

NET METERING PROGRAMS

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kevin T. VanTassell

House Sponsor: Roger E. Barrus

LONG TITLE

General Description:

This bill addresses provisions allowing the net metering of electricity for an electrical corporation's customers.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ expands the type of renewable facilities that may qualify for a net metering program;
- ▶ changes the circumstances under which an electric corporation's discontinuance of a net metering program is allowed;
- ▶ allows various decisions to be made by a governing authority instead of solely by the Public Service Commission;
- ▶ provides methods for a governing authority's determination of the value of excess customer-generated electricity;
- ▶ requires that a customer generation system not compromise the quality of service for an electrical corporation's other customers;
- ▶ addresses the applicability of net metering provisions to a small electrical corporation headquartered in another state; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:



28 None

29 **Other Special Clauses:**

30 None

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **54-15-102**, as enacted by Laws of Utah 2002, Chapter 6

34 **54-15-103**, as enacted by Laws of Utah 2002, Chapter 6

35 **54-15-104**, as enacted by Laws of Utah 2002, Chapter 6

36 **54-15-105**, as enacted by Laws of Utah 2002, Chapter 6

37 **54-15-106**, as last amended by Laws of Utah 2003, Chapter 131

38 ENACTS:

39 **54-15-107**, Utah Code Annotated 1953



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

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

43 **54-15-102. Definitions.**

44 As used in this chapter:

45 (1) "Annualized billing period" means a 12-month billing cycle beginning on April 1 of
46 one year and ending on March 31 of the following year.

47 ~~[(+)]~~ (2) "Customer-generated electricity" means electricity that:

48 (a) is generated by a customer participating in a net metering program from a customer
49 generation system;

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

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

52 ~~[(2)]~~ (3) "Customer generation system":

53 (a) means a ~~[fuel-cell or]~~ customer-owned or customer-leased renewable facility,
54 operated by the customer, that:

55 ~~[(a)]~~ (i) has a generating capacity of:

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

57 (B) not more than 2 megawatts for a non-residential facility, unless the governing
58 authority approves a greater generation capacity;

59 ~~[(b)]~~ (ii) is located on, or adjacent to, the premises of the electrical corporation's
60 customer, subject to the electrical corporation's service requirements;

61 ~~[(c)]~~ (iii) operates in parallel and is interconnected with the electrical corporation's
62 ~~[transmission and]~~ distribution facilities;

63 ~~[(d)]~~ (iv) is intended primarily to offset part or all of the customer's requirements for
64 electricity; and

65 ~~[(e)]~~ (v) is controlled by an inverter[-] or switchgear; and

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

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

70 ~~[(3)]~~ (5) "Excess customer-generated electricity" means the amount of
71 customer-generated electricity in excess of the customer's consumption from the customer
72 generation system during a monthly billing period ~~[that exceeds the amount of electricity that~~
73 ~~an electrical corporation supplies to the customer during that billing period]~~, as measured at the
74 electrical corporation's meter.

75 ~~[(4)]~~ (6) "Fuel cell" means a device in which the energy of a reaction between a fuel
76 and an oxidant is converted directly and continuously into electrical energy.

77 ~~[(5)]~~ (7) "Governing authority" means:

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

79 (b) for each other electrical corporation, the ~~§~~ **public service** ~~§~~ commission.

80 ~~[(6)]~~ (8) "Inverter" means a device that:

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

83 (b) has been designed, tested, and UL certified to UL1741 and ~~[IEEE929]~~ installed and
84 operated in accordance with IEEE1547 standards.

85 ~~[(7)]~~ (9) "Net electricity" means the difference, as measured at the meter owned by the
86 electrical corporation between:

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

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

90 ~~[(8)] (10)~~ "Net metering" means measuring the amount of net electricity for the
 91 applicable billing period ~~[the difference between:]~~.

92 ~~[(a) the amount of electricity that an electrical corporation supplies to a customer
 93 participating in a net metering program; and]~~

94 ~~[(b) the amount of customer-generated electricity:]~~

95 ~~[(9)] (11)~~ "Net metering program" means a program administered by ~~[a]~~ an electrical
 96 corporation whereby a customer with a customer generation system may:

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

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

99 (c) if net metering results in excess customer-generated electricity during a billing
 100 period, receive a credit ~~[against the cost of electricity supplied by the electrical corporation to
 101 the customer within the same calendar year]~~ under Section 54-15-104.

