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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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Commissioner
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Commissioner
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Commissioner

IN THE MATTER OF THE APPLICATION OF)
ARIZONA PUBLIC SERVICE COMPANY FOR)
A HEARING TO DETERMINE THE FAIR)
VALUE OF THE UTILITY PROPERTY OF THE)
COMPANY FOR RATEMAKING PURPOSES,)
TO FIX A JUST AND REASONABLE RATE OF)
RETURN THEREON, TO APPROVE RATE)
SCHEDULES DESIGNED TO DEVELOP)
SUCH RETURN, AND TO AMEND DECISION)
NO. 67744.)

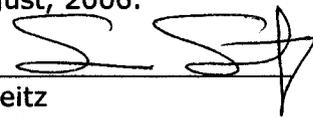
DOCKET NO. E-01345A-05-0816

INITIAL TESTIMONY OF

SOLAR ADVOCATES

In regards to the above-captioned matter, The Arizona Solar Energy Industries Association, The Vote Solar Initiative, the Greater Tucson Coalition for Solar Energy, and the Annan Group (collectively, the "Solar Advocates") submit this initial testimony.

Respectfully submitted this 18th day of August, 2006.

By: 

Sean Seitz

President

Arizona Solar Energy Industries Association

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Original and 13 copies of the foregoing filed this 18th day of August, 2006, with:

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Copies of the foregoing electronically served this 18th day of August, 2006 to the service list.

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PROFESSIONAL OVERVIEW

Over 20 years experience in energy policy, resource planning, program development and management for solar businesses, electric utilities and non-profit energy organizations. Developed and implemented solar and energy efficiency programs and sustainable development strategies. I have senior policy and management experience with a mastery of energy policy, regulation and market delivery issues. Highlights of my experience:

- As Senior Manager for Project Sales of the Sharp Solar Energy Solutions Group I am responsible for developing commercial project business. In that capacity I work with large system integrators, independent power developers and electric utilities in planning, pricing and scheduling for the sale of solar electric equipment. I also provide technical assistance and advice to Sharp management on federal, state and local energy policy and participate in selected public proceedings. I provide support to the new product development team in assessing business opportunities and introducing new products to selected customers. I also create and maintain constructive relations with consumer, environmental, labor and business organizations interested in solar energy.
- As Assistant General Manager for Power Policy, Planning and Resource Development of the San Francisco Public Utilities Commission I managed a staff of 18 with an annual capital and operating budget of \$15 million. I was responsible for developing solar and energy efficiency projects for public facilities in San Francisco, including the largest city-owned solar power plant in the United States at the Moscone Convention Center. I supervised the development and was senior author of the San Francisco Electricity Resource Plan that provides a 10-year blueprint for phasing out obsolete fossil fuel power plants in San Francisco and replacing them with a mix of cleaner energy resources. I was responsible for legislative and regulatory strategy for the City and County of San Francisco on energy policy and succeeded in passing several pieces of critically important legislation.
- As Executive Director of the Pace Law School Energy Project I provided technical assistance and advice to environmental organizations and solar and energy service companies regarding electricity restructuring legislation in New Jersey resulting in passage of law that provides for a renewable portfolio standard and significant funding for solar energy development through a systems benefit charge. I also led efforts for continuation and expansion of the systems benefit charge by the New York Public Service Commission that funds energy efficiency and renewable projects. I developed and supervised the implementation of the New York Shines project, funded by the New York State Energy Research and Development Authority that provided public information and market development for solar energy throughout New York.

- As Chairman of the Board of the Northeast Sustainable Energy Association in 1999 and 2000, I oversaw the selection of new management leading to a renewal of this organization's mission. I led in the organization of Clean Energy Expositions in Albany, New York and Trenton, New Jersey involving dozens of clean energy companies and senior officials in the administrations of Governor George Pataki and Governor Christine Whitman.
- As an elected member of the Board of Directors of the Sacramento Municipal Utility District from 1987 through 1997 I guided the transformation of that utility from dependence on a troubled nuclear power plant to leadership in the development of energy efficiency programs and clean energy technologies including the implementation of the largest solar energy program in the nation.

EDUCATION

- University of California, Davis, BA, Russian
- University of Southern California, MPA, Public Administration

PUBLICATIONS

Reinventing Electric Utilities: Competition, Citizen Action, and Clean Power, Washington, D.C., Island Press, 1997

"Utility Deregulation and Global Warming: The Coming Collision," *Natural Resources and Environment*, Volume 12, Number 4, spring 1998, Chicago, IL.

