

1 State of Arkansas
2 93rd General Assembly
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4

A Bill

HOUSE BILL 1787

5 By: Representative L. Fite
6 By: Senator M. Johnson
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS RENEWABLE ENERGY
10 DEVELOPMENT ACT OF 2001; TO MODIFY THE AUTHORITY OF
11 THE ARKANSAS PUBLIC SERVICE COMMISSION; TO MODIFY
12 NET-METERING FACILITIES FOR JUST COMPENSATION TO
13 ARKANSAS CUSTOMERS; AND FOR OTHER PURPOSES.
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Subtitle

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16 TO AMEND THE ARKANSAS RENEWABLE ENERGY
17 DEVELOPMENT ACT OF 2001; TO MODIFY THE
18 AUTHORITY OF THE ARKANSAS PUBLIC SERVICE
19 COMMISSION; AND TO MODIFY NET-METERING
20 FACILITIES FOR JUST COMPENSATION TO
21 ARKANSAS CUSTOMERS.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code § 23-18-604 is amended to read as follows:
28 23-18-604. Commission authority – Definition.

29 (a) An electric utility shall allow net-metering facilities to be
30 interconnected using a standard meter capable of registering the flow of
31 electricity in two (2) directions.

32 (b) ~~Following notice and opportunity for public comment, a commission~~
33 By August 1, 2021, the Arkansas Public Service Commission shall adopt new or
34 revised net-metering rules that require an electric utility to:

35 (1) ~~Shall establish appropriate rates, terms, and conditions for~~
36 net-metering Separately meter the electric energy, measured in kilowatt



1 hours, that:

2 (A) Is supplied by the electric utility to a net-metering
3 customer during the electric utility's billing period; and

4 (B) Is being supplied to the electric utility by the net-
5 metering customer from a net-metering facility during the electric utility's
6 billing period;

7 ~~(2) For net-metering customers who receive service under a rate~~
8 ~~that does not include a demand component, may~~ Apply to the net-metering
9 customer's monthly bill:

10 ~~(A) Require an electric utility to credit the net-metering~~
11 ~~customer with any accumulated net excess generation as measured in kilowatt~~
12 ~~hours or kilowatt hours multiplied by the applicable rate in the next~~
13 ~~applicable billing period and base the bill of the net-metering customer on~~
14 ~~the net amount of electricity as measured in kilowatt hours or kilowatt hours~~
15 ~~multiplied by the applicable rate that the net-metering customer has received~~
16 ~~from or fed back to the electric utility during the billing period~~ In
17 addition to all customary charges for electric utility service, the
18 commission-approved, full retail rate, riders, and surcharges to all kilowatt
19 hours measured under subdivision (b)(1)(A) of this section; and

20 ~~(B) Take the following actions if those actions are in the~~
21 ~~public interest and doing so will not result in an unreasonable allocation of~~
22 ~~or increase in costs to other utility customers; The avoided cost rate of the~~
23 electric utility to all kilowatt hours measured under subdivision (b)(1)(B)
24 of this section;

25 ~~(i) Separately meter the electric energy, measured~~
26 ~~in kilowatt hours, supplied by the electric utility to the net-metering~~
27 ~~customer and the electric energy, measured in kilowatt hours, that is~~
28 ~~generated by the net-metering customer's net-metering facility that is fed~~
29 ~~back to the electric utility at any time during the applicable billing~~
30 ~~period;~~

31 ~~(ii) Apply the commission-approved retail rate to~~
32 ~~all kilowatt hours that are supplied by the electric utility to a net-~~
33 ~~metering customer by the electric utility during the applicable period~~
34 ~~determined by a commission;~~

35 ~~(iii) Apply the avoided cost of the electric utility~~
36 ~~plus any additional sum determined under subdivision (b)(2)(B)(iv) of this~~

1 section to all kilowatt hours supplied to the electric utility by a net-
 2 metering customer, during the period determined by a commission, which shall
 3 be credited to the total bill of the net metering customer in a dollar value;
 4 and

5 (iv) ~~The additional sum added to the avoided cost of~~
 6 ~~the electric utility may be applied after the demonstration of quantifiable~~
 7 ~~benefits by the net metering customer and shall not exceed forty percent~~
 8 ~~(40%) of the avoided cost of the electric utility;~~

