

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:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

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

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

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

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

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

ENACTS:

54-15-107, Utah Code Annotated 1953

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

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

54-15-102. Definitions.

As used in this chapter:

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

~~[(1)]~~ (2) "Customer-generated electricity" means electricity that:

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

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

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

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

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

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

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

(B) not more than 2 megawatts for a non-residential facility, unless the governing 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 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 (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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) determines that:

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

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

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

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

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

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

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

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

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

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

(i) perform or pay for additional tests; or

(ii) purchase additional liability insurance.

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

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

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

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

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

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