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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners: Robert M. Pickett, Chairman
Kate Giard
Paul F. Lisankie
Anthony A. Price
Janis W. Wilson

In the Matter of the Consideration of the Adoption of Regulations Implementing Net Metering) R-09-1
) ORDER NO. 2
)

ORDER ISSUING PROPOSED REGULATIONS FOR COMMENT

BY THE COMMISSION:

Summary

We invite comment on proposed regulations establishing net metering standards for certain electric utilities.

Background

After declining to adopt a federal net metering standard,¹ we opened this docket to consider regulations implementing an Alaska-specific net metering standard.² We issued a "straw man" proposal in order to generate comment on elements of a net metering requirement, and held a technical conference to discuss the net metering

¹Order R-06-5(7), *Order Declining to Adopt Federal Net Metering, Fuel Diversity, and Fossil Fuel Generation Efficiency Standards*, dated August 27, 2008.

²Order R-06-5(8)/R-09-1(1)/R-09-2(1), *Order Closing Docket, Opening Dockets, Subsuming Applicable Portions of Docket R-06-5 Record into Dockets R-09-1 and R-09-2, Scheduling Technical Conferences, and Requiring Filings*, dated February 6, 2009.

1 requirement.³ Commission Staff (Staff) presented the results of the technical
2 conference and proposed regulations at our April 22, 2009, public meeting, where we
3 voted to issue proposed regulations for comment.⁴

4 Discussion

5 Net metering allows a consumer to reduce his or her load requirement by
6 interconnecting on-site generation facilities to electric utility facilities. The amount of
7 customer-generated power is compared to the customer's electric consumption for the
8 applicable billing period, with the customer either being billed for net electric
9 consumption or receiving a bill credit for generating more electricity than used in a
10 billing period.

11 Proposed Regulations

12 Since net metering is an energy policy that promotes consumer generation from
13 renewable resources, we proposed to create a new Article in Chapter 50 (*Energy*
14
15

16 ³The technical conference was held as scheduled on March 4, 2009.
17 Organizations represented at the net metering technical conference included Alaska
18 Center for the Environment (Margaret Adsit), Alaska Power Association (Crystal Enkvist
19 and Dean Thompson), Alaska Power & Telephone Association (Danny Gonce), Alaska
20 Village Electric Cooperative (Meera Kohler), Alaskan Wind Industries (Nadia Daggett),
21 Chilkoot Indian Association (Scott Hansen), Chugach Electric Association, Inc. (Don
22 Edwards and Rick Freymiller), Golden Valley Electric Association (Kirk Gibson, Ethan
23 Falatko, and Mike Wright), Homer Electric Association (Jim Patras and Rick Eckert),
24 Interstate Renewable Energy Council (Jason Keyes), Matanuska Electric Association
25 (Jim Walker), MEA Ratepayers Alliance (Tim Leach), the Municipality of Anchorage
26 d/b/a Municipal Light & Power (Robert Reagan), the National Wildlife Foundation (Pat
Lavin), the Regulatory Affairs and Public Advocacy Section of the Alaska Attorney
General's Office (Sam Cason and Janet Fairchild), Rural Energy Enterprises (Lonnie
Jackson), Sitka Global Warming Group (Michelle Putz), TDX Power (Jennifer Owens),
and Your Clean Energy LLC (Andy Baker). Individuals appearing on their own behalf
were David Mogar, Will Schlein, Jim Stimpfle, and Jeff Turner (Chief of Staff for
Representative Charisse Millet).

⁴April 22, 2009, public meeting transcript at 90-91.

1 *Conservation*) to incorporate net metering requirements. The elements of our proposed
2 net metering regulations are discussed below.⁵

3 3 AAC 50.900. Applicability and Waiver

4 This section addresses the applicability of net metering requirements by
5 identifying categories of electric utilities subject to net metering requirements. Generally
6 speaking, net metering requirements apply to all electric utilities subject to economic
7 regulation by this agency. However, they do not apply to any independent system of an
8 economically regulated electric utility if either (1) 100 percent of the independent
9 system's electrical power is supplied by an alternative energy system, as defined in
10 AS 46.11.900,⁶ or (2) the independent system had retail sales of less than 5,000,000
11 kWh during the previous calendar year.⁷ In addition, an electric utility demonstrating
12 that limiting net metering installations is reasonably necessary to address system
13 stability constraints or other operational issues does not have to provide net metering on
14 the affected portion of its distribution system.

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16 _____
17 ⁵The proposed regulations are attached to this order as Appendix A. We have
18 also attached Staff's power point presentation from the April 22, 2009, public meeting,
19 explaining components of the net metering regulations proposal, as Appendix B.

