

Net-Metering/Arkansas Public Service Commission: Joint Report/Recommendations of Working Group Filed



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A Joint Report and Recommendations of the Net-Metering Working Group (“Report”) was filed before the Arkansas Public Service Commission (“PSC”) on September 15th. See In the Matter of Net-Metering and the Implementation of Act 827 of 2015 Docket No. 16-027R.

The PSC established a net-metering working group (“NMWG”) in Order No. 4 whose task was described as addressing:

... the rate issues in this docket which include the establishment of the appropriate rates, terms and conditions for net-metering contracts under the provisions of Ark. Code Ann. § 23-18-604(b), as amended by Act 27 of 2015.

The list of utilities, wholesale customers, individuals, environmental organizations and solar providers that participated in the NMWG is found on page 1 of the Report.

The NMWG was tasked by the PSC to identify:

... potential issues; seek the greatest level of consensus possible; identify areas of agreement and disagreement; attempt to achieve the maximum level of agreement and minimum level of disagreement; and present the recommendation or recommendations of the NMWG to the commission for its consideration.

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.

A key issue associated with net-metering can be the rate of electricity that the utility pays to a net-metering customer.

The preparation of the Report was stated to have been developed through six meetings. The meetings are stated to have generally focused on:

- Identifying the quantifiable costs and benefits of net-metering
- Potential rate structure options
- Pros and cons associated with various options

The Report notes “two broad schools of thought” within the NMWG. This resulted in the formation of two sub-groups to develop recommendations. The two sub-groups are designated:

- Sub-group 1
- Sub-group 2

Sub-group 1 is stated to support:

. . . a continuation of the current net-metering rate design until a full assessment of the costs and benefits of net-metering has been conducted and approved by the PSC.

This group is stated to have “consistently taken the position that analysis of the cost to serve net-metering customers and of the additional, quantifiable costs and benefits of distributed generation must precede the design of new rates for these customers.”

The group’s activities included the presentation of an analysis of the costs and benefits of distributed generation for Entergy Arkansas, Inc. This analysis was stated to have been conducted by Crossborder Energy, Inc. (a consulting firm stated to have “extensive expertise in distribution generation evaluation”).

Sub-group 2 is stated to support an embedded cost of service approach to determine the costs and benefits associated with net-metering. Such an approach is stated to support:

. . . a change to the credit rate applied to the excess kilowatt hours (kWh) exported to the grid from the net-metering facility for prospective net-metering customers.

This group notes that net-metering customers are currently credited at the full retail rate for excess kWhs that are exported to the grid. Such crediting costs that are not avoided is argued to mean that the electric utility does not recover its entire cost of providing service to each net-metering customer, net of quantifiable benefits as required by Act 827 of 2015. It is argued that the current net-metering policy credits excess generation at the full retail rate and should be changed for new net-metering customer. This group believes that in order to comprehend quantifiable benefits these should be deemed those that “can be determined primarily for consideration of an individual’s utility’s embedded costs of service.”

Both Pulaski County and the Alliance for Solar Choice are separately identified in the Report as providing differing perspectives from those advocated by the two groups.

[A link to the Report can be found here.](#)