

## PUCO proposes amendments to net metering rules, provides opportunity for parties to weigh in

December 7, 2012

The Public Utilities Commission of Ohio (PUCO) recently released draft rules aimed at updating Ohio Administrative Code Chapter 4901:1-10 regarding electric companies. The PUCO's proposed rules include amendments to the state's existing net metering rules. Net metering enables non-utility energy generators to sell excess generated power to the grid.

The draft rules were issued in Case No. 12-2050-EL-ORD and the PUCO is accepting public comments regarding these rules through January 7, 2013. The draft rules contain several changes, with proposed changes to the net metering rules being of potential significance to the advanced energy industry. Below is a brief summary of the proposed changes.

Net Metering. The net metering rule includes, among other items, the following proposed changes:

- Defines customers that host or lease electric generation equipment (customer-generators) as those that generate less than 120 percent of their electricity requirements intended primarily to offset their own electricity needs. To be a customer-generator, the equipment must be on the customer's premises, which includes contiguous lots or other areas owned, leased or otherwise controlled by the customer.
- Requires that a customer-generator's average annual electricity consumption be measured based on the customer's average annual electricity consumption over the past three years from June 1 to May 31.
- Requires each utility to adopt a net metering tariff that is uniformly available to all customers. Further, the draft rule would prohibit the utility from imposing additional safety standards, tests or insurance requirements.
- Clarifies the method for crediting customer-generators for excess generation, requiring that excess generation be credited to the next month's bill, with any unused credit rolling over from month to month. Utilities must issue an annual refund of any credit that remains as of May 31. The rule establishes a formula for measuring net generation and requires that customer-generators be paid at the generation rate paid by the customer regardless of whether the customer purchases electricity from a utility or competitive retail electric service (CRES).
- Under the proposed rule, utilities are prohibited from imposing additional charges for net metering. The proposed rule also clarifies that renewable energy credits (RECs) belong to the customer unless sold by contract, and requires annual net metering reports from utilities.
- The PUCO seeks comment on whether the rules should define specific acceptable technologies for net metering and comments, specifically calling for comment on the definition of "microturbine," and if and how microturbines should differ from traditional turbine generation.
- The PUCO further seeks comment on whether virtual and aggregate net metering could be implemented under current Ohio law.
- The draft rule also proposes specific language for hospital net metering, which requires a net metering arrangement regardless of when the generating facility was installed. Under the proposed rule, no wattage limits can be placed on hospital customer-generators and the utility may not require additional safety standards, tests or liability insurance from customer-generators.

PURPA Compliance. Also of potential interest to the advanced energy industry, the PUCO seeks comment with respect to a newly proposed rule aimed at complying with the Public Utility Regulatory Policies Act (PURPA). Proposed OAC Rule 4901:1-10-34 would set a standard market-based rate for electricity and capacity transactions between electric distribution utilities (EDUs) and small power producers and co-generators of 20 megawatts or less.

The draft rule requires that all qualifying facilities that have a net capacity of 20 megawatts or less must provide their electrical output to the EDU and clarifies that qualifying facilities (small power producers or co-generators defined as QFs under the Federal Energy Regulatory Commission) interconnecting at the distribution level or transmission level must comply with other state laws or Regional Transmission Organizations/Independent System Operators' (RTO/ISO) policies and procedures, respectively.

At the option of the qualifying facility, energy payments must be based on either the day-ahead energy market as cleared at the applicable locational marginal price at a liquid trading hub or at the monthly simple swap price. Finally, the draft rule would require EDUs to file bi-annual reports with the PUCO detailing the qualifying facility activity in the electric distribution utility's service territory.

Customer Protections. The draft rules also contain safeguards and prohibitions regarding customer energy usage data. Utilities would be prohibited from releasing usage data without the customer's written consent, except in limited circumstances. Finally, the draft rule would require that no customer invoice be due less than 14 days from the billing date.

Environmental Disclosures. The rules further propose to adopt the regional generation resource mix provided by the RTO/ISO and provide that the generation resource mix disclosed under the rule could not be used for purposes of the utility's compliance with renewable portfolio standard (RPS) requirements.

The PUCO has requested that all interested parties file comments regarding the proposed rule changes by January 7, 2013, with replies to those comments due by February 6, 2013. After rules are adopted by the PUCO and approved by the Joint Committee on Agency Rule Review (JCARR), they are codified in the Ohio Administrative Code.

The draft rules are available on the PUCO website under Chapter 4901:1-10.

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