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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. 3  
)

**ORDER ADOPTING REGULATIONS**

BY THE COMMISSION:

Summary

We adopt regulations establishing net metering requirements for certain electric utilities.

Background

After declining to adopt a federal net metering standard,<sup>1</sup> we opened this docket to consider regulations implementing an Alaska-specific net metering standard.

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

1 We issued a straw man proposal to generate comment on elements of a net metering  
2 requirement,<sup>2</sup> and held a technical conference to discuss the net metering  
3 requirement.<sup>3</sup> We issued proposed regulations for comment<sup>4</sup> and provided public  
4 notice of our intent to consider net metering regulations.<sup>5</sup>

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

14 <sup>3</sup>The technical conference was held as scheduled on March 4, 2009.  
15 Organizations represented at the net metering technical conference included Alaska  
16 Center for the Environment (Margaret Adsit), Alaska Power Association (Crystal Enkvist  
17 and Dean Thompson), Alaska Power & Telephone Association (Danny Gonce), Alaska  
18 Village Electric Cooperative (Meera Kohler), Alaskan Wind Industries (Nadia Daggett),  
19 Chilkoot Indian Association (Scott Hansen), Chugach Electric Association, Inc. (Don  
20 Edwards and Rick Freymiller), Golden Valley Electric Association (Kirk Gibson, Ethan  
21 Falatko, and Mike Wright), Homer Electric Association (Jim Patras and Rick Eckert),  
22 Interstate Renewable Energy Council (Jason Keyes), Matanuska Electric Association  
23 (Jim Walker), MEA Ratepayers Alliance (Tim Leach), the Municipality of Anchorage  
24 d/b/a Municipal Light & Power (Robert Reagan), the National Wildlife Foundation (Pat  
25 Lavin), the Regulatory Affairs and Public Advocacy Section of the Alaska Attorney  
26 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).

24 <sup>4</sup>See Order R-09-1(2), dated June 12, 2009 and titled *Order Issuing Proposed*  
25 *Regulations for Comment.*

26 <sup>5</sup>See *Notice of Proposed Changes in the Regulations of the Regulatory*  
*Commission of Alaska*, dated June 12, 2009.

1 We reviewed over 45 comments during the public comment period, which included an  
2 opportunity for initial and reply comments.<sup>6</sup>

3 Commission Staff presented a comment summary and suggested several  
4 revisions to the proposed regulations based on public comment. After reviewing the  
5 public comments and agreeing on revisions to the proposed regulations at our  
6 October 14, 2009 public meeting, we voted to adopt the net metering regulations that  
7 are attached to this order as Appendix A.<sup>7</sup>

### 8 Discussion

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

14 We adopted a net metering requirement that will apply to certain Alaskan  
15 electric utilities. While the parameters of our net metering requirement vary from  
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18 <sup>6</sup>Initial comments were filed by Representative Alan Austerman, Alaska Center  
19 for the Environment, Alaska Power Association, Ole Anderson, Melissa Aronson,  
20 Christopher Brewton, Robert Burns, Chugach Electric Association, Nina Faust and  
21 Edgar Bailey, Dr. Frederick Foster, Jeff Friedman, Golden Valley Electric Association,  
22 Matt Gray, Dianne Holmes, Frank L. Holmes, Homer Electric Members Forum,  
23 Interstate Renewable Energy Council, Pat Irwin, Tim June, Philip Kaluza, Sherry  
24 Kimmons, Kootznoowoo Incorporated, James Lawrence, J.T. Lindholm, Bill Lynch,  
25 Peter McKay, Mark Masteller, Duff Mitchell, Deborah Nakada, the National Wildlife  
26 Federation, Representative Paul Seaton, Peter Schneider, Rebecca Shaffer, Phil St.  
John, Michael J. Van Note, Paulette Wellington, Lawrence Whiting, Michelle Wilber,  
Yukon River Inter-Tribal Watershed Council, and Bryan Zak. Reply comments were  
filed by Alaska Power Association, Chugach Electric Association, the National Wildlife  
Federation, and the Municipality of Anchorage d/b/a Municipal Light and Power.

<sup>7</sup>October 14, 2009 public meeting transcripts at 173-175.

1 pending net metering legislation,<sup>8</sup> we believe that our net metering regulations reflect an  
2 appropriate compromise that facilitates net metering in Alaska and adequately protects  
3 the interests of utilities, net metering consumers, and utility customers that do not net  
4 meter. We create a new Article in Chapter 50 (*Energy Conservation*) to incorporate net  
5 metering requirements (3 AAC 50.900 – 3 AAC 50.949). The elements of our proposed  
6 net metering regulations are discussed below.