Choosing San Francisco's Energy Future: The Electricity Resource Plan, San Francisco Public Utilities Commission, December 2002.

OTHER PROFESSIONAL ACTIVITIES

Member, Steering Committee, California Apollo Alliance, *The California Apollo Alliance is a coalition of unions, environmentalists, businesses and community based organizations convened for the purpose of pursuing a statewide agenda of investment in renewable energy and energy efficiency to create good jobs, revitalize underserved communities and improve our environment.*

Member, Board of Directors, Solar Electric Power Association, Washington DC, 2003 to present. *The Solar Electric Power Association's mission is to facilitate the use and integration of solar electric power by utilities, electric service providers, and their customers.*

Member, Board of Advisors, TheVote Solar Initiative, San Francisco CA, 2002 to present. *The Vote Solar Initiative's mission is to promote a national transition to clean energy by empowering city governments to implement large-scale, cost-effective solar projects.*

Member, Board of Directors, Center for Resource Solutions, San Francisco CA, 1995 to 2001. *The Center for Resource Solutions is dedicated to promoting renewable energy and economic and environmental sustainability.*

President, Board of Directors, The Northeast Sustainable Energy Association, Greenfield MA, 1999-2000. *NESEA's goal is to bring clean electricity, green transportation, and healthy, efficient buildings into everyday use in order to strengthen the economy and improve the environment.*

Member, Technical Advisory Committee to the New York State Energy Research and Development Authority, Albany NY, 1998. Provided advice on selection of developer for first wind energy project in New York.

Member, Board of Directors, California Institute for Energy and the Environment, Berkeley CA, 1995-1997. *CIEE's objectives are to increase the security and sustainability of energy systems in California, to enhance the productivity and competitiveness of California's businesses, and to contribute to improving the environment.*

TESTIMONY OF ED SMELOFF
TO THE ARIZONA CORPORATION COMMISSION
Docket No. E-01345A-05-0816

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to recommend to the Commission that Arizona Public Service adopt a net metering rate schedule that is consistent with the goals of Arizona's Environmental Portfolio Standard and Renewable Energy Standard and Tariff rulemaking, and one that more closely matches metering policies that have been adopted in other states with successful solar energy programs.

Q. What is your background and expertise with respect to net metering?

I have attached my resume, which provides my background and expertise.

Q. What is net metering?

A. Net metering is a policy that allows electric customers to generate electricity from qualifying facilities (typically solar and wind energy facilities) and to export excess energy to the interconnected electric utility. During months when net-metered customers provide excess power to the electric utility they are given credits for that power. In subsequent months when customers use more electricity than is generated from their qualifying facility they can apply these credits to their electric bill. In other words, the excess electricity a customer generates at certain times is netted against power provided to the customer by the electric utility.

Q. Why have state legislatures and utility regulatory commissions adopted net metering policies to promote the installation of grid-tied solar electric systems?

A. Net metering policies have been adopted because grid-tied solar electric systems provide multiple benefits for the electric power system and environment including reducing peak demand for electricity, lessening the consumption of natural gas in power plants, helping the electric grid operate more efficiently by reducing line losses, saving investment capital by delaying costly upgrades to the electrical transmission and distribution systems and avoiding environmental damage from power plant emissions.

Q. How do grid-tied solar electric systems help reduce peak demand?

A. In Arizona peak demand for electricity occurs on hot summer days when air conditioners are at their maximum use¹. Properly oriented solar systems can assist

¹ According to the APS "Time-of-Use Flexibility Study" (APS Attachment DJR_9, Table 1, Page 8) peak summer demand for the top 10 days occurred on the average between 4 and 5 pm with load of over 95% of peak occurring between 1 pm and 7 pm.

utilities in meeting a significant portion of the demand created by this air conditioning load. When combined with other energy efficiency and load management measures, grid-tied solar electric systems can defer investment in gas-fired peaking power plants.

Q. How do grid-tied solar electric systems lessen the consumption of natural gas?

A. For Arizona natural gas fired power plants tend to be on the margin during much of the year. Therefore, during most hours when solar electric plants are producing electricity they will displace the use of natural gas. Natural gas prices have been very volatile over the past two years and have peaked at over \$14 per million British Thermal Units. Other sources of power generation can help hedge against this volatility.

