

Understanding Nebraska's Net Metering Law



NEBRASKA WIND WORKING GROUP
NOVEMBER 9, 2009

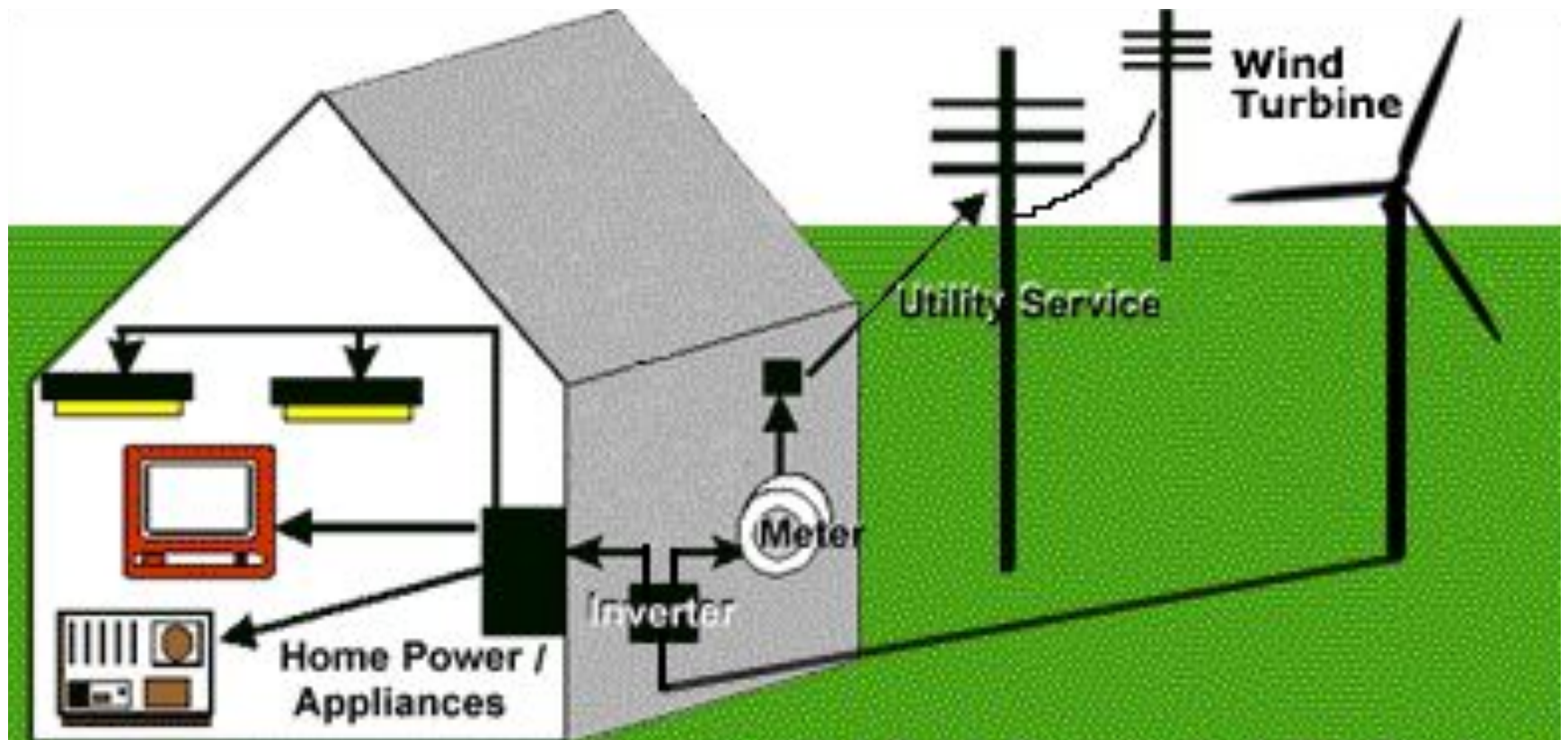
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PURPA



- **Public Utilities Regulatory Policy Act**
 - 1978
 - Encourage renewable energy generation
 - Paired with numerous incentive programs
 - Requires interconnection to distribution system
 - Qualified Renewable Generation Facilities Up to 80 MW
 - PURPA Qualified—simple process
 - Not net metering
 - PURPA allowed electric utilities to recover all costs of interconnection
 - Energy Policy Act of 2005
 - Required consideration of Net Metering Policy for Larger Utilities.

