

PUBLIC UTILITY MODIFICATIONS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: James A. Dunnigan

LONG TITLE

General Description:

This bill amends provisions related to net metering of electricity.

Highlighted Provisions:

This bill:

- ▶ modifies definitions;
- ▶ provides that the Public Service Commission shall grant certain unused credits to low-income assistance programs or for another use as determined by the Public Service Commission;
- ▶ addresses customer charges, credits, and ratemaking;
- ▶ addresses a requirement for a customer to provide equipment; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

54-15-102, as last amended by Laws of Utah 2013, Chapter 136

54-15-104, as last amended by Laws of Utah 2008, Chapter 244

54-15-106, as last amended by Laws of Utah 2008, Chapter 244

ENACTS:

54-15-105.1, Utah Code Annotated 1953

30 REPEALS:

31 **54-15-105**, as last amended by Laws of Utah 2008, Chapter 244

32

33 *Be it enacted by the Legislature of the state of Utah:*

34 Section 1. Section **54-15-102** is amended to read:

35 **54-15-102. Definitions.**

36 As used in this chapter:

37 (1) "Annualized billing period" means:

38 (a) a 12-month billing cycle beginning on April 1 of one year and ending on March 31
39 of the following year; or

40 (b) an additional 12-month billing cycle as defined by an electrical corporation's net
41 metering tariff or rate schedule.

42 (2) "Customer-generated electricity" means electricity that:

43 (a) is generated by a customer generation system for a customer participating in a net
44 metering program;

45 (b) exceeds the electricity the customer needs for the customer's own use; and

46 (c) is supplied to the electrical corporation administering the net metering program.

47 (3) "Customer generation system":

48 (a) means an eligible facility that is used to supply energy to or for a specific customer
49 that:

50 (i) has a generating capacity of:

51 (A) not more than 25 kilowatts for a residential facility; or

52 (B) not more than two megawatts for a non-residential facility, unless the governing
53 authority approves a greater generation capacity;

54 (ii) is located on, or adjacent to, the premises of the electrical corporation's customer,
55 subject to the electrical corporation's service requirements;

56 (iii) operates in parallel and is interconnected with the electrical corporation's
57 distribution facilities;

58 (iv) is intended primarily to offset part or all of the customer's requirements for
59 electricity; and

60 (v) is controlled by an inverter [~~or switchgear~~]; and

61 (b) includes an electric generator and its accompanying equipment package.

62 (4) "Eligible facility" means a facility that uses energy derived from one of the
63 following to generate electricity:

64 (a) solar photovoltaic and solar thermal energy;

65 (b) wind energy;

66 (c) hydrogen;

67 (d) organic waste;

68 (e) hydroelectric energy;

69 (f) waste gas and waste heat capture or recovery;

70 (g) biomass and biomass byproducts, except for the combustion of:

71 (i) wood that has been treated with chemical preservatives such as creosote,
72 pentachlorophenol, or chromated copper arsenate; or

73 (ii) municipal waste in a solid form;

74 (h) forest or rangeland woody debris from harvesting or thinning conducted to improve
75 forest or rangeland ecological health and to reduce wildfire risk;

76 (i) agricultural residues;

77 (j) dedicated energy crops;

78 (k) landfill gas or biogas produced from organic matter, wastewater, anaerobic
79 digesters, or municipal solid waste; or

80 (l) geothermal energy.

81 (5) "Equipment package" means a group of components connecting an electric
82 generator to an electric distribution system, including all interface equipment and the interface
83 equipment's controls, switchgear, inverter, and other interface devices.

84 (6) "Excess customer-generated electricity" means the amount of customer-generated
85 electricity in excess of the customer's consumption from the customer generation system during

86 a monthly billing period, as measured at the electrical corporation's meter.

87 (7) "Fuel cell" means a device in which the energy of a reaction between a fuel and an
88 oxidant is converted directly and continuously into electrical energy.

89 (8) "Governing authority" means:

90 (a) for a distribution electrical cooperative, its board of directors; and

91 (b) for each other electrical corporation, the Public Service Commission.

92 (9) "Inverter" means a device that:

93 (a) converts direct current power into alternating current power that is compatible with
94 power generated by an electrical corporation; and

95 (b) has been designed, tested, and ~~UL~~ certified to UL1741 and installed and operated
96 in accordance with the latest revision of IEEE1547 [standards], as amended.

97 (10) "Net electricity" means the difference, as measured at the meter owned by the
98 electrical corporation between:

99 (a) the amount of electricity that an electrical corporation supplies to a customer
100 participating in a net metering program; and

101 (b) the amount of customer-generated electricity delivered to the electrical corporation.

102 (11) "Net metering" means measuring the amount of net electricity for the applicable
103 billing period.

