Net Metering/Energy: Arkansas Public Service Commission Issues Order No. 28

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The Arkansas Public Service Commission ("PSC") issued on June 1st Order No. 28 in Docket No. 16-026-R which is styled:

In the Matter of Net Metering and the Implementation of Act 827 of 2015

Order No. 28 ("Order 28") states that it is implementing the provisions of Act 464 of 2019 and, through the promulgation of:

. . . revised net-Metering Rules (NMRs), establishes rates, terms, and conditions for Net-Metering (NM) in Arkansas.

Net-energy metering (i.e., net-metering) is typically described as a metering and billing arrangement designed to compensate distributed energy generation system owners for generation that is exported to the utility grid. It generally applies to small distributed generation systems such as renewable technologies (such as solar) and small combined heat and power systems. Such systems can allow owners to receive credit for excess electricity produced on-site.

The specific aspects of net metering can vary from state to state. Nevertheless, much of the discussion in the United States on net metering has focused on its application to the production of electricity from solar panels on homes and businesses. This is driven to a great extent by the rapidly expanding use of solar power to generate electricity.

Two viewpoints are typically expressed in discussing net metering.

Some groups argue that net metering policies increase existing demands on transmission and infrastructure without compensating utilities for the cost of maintaining such systems. Other groups argue that some net metering policies provide utilities with energy at times when it is most valuable, reduces transmission costs and contributes to reliability and clean air goals.

Regardless, the debate on the appropriate implementation of net metering has generated significant interest in Arkansas and other states.

Order 28 provides by way of summary that the revised net-metering rules ("NMRs"):

1. Adopt and define the rate structure for net-metering customers
    a. For residential and non-residential customers without a demand component, the current 1:1 full retail credit for

net excess generation should be retained (for now) as the default net-metering rate structure

b. After December 31, 2022, a utility may request approval of an alternative net-metering rate structure that is:

- In the public interest
- Will not result in an unreasonable allocation of, or increase in, costs to other utility customers

c. For non-residential customers up to 1 MW with a demand component, continuation of 1:1 full retail credit for net excess generation is required

d. For demand-component customers installing net-metering facilities with generation capacity from over 1 MW to 20 MW, 1:1 full retail credit for net excess generation plus the adoption of a grid charge (initially set at zero)

2. Affirms the eligibility of grandfathering is based on the date the customer submits a Standard Interconnection Agreement to the utility (detailed in the Order)
3. Procedures are provided to address customer issues and gaming and the need for codes of conduct for unregulated third-party distributed energy providers and utilities
4. Implements provisions of Act 464 that expand the facility size thresholds for customers to engage in net-metering and authorize the leasing of net-metering facilities
5. Sets in motion procedures in other dockets to address interconnection issues and community solar programs

The 671-page Order provides:

- Procedural History
- Summary of Evidence
- Discussion and Findings on Major Issues
- Additional Commission Findings
- Commission Ruling and Order

A link to Order 28 can be found here.