Q. How do grid-tied solar electric systems improve grid efficiency?

A. Electricity is lost as it is transmitted over power lines from power plants to end-users. Because of these losses more electricity has to be generated to meet customers' needs. Solar power is typically located at the point of use, on a customer's roof or next to the facility using electricity. By siting the power plant at the point of load, line losses are avoided.

Q. How do grid-tied solar electric systems help distribution utilities defer transmission and distribution upgrades?

A. As demand for electricity increases in specific areas of a distribution utility's service area, the utility needs to invest in new electric equipment to deliver power. Peak demand on specific distribution lines often occurs during hot summer days when air conditioning use is at its maximum. In addition, power lines tend to be less efficient under hot conditions when they are more fully loaded. Because solar power is located at the point where it is consumed it can help defer the need for upgrading electric distribution infrastructure.

Q. How do grid-tied solar electric systems avoid environmental damage?

A. The burning of fossil fuels generates pollutants like oxides of nitrogen, mercury, small particulates and carbon dioxide that threaten public health and the natural and built environment. Solar electric systems do not emit any air pollutants and therefore the electricity they generate displaces the pollutants from fossil fuel generators.

Q. Which states have successful solar energy programs?

A. California and New Jersey lead the country in grid-tied solar electric installations. According to the Interstate Renewable Energy Council (IREC) California has over 15,000 net-metered solar systems and New Jersey has over 1,000. These two states accounted for 80% of grid tied solar electric systems installed in the United States in 2005. Several other states including Colorado and Pennsylvania have recently adopted forward-looking programs promoting solar energy including net metering policies.

Q. Please explain California's net metering policy?

A. In California, state law requires all electric utilities to allow net metering to all customers (commercial, agricultural, industrial and residential) for solar and wind-energy systems up to 1 megawatt². Any excess generation from solar and wind-energy systems are carried forward and credited to the customer's next electric bill for up to 12 months. Customers who take electric service on time-of-use schedules are credited for energy delivered to the utility at the retail price per kilowatt-hour in effect during that time period. Any net excess generation remaining at the end of a twelve-month period is granted to the customer's utility. The California Public Utilities Commission has ruled that net-metered generators up to one megawatt are exempt from interconnection study costs and standby fees. Current California law limits total quantity of net-metered generators to 0.5% of a utility's peak demand. However, pending legislation would raise that cap to 2.5% of each utility's peak demand³. This change in law would permit approximately 1,500 megawatts of net-metered systems to be connected to the grid in California.

Q. Please explain New Jersey's net metering policy?

A. In New Jersey, all electric distribution companies are required to offer net metering to commercial and residential customers for a variety of renewable energy technologies including photovoltaics. Qualifying facilities can be renewable energy systems up to 2 megawatts. A customer-generator receives credit at the electric distribution company's full retail rate for any excess electricity exported to the grid up to the total amount of electricity the customer consumes on an annual basis. If the customer has excess credits over the course of a year the electric distribution utility must compensate the customer for those credits at the company's avoided cost of wholesale power. Customers eligible for net metering retain ownership for all renewable energy credits associated with the electricity they generate. There is no cap on the number of systems that can be net-metered in New Jersey⁴.

Q. Are there other states that allow net metering for systems greater than one megawatt?

A. Yes. Both Colorado and Pennsylvania allow net metering for customer-generators up to two megawatts. In Colorado, the Colorado Public Utilities Commission adopted regulations that allow solar and wind owners to net meter on a 1:1 kilowatt-hour ratio over a period of one year with any excess production at the end of the calendar year paid

² The only generators that are not eligible for net metering are those located in an area served by a secondary network system.

³ As of the filing of this testimony, the referenced legislation, Senate Bill 1, had passed out of the Legislature and moved to Governor's desk for signature. Governor Schwarzenegger is expected to sign it into law.

⁴ The New Jersey Electric Discount and Energy Competition Act allows the Board of Public Utilities to authorize a utility to cease offering net metering when the total amount of net metering load reaches 0.1 percent of peak load.

at the utility's incremental cost of electricity. These rules⁵ apply to all utilities in Colorado that serve more than 40,000 customers. Colorado's net metering regulation does not limit the total amount of net-metered systems in the state⁶.

Q. What is the requirement in Pennsylvania?

A. Pennsylvania's Alternative Energy Portfolio Standards Act allows residential customers to net meter systems up to 50kW and other customers to net meter on-site generators up to one megawatt in size. Customers who agree to have their generators available to operate in parallel during grid emergencies, can net meter up to 2 megawatts in capacity. The law did not specify a cap on total installations⁷.