102 ~~[(10)] (12)~~ "Renewable facility" means a facility that uses energy derived from ~~[the
 103 sun, wind, or water]~~ one of the following to generate electricity~~[-:]~~:

104 ~~Ŝ→ [(a) solar power;~~

105 ~~— (b) wind power;~~

106 ~~— (c) a fuel cell;~~

107 ~~— (d) hydroelectric power;~~

108 ~~— (e) cogeneration;~~

109 ~~— (f) landfill gas;~~

110 ~~— (g) digester gas;~~

111 ~~— (h) dedicated energy crops available on a renewable basis; or~~

112 ~~— (i) non-toxic biomass derived from solid organic fuel from wood, forest, or field~~

113 ~~residue.]~~ (a) solar photovoltaic and solar thermal energy;

113a (b) wind energy;

113b (c) hydrogen;

113c (d) organic waste;

113d (e) hydroelectric energy;

113e (f) waste gas and waste heat capture or recovery;

113f (g) biomass and biomass byproducts, except for the combustion of wood that has been treated

113g with chemical preservatives such as creosote, pentachlorophenol, or chromated copper

113h arsenate;

113i (h) forest or rangeland woody debris from harvesting or thinning conducted to improve forest

113j or rangeland ecological health and to reduce wildfire risk;

113k (i) agricultural residues;

- 113l **(j) dedicated energy crops;**
- 113m **(k) landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters, or**
- 113n **municipal solid waste; or**
- 113o **(l) the combustion of wood that has been treated** ←§
- 114 (13) "Switchgear" means the combination of electrical disconnects, fuses, or circuit
- 115 breakers:
- 116 (a) used to:
- 117 (i) isolate electrical equipment; and
- 118 (ii) de-energize equipment to allow work to be performed or faults downstream to be
- 119 cleared; and
- 120 (b) that is:

- 121 (i) designed, tested, and UL certified to UL1741; and
- 122 (ii) installed and operated in accordance with IEEE1547 standards.

123 Section 2. Section **54-15-103** is amended to read:

124 **54-15-103. Net metering program -- Metering equipment -- Interconnection**
125 **agreement.**

126 (1) Each electrical corporation shall:

127 (a) except as provided in Subsection (2), make a net metering program available to the
128 electrical corporation's customers; and

129 (b) allow customer generation systems to be interconnected to the electrical
130 corporation's facilities using, except as provided in Subsection [~~(3)~~] (4), a [standard]
131 kilowatt-hour meter capable of net metering.

132 (2) An electrical corporation may discontinue making a net metering program available
133 to customers not already participating in the program [as long as] if:

134 (a) the cumulative generating capacity of customer generation systems in the program
135 equals at least .1% of the electrical corporation's peak demand during [2001, and] 2007; or

136 (b) [at least half of the electricity representing the .1% figure in Subsection (2)(a) is
137 generated by renewable facilities] the electrical corporation serves fewer than 1,000 customers
138 in the state.

139 (3) (a) Notwithstanding Subsection (2)(a), the governing authority may ~~§~~ → [:

140 ~~(i)~~ ← ~~§~~ establish a higher amount of generating capacity from customer generation systems
141 than .1% of the electrical corporation's peak demand during 2007 before a net metering
142 program may be discontinued under Subsection (2) ~~§~~ → [; or

143 — (ii) forbid the discontinuation of a net metering program under Subsection (2)(a)] ← ~~§~~ .

144 (b) Before acting under Subsection (3)(a), the governing authority shall provide public
145 notice of its proposed action and an opportunity for public comment.

146 [~~(3)~~] (4) (a) Notwithstanding Subsection (1)(b), an electrical corporation may require a
147 customer participating in the electrical corporation's net metering program to use metering
148 equipment other than a standard kilowatt-hour meter if the [commission] governing authority,
149 after appropriate notice and opportunity for public comment:

150 (i) determines that the use of other metering equipment is necessary and appropriate to
151 monitor the flow of electricity from and to the electrical corporation; and

152 (ii) approves the requirement for other metering equipment, after considering the
153 benefits and costs associated with the other metering equipment.

