NET ENERGY BILLING
DISCUSSION DOCUMENT

General

- Originally authorized by PUC rule, not by statute
- Statute is broad, generally governed by PUC rule.
- Limited to renewables
- All utilities must offer the option
- Credit is the full retail cost of electricity (retail power, transmission, distribution and stranded costs)
- Capped at 1% of utility's peak demand
    - CMP ~ .32%
    - BHE ~ .04%
    - MPS ~ 1.1% (approved to go up to 2%)

General policy considerations

- Bills propose to increase capacity of eligible generators, change the roll-over of credits, allow third-party ownership and unlimited meters on one generator.

Reference materials
- Testimony summaries attached
- Investor-owned utilities 2012 NEB reports

Eligible generation

- Originally 100kW (1980s – 2011)
- Currently 660kW (2011 – current) Changed to include a specific type of wind turbine for IOUs, still 100kW for COUs

Proposed Legislation
- Increase to 800kW for municipal or quasi-municipal facilities (LD 795)

- Increase to 1 MW (LD 1403)

- Increase to 2MW (LD 1146) – between 1500 and 3000 homes
    - Consider total number of size of renewables the policy is geared towards.
    - At 2MW, CMP could have 8-9 generators, BHE 1-2, MPS less than 1 before reaching the 1% peak load requirement for revaluation by the PUC

note none of the bills propose removing the requirement that the PUC reevaluate the program once it reaches the cap of 1% of a utility's peak demand

Reference Materials

- Chart of capacity limits in other northeastern states
  - Ranges from 10kW (specifically for residential fuel cell technology) to 5MW (for systems reasonably designed to generate only up to 100% of the facilities own electricity consumption)

Credits

- Originally utilities paid customers for "avoided costs" (1980s)
- Credit is the full retail cost of electricity (retail power, transmission, distribution and stranded costs)
- Currently can be carried over month-to-month, but expire after one year (late 90s)
- Cannot be transferred

Proposed Legislation

- No expiration (LD 1146)
- May sell to others within the T&D area (LD 1146)

Reference Materials

- Chart with descriptions of credits in northeastern states
  - Wide variety
  - Some credits expire after one year with no compensation
  - Some expire after one year, but with compensations
    - Cost of standard offer
    - Avoided costs of wholesale power
    - Full retail rate of electricity minus distribution costs (but includes transmission)
  - Some allow compensation for a limited number of credits, for example up to 25% above electricity consumption

Ownership & Meters

- Originally facility had to be on premises (1980s)
- Then changed to in the vicinity of the customer (90s)
- Changed to allow for "shared ownership" but limited to ten meters

Proposed Legislation

- Remove ownership requirement (LD 1146 & LD 1403)
- Remove limit on number of meters permitted on an eligible facility (LD 1146 & LD 1403)

Policy considerations

- Fundamental change to design of program for customers to serve their own needs
- What distinguishes a generator from a CEP from a net-billing participant? CEPs are regulated
  - General consumer protections

    - Contract requirements
- Who tracks billing and manages reliability?
- Ratepayers whose personal property is not conducive to solar can purchase directly from someone whose property is

Technical

- LD 1146 allows the commission to define eligible facility by rule, requires that it be up to 2MW, but does not specify that it must be renewable

- LD 1403 proposes that the definition of micro-combined heat and power conform to the statute's definition of "efficiency combined heat and power system." It already does, bill is ultimately seeking the removal of the term "micro"

- Single-fuel versus dual fuel CHP

- LD 1403 section 5 – contracts and agreements must explicitly state the tax exemption found in Title 36, section 1760, subsection 80. Tax exemption language is:

    - Sale or delivery of kilowatt hours of electricity to net energy billing customers as defined by the Public Utilities Commission for which no money is paid to the electricity provider or to the transmission and distribution utility.

- LD 1403 – Testimony during LD 1403 supported allowing 3rd party ownership because non-profits can not take advantage of tax breaks for renewable energy. As drafted, the 3rd-party ownership is not limited to non-profits

- Any electricity "sold" through a credit would not contribute to the RPS because it is not sold through a CEP.