

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 eligible 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:

None

Other Special Clauses:

None

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **54-15-102**, as enacted by Laws of Utah 2002, Chapter 6

33 **54-15-103**, as enacted by Laws of Utah 2002, Chapter 6

34 **54-15-104**, as enacted by Laws of Utah 2002, Chapter 6

35 **54-15-105**, as enacted by Laws of Utah 2002, Chapter 6

36 **54-15-106**, as last amended by Laws of Utah 2003, Chapter 131

37 ENACTS:

38 **54-15-107**, Utah Code Annotated 1953



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

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

42 **54-15-102. Definitions.**

43 As used in this chapter:

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

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

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

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

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

51 ~~[(2)]~~ (3) "Customer generation system":

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

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

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

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

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

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

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

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

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

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

68 (a) solar photovoltaic and solar thermal energy;

69 (b) wind energy;

70 (c) hydrogen;

71 (d) organic waste;

72 (e) hydroelectric energy;

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

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

75 (i) wood that has been treated with chemical preservatives such as creosote,

76 pentachlorophenol, or chromated copper arsenate; or

77 (ii) municipal waste in a solid form;

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

80 (i) agricultural residues;

81 (j) dedicated energy crops;

82 (k) landfill gas or biogas produced from organic matter, wastewater, anaerobic

83 digesters, or municipal solid waste; or

84 (l) geothermal energy.

85 (5) "Equipment package" means a group of components connecting an electric

86 generator to an electric distribution system, including all interface equipment and the interface
87 equipment's controls, switchgear, inverter, and other interface devices.

88 ~~[(3)]~~ (6) "Excess customer-generated electricity" means the amount of
89 customer-generated electricity in excess of the customer's consumption from the customer
90 generation system during a monthly billing period ~~[that exceeds the amount of electricity that an~~
91 ~~electrical corporation supplies to the customer during that billing period]~~, as measured at the
92 electrical corporation's meter.

93 ~~[(4)]~~ (7) "Fuel cell" means a device in which the energy of a reaction between a fuel and
94 an oxidant is converted directly and continuously into electrical energy.

95 ~~[(5)]~~ (8) "Governing authority" means:

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

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

98 ~~[(6)]~~ (9) "Inverter" means a device that:

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

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

103 ~~[(7)]~~ (10) "Net electricity" means the difference, as measured at the meter owned by the
104 electrical corporation between:

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

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

108 ~~[(8)]~~ (11) "Net metering" means measuring the amount of net electricity for the
109 applicable billing period ~~[the difference between:].~~

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

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

113 ~~[(9)]~~ (12) "Net metering program" means a program administered by ~~[a]~~ an electrical

114 corporation whereby a customer with a customer generation system may:

- 115 (a) generate electricity primarily for the customer's own use;
- 116 (b) supply customer-generated electricity to the electrical corporation; and
- 117 (c) if net metering results in excess customer-generated electricity during a billing

118 period, receive a credit ~~[against the cost of electricity supplied by the electrical corporation to~~
119 ~~the customer within the same calendar year]~~ under Section 54-15-104.

120 ~~[(10) "Renewable facility" means a facility that uses energy derived from the sun, wind,~~
121 ~~or water to generate electricity.]~~

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

- 124 (a) used to:
- 125 (i) isolate electrical equipment; and
- 126 (ii) de-energize equipment to allow work to be performed or faults downstream to be
127 cleared; and

- 128 (b) that is:
- 129 (i) designed, tested, and UL certified to UL1741; and
- 130 (ii) installed and operated in accordance with IEEE1547 standards.

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

132 **54-15-103. Net metering program -- Metering equipment -- Interconnection**
133 **agreement.**

- 134 (1) Each electrical corporation shall:
- 135 (a) except as provided in Subsection (2), make a net metering program available to the
- 136 electrical corporation's customers; and
- 137 (b) allow customer generation systems to be interconnected to the electrical
- 138 corporation's facilities using, except as provided in Subsection ~~[(3)]~~ (4), a ~~[standard]~~
- 139 kilowatt-hour meter capable of net metering.

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

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

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

147 (3) (a) Notwithstanding Subsection (2)(a), the governing authority may establish a
148 higher amount of generating capacity from customer generation systems than .1% of the
149 electrical corporation's peak demand during 2007 before a net metering program may be
150 discontinued under Subsection (2).

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

153 ~~[(3)]~~ (4) (a) Notwithstanding Subsection (1)(b), an electrical corporation may require a
154 customer participating in the electrical corporation's net metering program to use metering
155 equipment other than a standard kilowatt-hour meter if the ~~[commission]~~ governing authority,
156 after appropriate notice and opportunity for public comment:

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

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

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

165 ~~[(4)]~~ (5) An electrical corporation may require a customer to enter into an
166 interconnection agreement before connecting the customer generation system to the electrical
167 corporation's facilities.

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

169 **54-15-104. Charges or credits for net electricity.**

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

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

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

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

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

184 ~~[(iii) (ii) all credits that the customer does not use during the [calendar year] annualized~~
185 ~~billing period expire at the end of the [calendar year] annualized billing period; and~~

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

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

190 **54-15-105. No additional fee or charge without governing authority approval --**
191 **Exception.**

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

196 (a) determines that:

197 (i) the electrical corporation will incur direct costs from the interconnection or from

198 administering the net metering program that exceed benefits, as determined by the governing
199 authority, resulting from the program; and

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

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

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

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

211 **54-15-106. Customer to provide equipment necessary to meet applicable code**
212 **requirements -- Governing authority may adopt additional reasonable requirements --**
213 **Testing and inspection of interconnection.**

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

219 (2) After appropriate notice and opportunity for public comment, the ~~commission~~
220 governing authority may by rule adopt additional reasonable safety, power quality, and
221 interconnection requirements for customer generation systems that the ~~commission~~ governing
222 authority considers to be necessary to protect public safety and system reliability.

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

226 (i) perform or pay for additional tests; or

227 (ii) purchase additional liability insurance.

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

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

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

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

239 **54-15-107. Application to out-of-state electrical corporation.**

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