9 (C) ~~Authorize an electric utility to assess a net metering~~
 10 ~~customer that is being charged a rate that does not include a demand~~
 11 ~~component a per-kilowatt-hour fee or charge to recover the quantifiable~~
 12 ~~direct demand-related distribution cost of the electric utility for providing~~
 13 ~~electricity to the net metering customer that is not;~~

14 (i) ~~Avoided as a result of the generation of~~
 15 ~~electricity by the net metering facility; and~~

16 (ii) ~~Offset by quantifiable benefits; or~~

17 (D) ~~Take other actions that are in the public interest and~~
 18 ~~do not result in an unreasonable allocation of costs to other utility~~
 19 ~~customers;~~

20 (3) ~~Shall require that net metering equipment be installed to~~
 21 ~~accurately measure the electricity; Net the dollar value of subdivision~~
 22 ~~(b)(2)(A) of this section against the dollar value of subdivision (b)(2)(B)~~
 23 ~~of this section, for each billing period; and~~

24 (A) ~~Supplied by the electric utility to each net metering~~
 25 ~~customer; and~~

26 (B) ~~Generated by each net metering customer that is fed~~
 27 ~~back to the electric utility over the applicable billing period;~~

28 (4) ~~May authorize an electric utility to assess a net metering~~
 29 ~~customer a greater fee or charge of any type, if the electric utility's~~
 30 ~~direct costs of interconnection and administration of net metering outweigh~~
 31 ~~the distribution system, environmental, and public policy benefits of~~
 32 ~~allocating the costs among the electric utility's entire customer base Carry~~
 33 ~~forward, as a billing credit, any dollar amount remaining on a net metering~~
 34 ~~customer's account at the close of the billing period.~~

35 (5) ~~For net metering customers who receive service under a rate~~
 36 ~~that does not include a demand component, shall require an electric utility~~

1 to credit a net metering customer with the amount of any accumulated net
 2 excess generation as measured in kilowatt hours or kilowatt hours multiplied
 3 by the applicable rate in the next applicable billing period;

4 ~~(6) Except as provided in subdivision (b)(9) of this section,~~
 5 ~~for net metering customers who receive service under a rate that includes a~~
 6 ~~demand component, shall require an electric utility to credit the net-~~
 7 ~~metering customer with any accumulated net excess generation in the next~~
 8 ~~applicable billing period and base the bill of the net metering customer on~~
 9 ~~the net amount of electricity that the net metering customer has received~~
 10 ~~from or fed back to the electric utility during the billing period;~~

11 ~~(7) May expand the scope of net metering to include additional~~
 12 ~~facilities that do not use a renewable energy resource for a fuel if so doing~~
 13 ~~results in distribution system, environmental, or public policy benefits;~~

14 ~~(8) Shall provide that:~~

15 ~~(A)(i) The amount of the net excess generation credit as~~
 16 ~~measured in kilowatt hours or kilowatt hours multiplied by the applicable~~
 17 ~~rate remaining in a net metering customer's account at the close of a billing~~
 18 ~~cycle shall not expire and shall be carried forward to subsequent billing~~
 19 ~~cycles indefinitely.~~

20 ~~(ii) However, for net excess generation credits~~
 21 ~~older than twenty four (24) months, a net metering customer may elect to have~~
 22 ~~the electric utility purchase the net excess generation credits in the net-~~
 23 ~~metering customer's account at the electric utility's avoided cost, plus any~~
 24 ~~additional sum determined under this section, if the sum to be paid to the~~
 25 ~~net metering customer is at least one hundred dollars (\$100).~~

26 ~~(iii) An electric utility shall purchase at the~~
 27 ~~electric utility's avoided cost, plus any additional sum determined under~~
 28 ~~this section, any net excess generation credit remaining in a net metering~~
 29 ~~customer's account when the net metering customer:~~