Net Metering



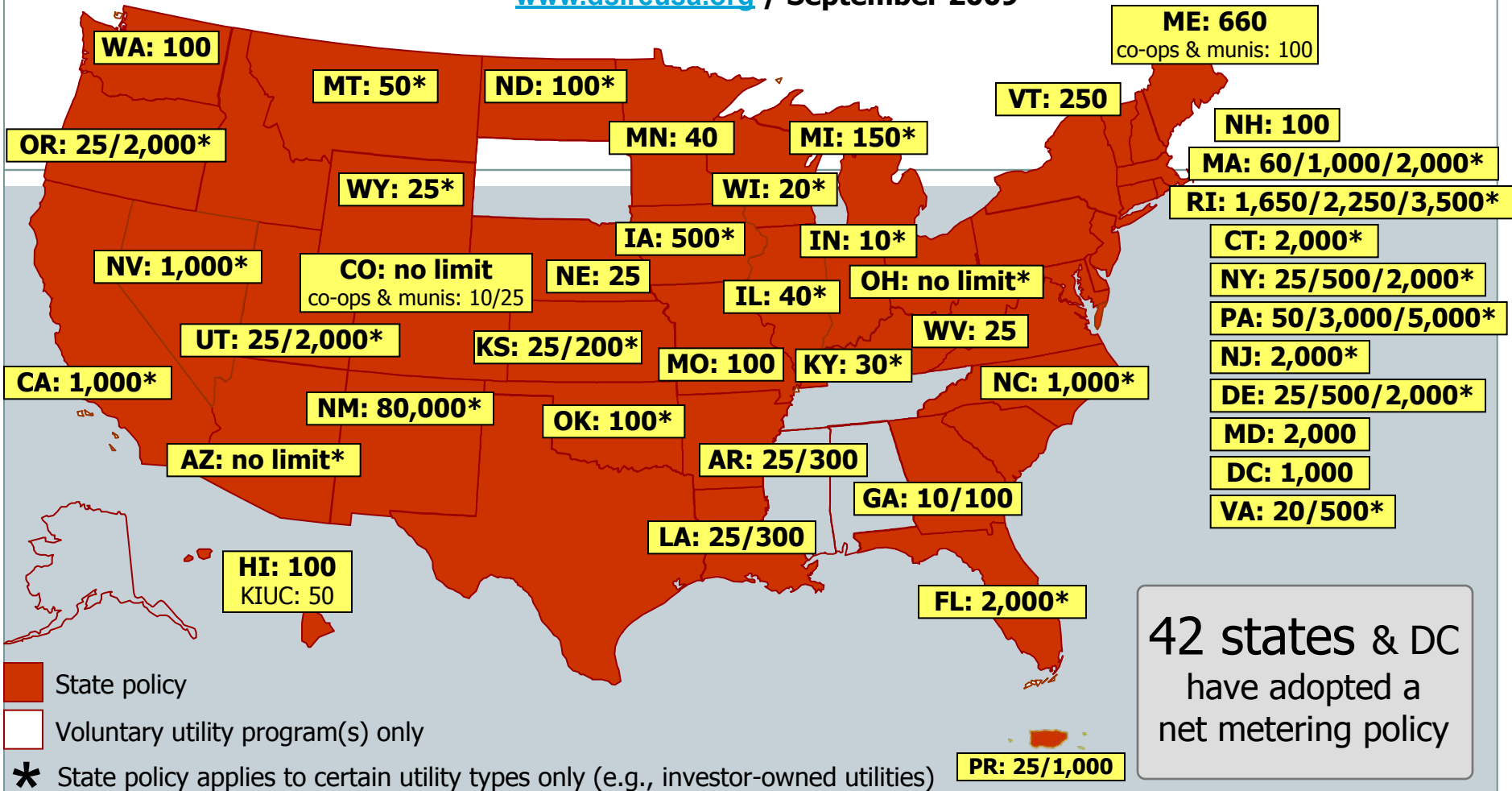
Net Metering



- 42 States Have some form of Net Metering Law
- Nebraska—One of only 22 states to require net metering through rural public power systems and electric cooperatives
- Net Metering was not previously prohibited and many utilities offered the service—not mandated

Net Metering

www.dsireusa.org / September 2009



42 states & DC
have adopted a
net metering policy

Note: Numbers indicate system capacity limit in kW. Some state limits vary by customer type, technology and/or system application. Other limits might also apply.

