

**NET METERING AMENDMENTS**

2021 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Kirk A. Cullimore**

House Sponsor: \_\_\_\_\_

**LONG TITLE**

**General Description:**

This bill amends provisions related to net metering.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ establishes the benefits the distribution electrical cooperative's board of directors or the Public Service Commission (the governing authority) shall consider when establishing rates for net metering programs;
- ▶ establishes a qualifying net metering program for solar customers;
- ▶ establishes ratemaking parameters for the export credit rate of the qualifying net metering program; and
- ▶ sets limits on the ratemaking parameters for the qualifying net metering program.

**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 2014, Chapter 53

**54-15-104**, as last amended by Laws of Utah 2015, Chapter 324



28 **54-15-105.1**, as enacted by Laws of Utah 2014, Chapter 53

29 ENACTS:

30 **54-15-105.2**, Utah Code Annotated 1953

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

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

34 **54-15-102. Definitions.**

35 As used in this chapter:

36 (1) "Annualized billing period" means:

37 (a) a 12-month billing cycle beginning on April 1 of one year and ending on March 31

38 of the following year; or

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

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

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

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

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

46 (3) "Customer generation system":

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

49 (i) has a generating capacity of:

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

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

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

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

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

- 59 (v) is controlled by an inverter; and
- 60 (b) includes an electric generator and its accompanying equipment package.
- 61 (4) "Eligible facility" means a facility that uses energy derived from one of the
- 62 following to generate electricity:
- 63 (a) solar photovoltaic and solar thermal energy;
- 64 (b) wind energy;
- 65 (c) hydrogen;
- 66 (d) organic waste;
- 67 (e) hydroelectric energy;
- 68 (f) waste gas and waste heat capture or recovery;
- 69 (g) biomass and biomass byproducts, except for the combustion of:
- 70 (i) wood that has been treated with chemical preservatives such as creosote,
- 71 pentachlorophenol, or chromated copper arsenate; or
- 72 (ii) municipal waste in a solid form;
- 73 (h) forest or rangeland woody debris from harvesting or thinning conducted to improve
- 74 forest or rangeland ecological health and to reduce wildfire risk;
- 75 (i) agricultural residues;
- 76 (j) dedicated energy crops;
- 77 (k) landfill gas or biogas produced from organic matter, wastewater, anaerobic
- 78 digesters, or municipal solid waste; or
- 79 (l) geothermal energy.
- 80 (5) "Equipment package" means a group of components connecting an electric
- 81 generator to an electric distribution system, including all interface equipment and the interface
- 82 equipment's controls, switchgear, inverter, and other interface devices.
- 83 (6) "Excess customer-generated electricity" means the amount of customer-generated
- 84 electricity in excess of the customer's consumption from the customer generation system during
- 85 a monthly billing period, as measured at the electrical corporation's meter.
- 86 (7) "Export credit rate" means the amount per kilowatt hour a solar customer gets paid
- 87 for customer-generated electricity.
- 88 [~~7~~] (8) "Fuel cell" means a device in which the energy of a reaction between a fuel
- 89 and an oxidant is converted directly and continuously into electrical energy.

90 ~~[(8)]~~ (9) "Governing authority" means:

91 (a) for a distribution electrical cooperative, ~~[its]~~ the distribution electrical cooperative's  
92 board of directors; and

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

94 ~~[(9)]~~ (10) "Inverter" means a device that:

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

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

99 ~~[(10)]~~ (11) "Net electricity" means the difference, as measured at the meter owned by  
100 the electrical corporation between:

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

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

104 ~~[(11)]~~ (12) "Net metering" means measuring the amount of net electricity for the  
105 applicable billing period.

106 ~~[(12)]~~ (13) "Net metering program" means a program administered by an electrical  
107 corporation whereby a customer with a customer generation system may:

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

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

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

112 (14) "Program utility" means an electrical corporation that is a large-scale electric  
113 utility.

114 (15) (a) "Qualifying net metering program" means a net metering program that:

115 (i) a program utility administers; and

116 (ii) allows a solar customer to:

117 (A) generate electricity primarily for the solar customer's own use;

118 (B) supply customer-generated electricity to the program utility; and

119 (C) receive credit at the export credit rate in accordance with Section [54-15-105.2](#).

120 (b) "Qualifying net metering program" does not include a customer generation system

121 with a generating capacity that exceeds 100 megawatts.

122 (16) "Solar customer" means a customer of a program utility that enters into a  
123 qualifying net metering program on or after October 30, 2020.

124 ~~[(13)]~~ (17) "Switchgear" means the combination of electrical disconnects, fuses, or  
125 circuit breakers:

126 (a) used to:

127 (i) isolate electrical equipment; and

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

130 (b) that is:

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

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

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

135 **54-15-104. Charges or credits for net electricity.**

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

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

142 (3) Subject to Subsection (4), and except as provided in Section 54-15-105.2, if net  
143 metering results in excess customer-generated electricity during the monthly billing period:

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

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

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

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

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

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

157 Section 3. Section 54-15-105.1 is amended to read:

158 **54-15-105.1. Determination of costs and benefits -- Determination of just and**  
159 **reasonable charge, credit, or ratemaking structure.**

160 The governing authority shall:

161 (1) determine, after appropriate notice and opportunity for public comment, whether  
162 costs that the electrical corporation or other customers will incur from a net metering program  
163 will exceed the benefits of the net metering program, or whether the benefits of the net  
164 metering program will exceed the costs; ~~and~~

165 (2) when determining the benefits of the net metering program, consider benefits to:

166 (a) public health;

167 (b) air quality;

168 (c) voluntary and mandatory state and local renewable energy targets;

169 (d) local economic development;

170 (e) local health;

171 (f) job availability; and

172 (g) grid resilience; and

173 ~~[(2)]~~ (3) except as provided in Section 54-15-105.2, determine a just and reasonable  
174 charge, credit, or ratemaking structure, including new or existing tariffs, in light of the costs  
175 and benefits.

176 Section 4. Section 54-15-105.2 is enacted to read:

177 **54-15-105.2. Qualifying net metering program -- Export credit rate.**

178 (1) A program utility shall make a qualifying net metering program available to  
179 existing and new solar customers.

180 (2) (a) When a solar customer joins a net metering program, the solar customer shall be  
181 subject to the export credit rate in effect when the solar customer joined the net metering  
182 program for 15 years from the day on which the solar customer joined the net metering

183 program.

184 (b) At the end of the 15-year period described in Subsection (2)(a), a solar customer  
185 shall be subject to the export credit rate in effect on the day on which the 15-year period  
186 expires.

187 (3) Subject to Subsection (4), the governing authority shall determine a new export  
188 credit rate when a program utility brings a general rate case.

189 (4) (a) Except as provided in Subsection (4)(b), the governing authority shall, after  
190 appropriate notice and opportunity for public comment, determine the export credit rate  
191 considering the costs and benefits described in Subsection [54-15-105.1](#).

192 (b) When determining an export credit rate under Subsection (4)(a), the governing  
193 authority may not set the export credit rate more than 2% lower than the export credit rate that  
194 is in place at the time the program utility brings a general rate case.