20 ⁶AS 46.11.900 provides that "alternative energy system"

21 (A) means a source of thermal, mechanical, or electrical energy that is not
22 dependent on oil or gas or a nuclear fuel for the supply of energy for space
23 heating and cooling, refrigeration and cold storage, electrical power,
24 mechanical power, or the heating of water;

25 (B) includes

26 (i) an alternative energy property as defined by 26 U.S.C. 48(a)(3)(A); and
(ii) a method of architectural design and construction that provides for the
collection, storage, and use of direct radiation from the sun.

⁷For example, Alaska Power Company provides service to twenty one different
communities, each having a separate electrical system. Only five of the separate
electric systems sold more than 5,000,000 kWh during the 2007 Fiscal Year. These five
systems would be the only portions of Alaska Power Company required to participate in
the net metering program.

1 3 AAC 50.910. Net Metering of Electricity

2 Subsection (a) requires covered electric utilities to make net metering
3 available to its customers, and allow the interconnection of customer generation
4 systems to the electric utility's facilities. Subsection (b) establishes an overall capacity
5 limitation on net metering, allowing an electric utility to refuse net metering service if the
6 overall nameplate capacity of all net metering systems interconnected with the utility
7 exceeds a pre-defined cap—1.5 percent of the electric utility's average retail demand.
8 Subsection (c) requires the utility to retain existing net metering if a decrease in average
9 demand results in the cumulative nameplate capacity of consumer generation systems
10 connected to the utility's distribution system exceeding 1.5 percent of average retail
11 demand. Subsection (d) requires an electric utility to publish in its tariff the number of
12 kilowatt hours equivalent to 1.5 percent of the electric utility's average retail demand and
13 the total nameplate capacity of consumer generation facilities interconnected with the
14 electric utility.

15 3 AAC 50.920. Eligible Consumer Generation System

16 This section specifies eligibility criteria for consumer generation facilities,
17 including a generation capacity limit of 25 kilowatts at any one location.

18 3 AAC 50.930. Charges or Credits for Net Electricity

19 Subsection (a) requires an electric utility to measure a net metering
20 consumer's energy consumption and generation, with net metering consumers being
21 billed for net consumption and receiving bill credits when the customer's generation
22 exceeds usage. Subsection (b) addresses the application of bill credits. Subsection (c)
23 allows an electric utility to charge a net metering consumer for non-generation related
24 consumer charges provided those charges are authorized by the electric utility's tariff.
25 Subsection (d) precludes an electric utility from charging a net metering consumer
26 additional fees for net metering service unless we approve the charge. Subsection (e)

1 states an electric utility may petition us to change its rate design to incorporate a net
2 metering customer class, and requires the electric utility to demonstrate an adverse
3 material rate impact on non-net metering customers to justify the net metering customer
4 class.

5 3 AAC 50.940. Interconnection of Consumer Generation Facilities

6 This section allows us to establish interconnection requirements for
7 customer generation systems.

8 Comment Cycle

9 Comments on the attached proposed regulations must be filed by 4 p.m.
10 on July 13, 2009. Reply comments must be filed by July 27, 2009. Interested persons
11 advocating for changes to the proposed net metering regulations should provide draft
12 regulation language as part of their comments. All comments should reference Docket
13 R-09-1. Because this is a rulemaking proceeding, commentors are not required to
14 serve their comments on other interested persons. We will post copies of all filed
15 comments and reply comments on our web site at:
16 <http://rca.alaska.gov/RCAWeb/home.aspx>. Those seeking to obtain the materials at our
17 website must select *All Open Rule-making Dockets* under *Top Searches*, and choose
18 matter number R-09-001.

19 **ORDER**

20 THE COMMISSION FURTHER ORDERS:

21 1. The proposed regulations set out in Appendix A to this order are
22 issued for public comment.⁸

23
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25 ⁸If you are not interested in receiving future orders or notices concerning this
26 subject matter, please e-mail rca.mail@alaska.gov or notify our office by mail at 701
West 8th Avenue, Suite 300, Anchorage, Alaska 99501-3469, or at 1-907-276-6222.

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2. By 4 p.m., July 13, 2009, any interested person may file comments and proposed revisions to the proposed regulations.⁹

3. By 4 p.m., July 27, 2009, any interested person may file reply comments and proposed revisions to the proposed regulations.

DATED AND EFFECTIVE at Anchorage, Alaska, this 12th day of June, 2009.

BY DIRECTION OF THE COMMISSION



Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501
(907) 276-6222; TTY (907) 276-4533

⁹If you are a person with a disability who needs special accommodations in order to participate in this process, please contact Joyce McGowan at 1-907-276-6222, toll free at 1-800-390-2782, or TTY at 1-907-276-4533, or electronic mail to rca.mail@alaska.gov, no later than July 6, 2009, to ensure that any necessary accommodations can be provided.