Q. How does the net metering rate proposed by Arizona Public Service (APS) differ from the net metering policies in California and New Jersey?

A. There are several differences. First, APS proposes limiting net metering to facilities of 10 kW or less. Second, participation in the net metering is limited to residential customers and commercial customers with a monthly demand of 20 kW or less. Third, APS proposes to limit the total quantity of net-metered systems to 15 megawatts. Fourth, APS proposes compensating itself through the Environmental Portfolio Standard surcharge for lost revenues associated with transmission and distribution and other non-avoidable costs.

Q. Is the limitation on size of qualifying facilities reasonable?

A. No. Thirty-six other states with net metering policies have limits on system size greater than 10 kilowatts. This limitation will act as a significant constraint in achieving the goals of Commission's Environmental Portfolio Standard, which has prioritized solar power, and the Commission's Renewable Energy Standard and Tariff rulemaking, in which Commissioners are proposing a significant increase in distributed generation. A limitation on net-metered systems of less than 10 kilowatts is not consistent with this policy of promoting distributed generation.

Q. What would you recommend as the appropriate size limit for net-metered customer generators?

A. It is my opinion that the decisions of the utility regulators in New Jersey, Colorado and Pennsylvania are the appropriate ones for jurisdictions desiring to promote solar energy and the limit should, therefore, be two megawatts.

Q. Is the limitation on which customers can participate in the net metering program reasonable?

⁵ Colorado Code of Regulations 723-3-3664

⁶ Colorado's Amendment 37 requires that 0.2% of renewable energy come from on-site solar generators.

⁷ The Pennsylvania Public Utilities Commission is currently undertaking a rulemaking to further define net metering requirements.

A. No. There simply is no rational basis for excluding larger commercial and industrial customers from participating in the net metering program. Such a limitation as to who can participate is not consistent with a policy of promoting distributed generation as part of Arizona's Environmental Portfolio Standard and the Renewable Energy Standard and Tariff rulemaking. In fact, the proposed Renewable Energy Standard and Tariff requires that half of an affected utility's Distributed Renewable Energy Requirement come from non-residential, non-utility applications⁸. It would be counterproductive to the fulfillment of that mandate to limit net metered systems to sizes under 10 kW. In California and New Jersey numerous distributed solar projects have been placed on flat commercial roofs. In Arizona a significant opportunity exists for developing cost effective systems for larger commercial, industrial or governmental facilities. APS asserts that there are costs associated with net metering and that these costs could create subsidies between one class of customers and another. APS has not demonstrated that the costs of net metering outweigh the benefits or that net metering would create subsidies from one class to another. However, even if APS's assertion were true, it still does not logically follow that certain groups of customers should be excluded from participating in the program.

Q. Is the 15 megawatt limitation on the quantity of net-metered systems reasonable?

A. No. There is no basis in any other Arizona policy for such a limitation. Arizona aspires to have 15% of the state's electricity requirements met by renewable energy technologies by 2025. Furthermore, 30% or more of that requirement is likely to come from distributed resources located on the customer side of the electric meter. These are very laudable goals. Meeting them will require an aggressive suite of policies and incentives. Net metering is one of the most important policies in promoting distributed technologies like solar. Limiting the amount of systems that qualify for net metering to 15 megawatts would create a major obstacle to achieving the state's renewable energy goals. California is proposing a cap of 2.5% of peak load⁹. The Commission should adopt a net metering policy that is closely aligned with the distributed generation goal in Arizona's Renewable Energy Standard and Tariff rulemaking—that is, about 2,300 MW by 2025¹⁰.

Q. Should APS be compensated through the EPS surcharge for lost revenues associated with net-metered solar electric systems?

A. No. Use of funds from the EPS surcharge for this purpose is inappropriate. Such a use would diminish the ability of the Commission to meet its renewable energy policy goals. APS has previously stated that the revenue provided by the surcharge will likely not be sufficient to support the renewable energy goals of the EPS. APS has said, "The

⁸ R14-2-1805 (D).

⁹ About 1,500 MW of net metered solar systems.