7 3 AAC 50.900, Applicability and Waiver

8 This section addresses the applicability of our net metering requirement by  
9 identifying categories of electric utilities subject to the net metering requirement.<sup>9</sup>  
10 Generally speaking, the net metering requirement applies to all electric utilities subject  
11 to economic regulation by this agency. However, the requirement does not apply to an  
12 economically regulated electric utility (1) with 100 percent of its electrical power supplied  
13 by an eligible facility, as defined in 3 AAC 50.949,<sup>10</sup> or (2) for independent systems that  
14 have retail sales of less than 5,000,000 kilowatt hours during the utility’s previous fiscal  
15 year.<sup>11</sup> In addition, an electric utility demonstrating that limiting net metering

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17 <sup>8</sup>The 26th Alaska State Legislature has three pending legislative bills that would  
18 require retailer suppliers of electricity to provide net metering - House Bill 31, House Bill  
19 66, and Senate Bill 131.

20 <sup>9</sup>Appendix B to this Order lists the utilities subject to the net metering  
21 requirement.

22 <sup>10</sup>Specifically, “eligible facility” means a facility that produces electric energy  
23 derived from solar photovoltaic and solar thermal energy; wind energy; biomass energy;  
24 hydroelectric energy; geothermal energy; hydrokinetic energy; ocean thermal energy;  
25 landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters, or  
26 municipal solid waste; and other sources as approved by us that generally have similar  
environmental impact. See 3 AAC 50.949(9).

<sup>11</sup>For example, Alaska Power Company provides service to 21 different  
communities, each having a separate electrical system. Only five of the separate  
electric systems sold more than 5,000,000 kilowatt 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 installations is reasonably necessary to address system stability constraints or other  
2 operational issues is not required to provide net metering over the affected portion of its  
3 distribution system. This section also allows us to waive any requirement in  
4 3 AAC 50.900 – 3 AAC 50.949 upon application and for good cause shown.

5 3 AAC 50.910, Net Metering of Electricity

6 Subsection (a) requires covered electric utilities to make net metering  
7 available to its customers, and allows the interconnection of customer generation  
8 systems to the electric utility's facilities. Subsection (b) states an overall capacity  
9 limitation on net metering, allowing an electric utility to refuse net metering service if the  
10 overall nameplate capacity of all net metering systems interconnected with the utility  
11 exceeds a pre-defined cap (1.5 percent of the electric utility's average retail demand).  
12 Subsection (c) precludes a utility from disconnecting existing net metering customers  
13 should the cumulative nameplate capacity of net metering systems interconnected to  
14 the utility's distribution system exceed the cap as a result of a decrease in average  
15 demand. Subsection (d) requires an electric utility to annually publish in its tariff the  
16 number of kilowatt hours equivalent to 1.5 percent of the electric utility's average retail  
17 demand.

18 3 AAC 50.920, Consumer Generation System

19 This section specifies eligibility criteria for consumer generation facilities,  
20 including a generation capacity limit of 25 kilowatts.

21 3 AAC 50.930, Charges or Credits for Net Electricity

22 Subsection (a) requires an electric utility to measure a net metering  
23 consumer's energy consumption and generation, with net metering consumers being  
24 billed for net consumption and receiving bill credits when the customer's generation  
25 exceeds usage. Subsection (b) addresses the application of bill credits as dollar  
26 amounts to subsequent monthly billing periods. Subsection (c) allows an electric utility

1 to charge a net metering consumer for non-generation related consumer charges  
2 provided those charges are authorized by the electric utility's tariff. Subsection (d)  
3 precludes an electric utility from charging a net metering consumer additional fees for  
4 net metering service unless we approve the charge. Subsection (e) states an electric  
5 utility may request a change to its rate design to incorporate a net metering customer  
6 class. It requires the electric utility to demonstrate an adverse material rate impact on  
7 non-net metering customers to justify a net metering customer class.

8 3 AAC 50.940, Interconnection of Customer Generation Facilities

9 This section allows us to establish interconnection requirements for  
10 customer generation systems.

11 3 AAC 50.950, Definitions

12 This section defines terms used in the net metering regulations, including  
13 a definition specifying eligible sources of electricity for net metering purposes.<sup>12</sup>

14 **ORDER**

15 THE COMMISSION FURTHER ORDERS that the regulations set out in Appendix A to  
16 this order are adopted.

17 DATED AND EFFECTIVE at Anchorage, Alaska, this 15th day of January, 2010.

18 BY DIRECTION OF THE COMMISSION  
19 (Commissioner Anthony A. Price, dissenting.)  
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26 <sup>12</sup>See footnote 10.