electric energy derived from one or more
5 of the following sources:

6 (A) solar photovoltaic and solar thermal energy;

7 (B) wind energy;

8 (C) biomass energy;

9 (D) hydroelectric energy;

10 (E) geothermal energy;

11 (F) hydrokinetic energy;

12 (G) ocean thermal energy;

13 (H) landfill gas or biogas produced from organic matter,
14 wastewater, anaerobic digesters, or municipal solid waste; and

15 (I) other sources, as approved by the commission, that
16 generally have similar environmental effects;

17 (2) be operated and owned or leased by the consumer and

18 (A) have a total nameplate capacity of not more than 25
19 kilowatts for each consumer premises;

20 (B) be located on or adjacent to the consumer's premises;

21 (C) be used primarily to offset part or all of the consumer's
22 requirements for electric energy; and

23 (D) include a device that converts direct current power into
24 alternating current power to ensure the generated power is compatible with
25 power generated by an electric utility;

26 (3) include an electric generator and its accompanying components
27 that connect the electric generator to a utility's electric distribution system, including
28 interface equipment and interface equipment controls, switchgear, inverter, and other
29 interface devices; and

30 (4) be physically interconnected to the consumer's side of the meter
31 from which electric service is provided by the utility to the consumer.

1 (m) Each electric utility with a consumer participating in a net metering
2 program shall measure the net electric energy during each monthly billing period, and

3 (1) if the utility supplied more electric energy to the consumer than the
4 consumer supplied to the utility during the monthly billing period, the electric utility
5 shall bill the consumer for the number of kilowatt-hours of net electric energy supplied
6 by the utility to the consumer at the applicable rates contained in the utility's currently
7 effective tariff; or

8 (2) if the consumer supplied more electric energy to the utility than the
9 utility supplied to the consumer during the monthly billing period, the electric utility
10 shall credit the consumer's account with an amount derived by multiplying the
11 kilowatt-hours of net electric energy supplied by the consumer to the utility by the
12 non-firm power rate contained in the utility's currently effective tariff, unless a
13 different rate has been established in a commission-approved contract; the electric
14 utility shall credit dollar amounts to the account of a net metering consumer for
15 furnishing electric energy to the utility under this paragraph and use the credits to
16 reduce dollar amounts owed by the consumer in subsequent monthly billing periods;
17 the credits do not expire or otherwise revert to the utility.

18 (n) Except as otherwise provided in (m) of this section regarding kilowatt-
19 hour charges, the electric utility may bill a net metering consumer for all applicable
20 charges authorized by the electric utility's approved tariff.

21 (o) An electric utility administering a net metering program may not charge a
22 consumer participating in the net metering program any additional fee for standby,
23 capacity, interconnection, or other net metering expense unless approved by the
24 commission.

25 (p) An electric utility may petition the commission to change electric rate
26 designs, consistent with regulations adopted by the commission, including appropriate
27 rate classes for net metered consumers. The commission shall allow the charge if the
28 utility can demonstrate an adverse material rate effect on utility consumers that do not
29 participate in the net metering program.

30 (q) In this section,

31 (1) "average retail demand" is the number of kilowatts determined by

1 dividing the total retail sales of the utility, measured in kilowatt-hours, for a calendar
2 year

3 (A) with 365 days, by 8,760 hours; or

4 (B) with 366 days, by 8,784 hours;

5 (2) "consumer" means a customer of an electric utility described in (a)
6 of this section that consumes the electricity purchased from the utility;

7 (3) "consumer premises" means all buildings and associated grounds
8 owned or leased by a consumer at a single location where an electric utility provides
9 service through one or more utility meters;

10 (4) "electric system" means an integrated electrical system that
11 includes, at a minimum, generation and distribution of electric energy;

12 (5) "independent electric system" means an electric system that is not
13 interconnected with another electric system;

14 (6) "nameplate capacity" means the maximum rated output of a
15 generator, prime mover, or other electric power production equipment under specific
16 conditions designated by the manufacturer;

17 (7) "net electric energy" means, as metered by the electric utility for a
18 specified period and expressed in kilowatt-hours, the amount by which the quantity of
19 electric energy supplied by the

20 (A) utility to the consumer exceeds the quantity of electric
21 energy supplied by the consumer to the utility; or

22 (B) consumer to the utility exceeds the quantity of electric
23 energy supplied by the utility to the consumer;

24 (8) "non-firm power rate" means the rate updated quarterly in an
25 electric utility's tariff in accordance with regulations adopted by the commission or
26 another non-firm power rate as may be authorized by the commission;

27 (9) "retail sales" means sales of electricity to the end-use consumer,
28 exclusive of any wholesale sales.

29 * **Sec. 2.** This Act takes effect January 1, 2012.