¹⁰ In APS testimony (attachment DJR_9, "APS Investigation into Rate Designs Conducive to Conservation and DSM", page 7), APS testified that 2005 retail sales were about 30,000,000,000 kWh, and annual growth is expected to be about 4.6%. Using these figures, and estimating a conservative production of 1,500 kWh per kW of solar photovoltaic panels, if APS's REST mandate were met exclusively with solar photovoltaics, about 2,300 MW of solar photovoltaics would be required.

funding necessary to support the Distributed Renewable Energy Requirement (DRER) alone will likely exceed the funding contemplated by the sample tariff after 2007. If PV continues to play a significant role in DRER, APS generally estimates cost of compliance to average between \$50 million and \$60 million per year...¹¹

In addition, no other state uses funds collected for the purpose of developing renewable energy resources to compensate electric utilities for revenue losses associated with net metering programs. APS's request is unprecedented.

Q. Are there other mechanisms that are used to compensate electric utilities for lost revenues associated with policies that decrease electricity consumption?

A. Yes. Electric utilities can experience diminished revenues as a result of effective energy efficiency and conservation programs. Various state regulatory commissions have developed policies that allow for adjusting revenues to account for variation in sales from the test revenue year. Rather than draining funds from the limited EPS surcharge fund the Commission should explore how to manage this issue in a more comprehensive manner.

Q. What are the key elements that should be included in a net metering policy for Arizona?

A. I will identify them in bulleted form:

- All renewable technologies eligible for credit under the Environmental Portfolio Standard promulgated by the Commission should be eligible for net metering.
- All types and classes of customers should be eligible.
- Maximum individual system capacity should be two megawatts¹².
- Any limit on aggregate capacity of all net-metered systems should be aligned with the distributed generation target set by the Commission for the Environmental Portfolio Standard.
- Net excess generation (NEG) should be credited on a 1:1 kWh basis (full retail value) and carried forward to the next monthly bill for at least one year. The customer should be paid for any remaining excess annual kilowatt hours at the utility's avoided costs.
- Simplified interconnection standards must be in place, including a standard agreement.
- There should be no application fee or metering charge to initiate net metering.
- There should be no ongoing special charges or fees.
- There should be no restriction on the customer's right or ability to retain or sell renewable-energy credits (RECs).
- There should be no additional insurance requirements.

¹¹ Testimony of APS to ACC, April 17, 2006.

¹² Interconnection standards will limit on-site generation to the size of the customer's service connection.

- Net metered customers should be treated identical to customers in same class without on-site generation.
- There should be no change in tariff for customers participating who net meter. Net metering should be a rider on the customer's existing tariff so that the rate structure does not change pre and post net metering.

Q. Is there a good model of net metering rules you would recommend?

A. Yes. the Model Net Metering Rules of the Interstate Renewable Energy Council (IREC) is a good model. It is attached as an appendix to this testimony.

Q. Does this conclude your testimony?

A. Yes.

IREC "Connecting to the Grid" Project Model Net Metering Rules¹ (June 2006)

Net Metering

1.000 Definitions

Qualifying retail utility (QRU) means any utility offering retail electric service in the State.

Service entrance capacity means the rating of the customer's electric service determined by multiplying the voltage provided to the customer by the QRU times the ampere rating of the customer's primary over current protection device (fuse or circuit breaker) times the appropriate multiplier for multi-phase service and generators.

2.000 Net metering general provisions

- 2.100 All qualifying retail utilities (QRUs) shall offer net metering to customers with solar, wind and other generators defined at 2.115, that generate electricity on the customer's side of the meter and are interconnected with the QRU pursuant to the interconnection rules in Section [*reference state interconnection rules here*], provided that the generating capacity of the customer-generator's facility meets both of the following criteria:
- (a) The rated capacity of the generator does not exceed two megawatts (MW); and
 - (b) The rated capacity of the generator does not exceed the customer's service entrance capacity.
- 2.101 The QRU shall develop a net metering tariff that provides for customer-generators to be credited in kilowatt-hours (kWh) at a ratio of 1:1 for any excess production of their generating facility that exceeds the customer's on-site consumption of kWh in the billing period following the billing period of excess production. However, any excess kWh credits shall not reduce any fixed monthly customer charges imposed by the QRU.
- 2.102 The QRU shall carry over any excess kWh credits earned under 2.101 and apply those credits to subsequent billing periods to offset any customer consumption in those billing periods until all credits are used or the end of the calendar year is reached. A QRU that cycle-bills throughout the month may use the December billing month as the end of the calendar year.
- 2.103 At the end of each calendar year, the QRU shall either carry forward any excess kWh credits for use against consumption in future months, or compensate the customer-generator for any excess kWh credits at the QRU's average hourly incremental cost of electricity supply over the same calendar year period.
- 2.104 If a customer-generator terminates its service with the QRU [*or switches electricity suppliers*], the QRU shall compensate the customer-generator for any excess kWh credits at the QRU's average hourly incremental cost of electricity supply over the calendar year period immediately prior to termination of service.
- 2.105 A customer-generator facility used for net metering shall be equipped with metering equipment that can measure the flow of electricity in both directions at the same rate. For customer facilities less

¹ Available online at www.irecusa.org/connect.

than 10 kilowatts (kW), this shall be accomplished through use of a single, bi-directional electric revenue meter that has only a single register for billing purposes.