LB 436



- Introduced by Senator Ken Haar in 2009
- Inclusive Process
- Compromise by all Sides
- Reasonable Legislation
- Establishes a Mandated Program for Net Metering
- Passed Feb 1, 2009 on a vote of 46-0
- Supported by the Nebraska Power Association Members

LB 436—The Basics



- Net metering means a system of metering electricity in which the distribution utility...
 - Exchanges energy generated and energy used until the customer's bill is offset—retail for retail exchange or kilowatt for kilowatt exchange—this is a 1:1 ratio
 - Bills the customer at the retail rate for energy used beyond the offset
 - Credits the customer the avoided cost value for excess energy delivered by the customer-generator
 - Credits are carried over month to month and settled at the end of the billing year

LB 436—The Basics



- A Distribution Utility Must Interconnect Qualified Generation 25 kw and Smaller When it...
 - Uses as its energy source
 - Methane
 - Wind
 - Solar
 - Biomass
 - hydropower
 - Geothermal
 - Is controlled by the customer-generator and is located on premises owned, leased or otherwise controlled by the customer-generator

LB 436—The Basics



- Interconnects and operates in Parallel with the local distribution system
- Is intended to meet or offset the customer-generator's requirements for electricity—sized to meet their need
- Not intended to offset or provide credits for electricity consumption at another location or for another customer

LB 436—The Basics



- Meets all applicable safety, performance, interconnection and reliability standards established by the National Electric Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and the Underwriters Laboratories Inc.
- Is equipped to automatically isolate the generation from the distribution system in the event of a power outage or when the line is de-energized
- Satisfies an inspection by the State Electrical Division

LB 436—The Basics



- **System Cap on Net Metering Customer Generators**
 - A distribution utility is not required to net meter additional customers when the distribution systems total generating capacity of all customer-generators is equal to or exceeds one percent of the capacity necessary to meet the distribution utility's average aggregate customer monthly peak demand forecast for the calendar year

LB 436—The Basics



- A distribution system may voluntarily agree
 - To net meter qualified systems larger than 25 kw
 - To compensate a customer at a rate higher than the avoided cost
 - To exceed the system cap

Inspection Specifics



- Must request a State Electrical Division inspection prior to interconnection with the Local Distribution Utility
- Fees for Inspection
 - Most net metering systems \$25 fee plus \$5 for each circuit
 - Large Systems \$35 fee plus \$5 for each circuit

Notification to the Local Distribution Utility



- Customer-generator is responsible for notifying the distribution utility at least sixty days prior to the installation of the qualified generation and intent to interconnect
- Notification is not necessary for generation that is not interconnected and not net metered

Interconnection Costs—Who Pays



- Customer Generator pays for costs incurred by the local distribution system for equipment or services required for interconnection that would not be necessary if the QF were not interconnected—with exception of the metering system
 - Most often there is no additional cost for equipment
 - Upgrade of distribution system or new build out
 - Aid in construction policy of individual utility applies

Interconnection Costs—Who Pays



- Local Distribution Company pays for the cost of the metering system necessary for net metering
 - Single meter
 - Two or three meters
 - Smart meter
 - Must be easily readable by the customer-generator
- Local Distribution Company may pay for additional monitoring equipment for data gathering needs

Understanding Your Electric Bill



- **Minimum monthly charge**—all consumers in the same rate class pay the same
 - Meter reading, billing, other costs that are incurred regardless of the amount of energy used by a customer
- **Retail Rate Charge**
 - $\text{Distribution System Costs} + \text{Cost of Energy} = \text{Retail Rate}$
 - Customer Generator uses more energy than they generate they are billed at retail rate
- **Sales Tax**
 - Revenue Department Ruling requires taxing on all energy delivered to the consumer and not just the “net energy” or the energy the utility bills the customer for.
- **Credits**
 - Monetary credit at the avoided cost rate when a customer-generator generates more energy than they use.

Understanding Your Electric Bill



- No additional standby, capacity, demand, interconnection or other fees should be added to a customer generators bill that are not part of the bill for all customers in the same rate class.

Excess Generation



- **Customer-generator generates more energy than they use**
 - Excess energy is purchased by the electric utility and a credit is placed on the billing statement
 - Monetary credit based on the value of the energy at the time it was generated
 - Credits carry over month to month
 - Credits at the end of the billing year will be paid out to the consumer
 - Credit is based on the avoided cost

Customer's Additional Generation Needs



- Customer Generator uses more energy than they generate
 - Billed at the appropriate retail rate for their customer class
 - May be offset by a previous months excess generation

Problems/Issues



- Interconnect without notice/inspection
- Visual Disconnect—IEEE Standard
- Insurance Requirements
- Meeting Specific Standards
- UL, CFA or Nationally Recognized Standards equal to or greater than UL listing—Check with the State Inspector
- Revenue Department Ruling on Sales Tax Collection
- County/City Zoning







Questions?



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