

**Regular Board of Directors' Meeting**

**January 27, 2010**

**Agenda Item: VII.D. Net Metering**



# Net Metering Regulations

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Chugach Electric Association, Inc.

Board of Directors

January 27, 2010



# Net Metering

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- Commission approved regulations establishing net metering requirements in Order R-09-01(3) (Jan. 15, 2010)
- Net metering is the netting of the flow of energy (kWh) produced by a customer's on-site generation against the flow of energy the customer receives (purchases) from the utility
- Commission regulations:
  - If customer generates more energy than used during billing period, utility will purchase the output at its avoided energy cost
  - If customer generates less energy than used during billing period, customer will be billed for the energy purchased at the utility's standard tariffed rate



# Structure of Program

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- Eligible customer generation facilities
  - Wind, hydroelectric, solar, biomass, thermal and others with similar environmental benefits
- Generation capacity limitations
  - Total utility system up to 1.5 percent of average retail demand
  - Individual customer location up to 25 kW
- Power purchases made by utility at avoided energy cost; no recognition of capacity
- Monthly customer bill “settlement” (true-up)
- Annual utility reporting requirements to Commission



# Financial / Ratemaking

## Implications of Net Metering

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- Revenue impact generally neutral
  - Chugach base rate revenue reduced until rates re-adjusted (SRF mitigates impact)
  - Purchases from eligible facilities offsets Chugach's other purchase requirements
- Issue of fair / equitable pricing structure addressed through regulations that limit subsidization impacts
  - Energy settlement completed on monthly billing period basis
  - Rate design modifications are permitted if program creates material adverse impacts to other customers



# Chugach Action Plan

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- Status of key program components
  - Metering infrastructure in-place
  - Interconnection guidelines approved by Commission in 2008
  - Billing system modifications (programming) underway
  - Avoided energy cost rates already updated quarterly
- After regulations become law
  - Operating tariff changes filed with Commission
  - Customer notification issued in Outlet / Website