

State of Arkansas
90th General Assembly
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As Engrossed: H2/26/15 H3/17/15

A Bill

HOUSE BILL 1004

By: Representative S. Meeks

For An Act To Be Entitled

AN ACT TO REQUIRE ELECTRIC UTILITIES TO COMPENSATE
NET-METERING CUSTOMERS FOR NET EXCESS GENERATION
CREDITS IN CERTAIN CIRCUMSTANCES; AND FOR OTHER
PURPOSES.

Subtitle

TO REQUIRE ELECTRIC UTILITIES TO
COMPENSATE NET-METERING CUSTOMERS FOR NET
EXCESS GENERATION CREDITS IN CERTAIN
CIRCUMSTANCES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 23-18-603(6), concerning a definition used under the Arkansas Renewable Energy Development Act of 2001, is amended to read as follows:

(6) "Net-metering facility" means a facility for the production of electrical energy that:

(A) Uses solar, wind, hydroelectric, geothermal, or biomass resources to generate electricity, including, but not limited to, fuel cells and micro turbines that generate electricity if the fuel source is entirely derived from renewable resources;

(B) Has a generating capacity of not more than:

(i) The greater of twenty-five kilowatts (25 kW) or one hundred percent (100%) of the net-metering customer's highest monthly usage in the previous twelve (12) months for residential use; or ~~three~~

(ii) Three hundred kilowatts (300 kW) for any other



use unless otherwise allowed by a commission under § 23-18-604(b)(5);

(C) *Is located in Arkansas;*

(D) *Can operate in parallel with an electric utility's existing transmission and distribution facilities; and*

(E) *Is intended primarily to offset part or all of the net-metering customer requirements for electricity; and*

SECTION 2. *The introductory language of Arkansas Code § 23-18-604(b), concerning the authority of the Arkansas Public Service Commission, is amended to read as follows:*

(b) *Following notice and opportunity for public comment, ~~the Arkansas Public Service Commission~~ a commission:*

SECTION 3. *Arkansas Code § 23-18-604(b)(1), concerning the authority of the Arkansas Public Service Commission, is amended to read as follows:*

(1) *Shall establish appropriate rates, terms, and conditions for net-metering contracts, including ~~a~~:*

(A)(i) A requirement that the rates charged to each net-metering customer recover the electric utility's entire cost of providing service to each net-metering customer within each of the electric utility's class of customers.

(ii) The electric utility's entire cost of providing service to each net-metering customer within each of the electric utility's class of customers under subdivision (b)(1)(A)(i) of this section:

(a) Includes without limitation any quantifiable additional cost associated with the net-metering customer's use of the electric utility's capacity, distribution system, or transmission system and any effect on the electric utility's reliability; and

(b) Is net of any quantifiable benefits associated with the interconnection with and providing service to the net-metering customer, including without limitation benefits to the electric utility's capacity, reliability, distribution system, or transmission system; and

(B) A requirement that net-metering equipment be installed to accurately measure the electricity:

~~(A)~~ (i) Supplied by the electric utility to each

net-metering customer; and

~~(B)~~ (ii) Generated by each net-metering customer that is fed back to the electric utility over the applicable billing period;

SECTION 4. Arkansas Code § 23-18-604(b)(5) and (6), concerning the authority of the Arkansas Public Service Commission, are amended to read as follows:

(5) May increase the peak generating capacity limits for individual net-metering facilities if doing so results in distribution system, environmental, or public policy benefits; ~~and~~

(6) Shall provide that:

(A)(i) The net excess generation credit remaining in a net-metering customer's account at the close of ~~an annual~~ a billing cycle, ~~up to an amount equal to four (4) months' average usage during the annual billing cycle that is closing, shall be credited to the net-metering customer's account for use during the next annual billing cycle;~~ shall not expire and shall be carried forward to subsequent billing cycles indefinitely.

(ii) However, for net excess generation credits older than twenty-four (24) months, a net-metering customer may elect to have the electric utility purchase the net excess generation credits in the net-metering customer's account at the electric utility's estimated annual average avoided cost rate for wholesale energy if the sum to be paid to the net-metering customer is at least one hundred dollars (\$100).

(iii) An electric utility shall purchase at the electric utility's estimated annual average avoided cost rate for wholesale energy any net excess generation credit remaining in a net-metering customer's account when the net-metering customer:

(a) Ceases to be a customer of the electric utility;

(b) Ceases to operate the net-metering facility; or

(c) Transfers the net-metering facility to another person; and

~~(B) Except as provided in subdivision (b)(6)(A) of this~~

~~section, any net excess generation credit remaining in a net metering customer's account at the close of an annual billing cycle shall expire; and~~

~~(C) Any (B) A renewable energy credit created as the result of electricity supplied by a net-metering customer is the property of the net-metering customer that generated the renewable energy credit; and~~

SECTION 5. Arkansas Code § 23-18-604(b), concerning the authority of the Arkansas Public Service Commission, is amended to add an additional subdivision to read as follows:

(7) May allow a net-metering facility with a generating capacity that exceeds three hundred kilowatts (300 kW) if:

(A) The net-metering facility is not for residential use; and

(B) Allowing an increased generating capacity for the net-metering facility would increase the state's ability to attract businesses to Arkansas.

SECTION 6. Arkansas Code § 23-18-604, concerning the authority of the Arkansas Public Service Commission, is amended to add additional subsections to read as follows:

(c)(1) As used in this section, "avoided costs":

(A) For the Arkansas Public Service Commission, means the same as defined in § 23-3-702; and

(B) For a municipal utility, is defined by the governing body of the municipal utility.

(2) Avoided costs shall be determined under § 23-3-704.

(d)(1) Except as provided in subdivision (d)(2) of this section, an electric utility shall separately meter, bill, and credit each net-metering facility even if one (1) or more net-metering facilities are under common ownership.

(2)(A) At the net-metering customer's discretion, an electric utility may apply net-metering credits from a net-metering facility to the bill for another meter location if the net-metering facility and the separate meter location are under common ownership within a single electric utility's service area.

(B) Net excess generation shall be credited first to the

net-metering customer's meter to which the net-metering facility is physically attached.

(C) After applying net excess generation under subdivision (d)(2)(B) of this section and upon request of the net-metering customer under subdivision (d)(2)(A) of this section, any remaining net excess generation shall be credited to one (1) or more of the net-metering customer's meters in the rank order provided by the net-metering customer.

/s/S. Meeks

APPROVED: 03/31/2015