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

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

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

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

(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.

(3) "Customer generation system":

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

(i) has a generating capacity of:

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

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

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

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

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

(v) is controlled by an inverter; and

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

(4) "Eligible facility" means a facility that uses energy derived from one of the

59 following to generate electricity:

60 (a) solar photovoltaic and solar thermal energy;

61 (b) wind energy;

62 (c) hydrogen;

63 (d) organic waste;

64 (e) hydroelectric energy;

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

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

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

68 pentachlorophenol, or chromated copper arsenate; or

69 (ii) municipal waste in a solid form;

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

71 forest or rangeland ecological health and to reduce wildfire risk;

72 (i) agricultural residues;

73 (j) dedicated energy crops;

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

75 digesters, or municipal solid waste; or

76 (l) geothermal energy.

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

78 generator to an electric distribution system, including all interface equipment and the interface

79 equipment's controls, switchgear, inverter, and other interface devices.

80 (6) "Excess customer-generated electricity" means the amount of customer-generated

81 electricity in excess of the customer's consumption from the customer generation system during

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

83 (7) "Fuel cell" means a device in which the energy of a reaction between a fuel and an

84 oxidant is converted directly and continuously into electrical energy.

85 (8) "Governing authority" means:

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

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

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

89 (a) converts direct current power into alternating current power that is compatible with

90 power generated by an electrical corporation; and

91 (b) has been designed, tested, and certified to UL1741 and installed and operated in  
92 accordance with the latest revision of IEEE1547, as amended.

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

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

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

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

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

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

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

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

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

108 (a) used to:

109 (i) isolate electrical equipment; and

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

112 (b) that is:

113 (i) designed, tested, and certified to UL1741; and

114 (ii) installed and operated in accordance with the latest revision of IEEE1547, as  
115 amended.

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

117 **54-15-104. Charges or credits for net electricity.**

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

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

124 (3) Subject to Subsection (4), if net metering results in excess customer-generated  
125 electricity during the monthly billing period:

126 (a) (i) (A) if a customer elects to receive cash payment, the electrical corporation shall  
127 pay cash to a customer for the excess customer-generated electricity based on the meter reading  
128 for the billing period at rates established under Title 54, Chapter 12, Small Power Production  
129 and Cogeneration, for facilities of up to three megawatts; or

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

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

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

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

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

143 (b) for another use as determined by the governing authority.

144 Section 3. Section **54-15-106** is amended to read:

145 **54-15-106. Customer to provide equipment necessary to meet certain**  
146 **requirements -- Governing authority may adopt additional reasonable requirements --**  
147 **Testing and inspection of interconnection.**

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

150 (a) applicable local and national standards regarding electrical and fire safety, power  
151 quality, and interconnection requirements established by the National Electrical Code, the

152 National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and  
153 Underwriters Laboratories; and

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

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

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

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

164 (ii) purchase additional liability insurance.

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

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

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

175 (6) (a) Except as provided in Subsection (6)(b), an electrical corporation administering  
176 a net metering program:

177 (i) may not charge a customer an interconnection fee of more than \$2 during a monthly  
178 billing period for an interconnection of a customer generation system to the electrical  
179 corporation's system if the customer has zero power consumption during a monthly billing  
180 period; or

181 (ii) may not charge a customer an interconnection fee of more than \$2 during a  
182 monthly billing period for an interconnection of a customer generation system to the electrical

183 corporation's system if the customer is enrolled in a net-metering credit program as described in  
184 Subsection 54-15-104(3)(a)(i)(B) or (3)(b).

185 (b) An electrical corporation may charge a customer an interconnection fee of more  
186 than \$2 during a monthly billing period for an interconnection of a customer generation system  
187 to the electrical corporation's system if the customer is selling excess customer-generated  
188 electricity for cash as described in Subsection 54-15-104(3)(a)(i)(A).

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**