154 (b) If the [commission] governing authority approves the requirement for other
155 metering equipment under Subsection [~~(3)~~] (4)(a), the governing authority shall determine how
156 the cost of purchasing and installing the other metering equipment is to be allocated between
157 the electrical corporation and the customer.

158 [~~(4)~~] (5) An electrical corporation may require a customer to enter into an
159 interconnection agreement before connecting the customer generation system to the electrical
160 corporation's facilities.

161 Section 3. Section **54-15-104** is amended to read:

162 **54-15-104. Charges or credits for net electricity.**

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

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

169 (3) If net metering results in excess customer-generated electricity during the monthly
170 billing period:

171 (a) (i) the electrical corporation shall credit the customer for the excess
172 customer-generated electricity based on the meter reading for the billing period at a value that
173 is at least avoided cost, or ~~or~~ ~~as~~ ~~determined by the governing~~
173a authority; and

174 [~~(ii) the customer may use the credit under Subsection (3)(a)(i) to offset purchases of~~
175 ~~electricity from the electrical corporation during future billing periods during the same calendar~~
176 ~~year; and]~~

177 [~~(iii) (ii) all credits that the customer does not use during the~~ ~~calendar year]~~
177a annualized billing period ~~calendar year~~ expire at

178 the end of the [~~calendar year~~] annualized billing period; and

179 (b) as authorized by the governing authority, the electrical corporation may bill the
180 customer for customer charges that otherwise would have accrued during ~~calendar year~~ ~~that~~ ~~the~~
180a annualized ~~calendar year~~

181 billing period in the absence of excess customer-generated electricity.

182 Section 4. Section **54-15-105** is amended to read:

183 **54-15-105. No additional fee or charge without governing authority approval --**
184 **Exception.**

185 (1) An electrical corporation administering a net metering program may not charge a
186 customer participating in the program an additional standby, capacity, interconnection, or other
187 fee or charge unless the governing authority, after appropriate notice and opportunity for public
188 comment:

189 (a) determines that:

190 (i) the electrical corporation will incur direct costs from the interconnection or from
191 administering the net metering program that exceed benefits, as determined by the governing
192 authority, resulting from the program; and

193 (ii) public policy is best served by imposing [~~the~~] a reasonable fee or charge on the
194 customer participating in the net metering program rather than by allocating the fee or charge
195 among the electrical corporation's entire customer base; and

196 (b) after making its determination under Subsection (1)(a), authorizes the additional
197 reasonable fee or charge.

198 (2) If a cost of a net metering program is allocated among the electrical corporation's
199 entire customer base, Subsection (1) may not be construed to prohibit an electrical corporation
200 from charging a customer participating in the net metering program for that cost to the same
201 extent that the electrical corporation charges a customer not participating in the program for
202 that cost.

203 Section 5. Section **54-15-106** is amended to read:

204 **54-15-106. Customer to provide equipment necessary to meet applicable code**
205 **requirements -- Governing authority may adopt additional reasonable requirements --**
206 **Testing and inspection of interconnection.**

207 (1) Each customer participating in a net metering program shall provide at the
208 customer's expense all equipment necessary to meet applicable local and national standards
209 regarding electrical and fire safety, power quality, and interconnection requirements established
210 by the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical
211 and Electronics Engineers, and Underwriters Laboratories.

212 (2) After appropriate notice and opportunity for public comment, the [~~commission~~]
213 governing authority may by rule adopt additional reasonable safety, power quality, and

214 interconnection requirements for customer generation systems that the [commission] governing
215 authority considers to be necessary to protect public safety and system reliability.

216 (3) (a) If a customer participating in a net metering program complies with
217 requirements referred to under Subsection (1) and additional requirements established under
218 Subsection (2), an electrical corporation may not require that customer to:

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

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

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

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

231 Section 6. Section **54-15-107** is enacted to read:

232 **54-15-107. Application to out-of-state electrical corporation.**

233 An electrical corporation with fewer than 5,000 customers in this state that is
234 headquartered in another state is considered to be in compliance with this chapter if the
235 electrical corporation offers net metering to its customers in Utah in accordance with a tariff,
236 schedule, or other requirement of the appropriate authority in the state in which the electrical
237 corporation's headquarters are located.

Legislative Review Note
as of 1-31-08 11:51 AM

Office of Legislative Research and General Counsel

S.B. 84 - Net Metering Programs

Fiscal Note

2008 General Session
State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.