- 2.106 A customer-generator may choose to use an existing electric revenue meter if the following criteria are met:
- (a) The meter is capable of measuring the flow of electricity both into and out of the customer-generator's facility at the same rate and ratio; and
 - (b) The meter is accurate to within plus or minus 5 percent when measuring electricity flowing from the customer-generator facility to the electric distribution system.
- 2.107 If the customer-generator's existing electric revenue meter does not meet the requirements at 2.106 above, the QRU shall install and maintain a new revenue meter for the customer-generator, at the company's expense. Any subsequent revenue meter change necessitated by the customer-generator, whether because of a decision to stop net metering or for any other reason, shall be paid for by the customer-generator.
- 2.108 The electric distribution company shall not require more than one meter per customer-generator. However, an additional meter may be installed under either of the following circumstances:
- (a) The QRU may install an additional meter at its own expense if the customer-generator consents; or
 - (b) The customer-generator may request that the QRU install a meter, in addition to the revenue meter addressed in 2.106 above, at the customer-generator's expense. In such a case, the QRU shall charge the customer-generator no more than the actual cost of the meter and its installation.
- 2.109 A customer-generator owns the renewable energy credits (RECs) of the electricity it generates, and may apply to the state regulatory commission or its authorized designee for issuance of solar RECs (S-RECs) or RECs as appropriate and based on actual on-site electric generation, or the calculated estimate for generators less than 10 kW in rated capacity and as further defined in Section *[[reference any state renewable portfolio standard (RPS) requirements here]]*.
- 2.110 A QRU shall provide to net-metered customer-generators electric service at non-discriminatory rates that are identical, with respect to rate structure, retail rate components and any monthly charges, to the rates that a customer-generator would be charged if not a customer-generator.
- 2.111 A QRU shall not charge a customer-generator any fee or charge; or require additional equipment, insurance, or any other requirement not specifically authorized under this sub-section or the interconnection rules in Section *[[reference state interconnection rules here]]*, unless the fee, charge or other requirement would apply to other similarly situated customers who are not customer-generators.
- 2.112 Each QRU shall make net metering available to eligible customer-generators in a timely manner and on a first-come, first-served basis up to 5 percent of the QRU's most recently measured annual peak load.
- 2.113 *[[optional]]* Each QRU shall submit an annual net metering report to the state regulatory commission. The report shall be submitted by *[[insert date]]* of each year, and shall include the following information for the previous compliance year:

- (a) The total number of customer-generator facilities;
- (b) The total estimated rated generating capacity of its net-metered customer-generators;
- (c) The total estimated net kilowatt-hours received from customer-generators; and
- (d) The total estimated amount of energy produced by the customer-generators.

2.114 *[[optional]]* Other qualifying generators *[[examples]]*

Biomass generators (but must run on-peak at 100% capacity) (and qualifies for air permit or otherwise meet criteria established by the Department of Environment)

Fuel cells using a renewable fuel

Combined heat and power (CHP) generators with efficiency greater than 2 times system average (and qualifies for air permit or otherwise meet criteria established by the Department of Environment)

3.000 General Provisions

3.001 If a net metering interconnection has been approved under the interconnection rules Section *[reference state interconnection rules here]*, the QRU shall not require a customer-generator to test or perform maintenance on its facility except for any manufacturer-recommended testing or maintenance.

3.002 A QRU shall have the right to inspect a customer-generator's facility during reasonable hours and with reasonable prior notice to the customer-generator. If the QRU discovers that the customer-generator's facility is not in compliance with the requirements of the interconnection rules in Section *[reference state interconnection rules here]*, the requirements of IEEE Standard 1547, and the non-compliance adversely affects the safety or reliability of the QRU's or other customers facilities, the QRU may require the customer-generator to disconnect the customer-generator facility until compliance is achieved.