

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
90th General Assembly
Regular Session, 2015

As Engrossed: H3/20/15
A Bill

HOUSE BILL 1885

By: Representative Sabin
By: Senator Burnett

For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS DISTRIBUTED GENERATION ACT OF 2015; TO INCREASE THE USE OF RENEWABLE ENERGY RESOURCES IN THE STATE; TO REGULATE THE USE OF DISTRIBUTED GENERATION CONTRACTS; AND FOR OTHER PURPOSES.

Subtitle

THE ARKANSAS DISTRIBUTED GENERATION ACT
OF 2015.

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

SECTION 1. Arkansas Code Title 23, Chapter 18, is amended to add an additional subchapter to read as follows:

Subchapter 11 – Arkansas Distributed Generation Act of 2015

23-18-1101. Title.

This subchapter shall be known and may be cited as the "Arkansas Distributed Generation Act of 2015".

23-18-1102. Findings – Purpose.

(a) The General Assembly finds that it is in the public interest to:

(1) Promote and encourage the development and use of this state's renewable energy resources;

(2) Foster investment in emerging renewable energy technologies using the renewable energy resources found within this state; and



(3) Require electric utilities to include renewable energy resources as an integral part of their energy portfolios.

(b) The purpose of this subchapter is to:

(1) Ensure that each electric utility includes renewable energy resources as an integral part of its energy resource plan; and

(2) Enable the increased use of renewable energy resources.

23-18-1103. Definitions.

As used in this subchapter:

(1) "Distributed generation contract" means a contract, including rules and procedures, approved by the Arkansas Public Service Commission, that governs the purchase of electric energy and capacity from a renewable electric generation facility;

(2) "Electric utility" means a public utility as defined in § 23-1-101 or a municipal utility that is engaged in the business of supplying electricity to an end user in this state;

(3) "Renewable electric generation facility" means a facility for the generation of electric energy that:

(A) Is owned or leased and is operated by one (1) or more persons or corporations;

(B) Is located in this state;

(C) Is connected to an electric utility grid;

(D) Is fueled by a renewable energy resource; and

(E) Has an effective alternating current capacity of not more than twenty megawatts (20 MW) nameplate value;

(4) "Renewable energy generation credit" means the monetary, statutory, or regulatory value per kilowatt-hour of the added value and environmental benefits; and

(5) "Renewable energy resource" means a solar, wind, water, or geothermal resource, including without limitation biomass, agricultural waste, and landfill waste that is converted into electrical energy and is located in the state.

23-18-1104. Distributed generation contracts – Requirements.

(a) Each electric utility shall:

(1) Consider distributed generation contracts as part of any

resource plan developed under § 23-18-106; and

(2) Include distributed generation contracts in its resource plans consistent with the requirements of this subchapter.

(b)(1)(A) The Arkansas Public Service Commission shall direct each electric utility in its jurisdiction to develop and maintain a standardized distributed generation contract for the purchase of electric capacity and energy from renewable electric generation facilities in the state.

(B) The commission may approve a nonstandard contract between an electric utility and a renewable electric generation facility that meets the requirements of this subchapter.

(2) A distributed generation contract required under subdivision (b)(1)(A) of this section shall:

(A) Contain terms and conditions that:

(i) Enable the interconnection and use of renewable energy resources;

(ii) Protect the integrity and reliability of each electric utility's system; and

(iii) Protect the health, safety, and welfare of the public;

(B) Incorporate the terms and other conditions determined by the commission for renewable electric generation facilities that consider and may be differentiated by:

(i) The renewable energy generation technology being used;

(ii) The location and generation capacity of the renewable electric generation facility; and

(iii) The electric utility's ability to schedule and control the delivery of electric energy from the renewable energy generated by a renewable electric generation facility; and

(C) Not include an indemnity and liability provision applicable to the state, an entity of the state, a local government, an entity of a local government, or a federal agency.

(c) The price for the electric energy and capacity purchased from a renewable electric generating facility under a distributed generation contract shall consider and may be differentiated by:

(1) The renewable energy generation technology being used;

(2) The quantifiable benefits associated with the renewable electric generating facility, including without limitation benefits to the electric utility's capacity, reliability, distribution system, or transmission system;

(3) The location and generation capacity of the renewable electric generation facility;

(4) The electric utility's ability to schedule and control the delivery of the electric energy from the renewable energy generated by a renewable electric generation facility;

(5) The applicable electric utility's avoided cost;

(6) The value of a renewable energy generation credit; and

(7) The term of the distributed generation contract.

(d) After providing notice and a hearing, the commission may approve a distributed generation contract developed under this section if the commission determines that:

(1) The distributed generation contract satisfies the requirements of this subchapter;

(2) The cost of the distributed generation contract is reasonable and prudent;

(3) The distributed generation contract is required by the public convenience and necessity;

(4) The distributed generation contract enables the electric utility to supplement or replace its existing generation resources; and

(5) Approval of the distributed generation contract is in the public interest.

23-18-1105. Net-metering facilities.

(a) A net-metering facility installed or interconnected under the Arkansas Renewable Energy Development Act of 2001, § 23-18-601 et seq., qualifies as a renewable electric generation facility under this subchapter.

(b) A net-metering customer may elect to convert a net-metering facility to a renewable electric generation facility and may apply for a distributed generation contract under this subchapter.

23-18-1106. Renewable energy generation credits.

A renewable energy generation credit shall:

(1) Be conveyed to the electric utility under the distributed generation contract; and

(2) Qualify in helping an electric utility to meet applicable standards established by the state or federal government.

23-18-1107. Interconnection.

(a) A distributed generation contract shall specify the terms of interconnection and shall include specific provisions to:

(1) Enable the interconnection and use of renewable energy resources;

(2) Protect the integrity and reliability of each electric utility's system; and

(3) Protect the health, safety, and welfare of the public.

(b) All costs of interconnection, including an addition or modification to an electric utility's system that is made beyond the point at which a renewable electric generation facility interconnects with an electric utility's system for the sole purpose of receiving electricity from a renewable electric generation facility, are the exclusive responsibility of the renewable electric generation facility.

(c) The cost of interconnection shall include without limitation any quantifiable additional cost associated with the renewable electric generation facility's use of the electric utility's distribution system and transmission system, and any effect on reliability.

(d) A necessary metering upgrade for a renewable electric generation facility that has executed a distributed generation contract under this subchapter is the exclusive responsibility of the renewable electric generation facility.

23-18-1108. Cost recovery.

The Arkansas Public Service Commission shall allow an electric utility to recover the reasonable and prudent costs associated with a distributed generation contract approved by the commission under § 23-18-1104.

23-18-1109. Rules.

The Arkansas Public Service Commission shall adopt rules necessary to implement and administer this subchapter.

SECTION 2. DO NOT CODIFY. Within ninety (90) days after the effective date of this act, each electric utility shall file its standard distributed generation contract required under § 23-18-1104 with the Arkansas Public Service Commission for approval by the commission.

/s/Sabin