104 (12) "Net metering program" means a program administered by an electrical
105 corporation whereby a customer with a customer generation system may:

106 (a) generate electricity primarily for the customer's own use;

107 (b) supply customer-generated electricity to the electrical corporation; and

108 (c) if net metering results in excess customer-generated electricity during a billing
109 period, receive a credit ~~under~~ as provided in Section [54-15-104](#).

110 (13) "Switchgear" means the combination of electrical disconnects, fuses, or circuit
111 breakers:

112 (a) used to:

113 (i) isolate electrical equipment; and

114 (ii) de-energize equipment to allow work to be performed or faults downstream to be
115 cleared; and

116 (b) that is:

117 (i) designed, tested, and ~~UL~~ certified to UL1741; and

118 (ii) installed and operated in accordance with the latest revision of IEEE1547
119 [standards], as amended.

120 Section 2. Section **54-15-104** is amended to read:

121 **54-15-104. Charges or credits for net electricity.**

122 (1) Each electrical corporation with a customer participating in a net metering program
123 shall measure net electricity during each monthly billing period, in accordance with normal
124 metering practices.

125 (2) If net metering does not result in excess customer-generated electricity during the
126 monthly billing period, the electrical corporation shall bill the customer for the net electricity,
127 in accordance with normal billing practices.

128 (3) ~~[H]~~ Subject to Subsection (4), if net metering results in excess customer-generated
129 electricity during the monthly billing period:

130 (a) (i) the electrical corporation shall credit the customer for the excess
131 customer-generated electricity based on the meter reading for the billing period at a value that
132 is at least avoided cost, or as determined by the governing authority; and

133 (ii) all credits that the customer does not use during the annualized billing period
134 expire at the end of the annualized billing period; and

135 (b) as authorized by the governing authority, the electrical corporation may bill the
136 customer for customer charges that otherwise would have accrued during that billing period in
137 the absence of excess customer-generated electricity.

138 (4) At the end of an annualized billing period, an electrical corporation's avoided cost
139 value of remaining unused credits described in Subsection (3)(a) shall be granted:

140 (a) to the electrical corporation's low-income assistance programs as determined by the
141 commission; or

142 (b) for another use as determined by the commission.

143 Section 3. Section **54-15-105.1** is enacted to read:

144 **54-15-105.1. Determination of costs and benefits -- Determination of just and**
145 **reasonable charge, credit, or ratemaking structure.**

146 The governing authority shall:

147 (1) determine, after appropriate notice and opportunity for public comment, whether
148 costs that the electrical corporation or other customers will incur from a net metering program
149 will exceed the benefits of the net metering program, or whether the benefits of the net
150 metering program will exceed the costs; and

151 (2) determine a just and reasonable charge, credit, or ratemaking structure, including
152 new or existing tariffs, in light of the costs and benefits.

153 Section 4. Section **54-15-106** is amended to read:

154 **54-15-106. Customer to provide equipment necessary to meet certain**
155 **requirements -- Governing authority may adopt additional reasonable requirements --**
156 **Testing and inspection of interconnection.**

157 (1) Each customer participating in a net metering program shall provide at the
158 customer's expense all equipment necessary to meet:

159 (a) applicable local and national standards regarding electrical and fire safety, power
160 quality, and interconnection requirements established by the National Electrical Code, the
161 National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and
162 Underwriters Laboratories[-]; and

163 (b) any other utility interconnection requirements as determined by the commission by
164 rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

165 (2) After appropriate notice and opportunity for public comment, the governing
166 authority may by rule adopt additional reasonable safety, power quality, and interconnection
167 requirements for customer generation systems that the governing authority considers to be
168 necessary to protect public safety and system reliability.

169 (3) (a) If a customer participating in a net metering program complies with

170 requirements referred to under Subsection (1) and additional requirements established under
171 Subsection (2), an electrical corporation may not require that customer to:

- 172 (i) perform or pay for additional tests; or
- 173 (ii) purchase additional liability insurance.

174 (b) An electrical corporation may not be held directly or indirectly liable for permitting
175 or continuing to permit an interconnection of a customer generation system to the electrical
176 corporation's system or for an act or omission of a customer participating in a net metering
177 program for loss, injury, or death to a third party.

178 (4) An electrical corporation may test and inspect an interconnection at times that the
179 electrical corporation considers necessary to ensure the safety of electrical workers and to
180 preserve the integrity of the electric power grid.

181 (5) The electrical function, operation, or capacity of a customer generation system, at
182 the point of connection to the electrical corporation's distribution system, may not compromise
183 the quality of service to the electrical corporation's other customers.

184 **Section 5. Repealer.**

185 This bill repeals:

186 Section **54-15-105, No additional fee or charge without governing authority**
187 **approval -- Exception.**