30 ~~(a) Ceases to be a customer of the electric~~
 31 ~~utility;~~

32 ~~(b) Ceases to operate the net metering~~
 33 ~~facility; or~~

34 ~~(c) Transfers the net metering facility to~~
 35 ~~another person; and~~

36 ~~(B) A renewable energy credit created as the result of~~

1 electricity supplied by a net metering customer is the property of the net-
2 metering customer that generated the renewable energy credit; and

3 ~~(9) May allow a net metering facility with a generating capacity~~
4 ~~that exceeds the limits provided under § 23-18-603(8)(B)(ii) or § 23-18-~~
5 ~~603(8)(B)(iii) of up to twenty thousand kilowatts (20,000 kW) if:~~

6 ~~(A) For any net metering facility with a generating~~
7 ~~capacity of less than five thousand kilowatts (5,000 kW):~~

8 ~~(i) The net metering facility is not for residential~~
9 ~~use;~~

10 ~~(ii) Increasing the generating capacity limits for~~
11 ~~individual net metering facilities results in distribution system,~~
12 ~~environmental, or public policy benefits or allowing an increased generating~~
13 ~~capacity for the net metering facility would increase the state's ability to~~
14 ~~attract businesses to Arkansas; and~~

15 ~~(iii) Allowing an increased generating capacity for~~
16 ~~the net metering facility is in the public interest; or~~

17 ~~(B) For any net metering facility with a generating~~
18 ~~capacity of greater than five thousand kilowatts (5,000 kW):~~

19 ~~(i) The net metering facility is not for residential~~
20 ~~use;~~

21 ~~(ii) Increasing the generating capacity limits for~~
22 ~~individual net metering facilities results in distribution system,~~
23 ~~environmental, or public policy benefits or allowing an increased generating~~
24 ~~capacity for the net metering facility would increase the ability of the~~
25 ~~state to attract business to Arkansas;~~

26 ~~(iii) Allowing an increased generating capacity for~~
27 ~~the net metering facility does not result in an unreasonable allocation of~~
28 ~~costs to other utility customers; and~~

29 ~~(iv) Allowing an increased generating capacity for~~
30 ~~the net metering facility is in the public interest; and~~

31 ~~(10)(A) Shall allow the net metering facility of a net metering~~
32 ~~customer who has submitted a standard interconnection agreement, as referred~~
33 ~~to in the rules of the Arkansas Public Service Commission, to the electric~~
34 ~~utility after July 24, 2019, but before December 31, 2022, to remain under~~
35 ~~the rate structure in effect when the net metering contract was signed, for a~~
36 ~~period not to exceed twenty (20) years, subject to approval by a commission.~~

1 ~~(B) A net metering facility under subdivision (b)(10)(A)~~
 2 ~~of this section remains subject to any other change or modification in rates,~~
 3 ~~terms, and conditions.~~

4 ~~(c)(1) Except as provided in subdivision (c)(2) of this section, an~~
 5 ~~electric utility shall separately meter, bill, and credit each net metering~~
 6 ~~facility even if one (1) or more net metering facilities are under common~~
 7 ~~ownership. Net-metering rules adopted by the commission under subsection (b)~~
 8 ~~of this section shall:~~

9 ~~(1)(A) Authorize an electric utility to assess a net-metering~~
 10 ~~customer the fees and charges for administrative fees, interconnection costs,~~
 11 ~~and any other costs incurred by the electric utility to enable~~
 12 ~~interconnection and operation or use of the net-metering facility for the~~
 13 ~~purpose of supplying net-metered power to the electric utility.~~

14 ~~(B) The fees and charges described in subdivision~~
 15 ~~(c)(1)(A) of this section shall be paid by the net-metering customer before~~
 16 ~~any work is undertaken by the electric utility to interconnect a net-metering~~
 17 ~~facility unless otherwise agreed to by the electric utility.;~~

18 ~~(2)(A)(i) At the net metering customer's discretion, an electric~~
 19 ~~utility may apply net metering credits from a net metering facility to the~~
 20 ~~bill for another meter location if the net metering facility and the separate~~
 21 ~~meter location are under common ownership within a single electric utility's~~
 22 ~~service area. Prohibit grandfathering of the rates, terms, or conditions of~~
 23 ~~net metering for any net-metering facility placed in service after August 1,~~
 24 ~~2021.;~~

25 ~~(ii) Subdivision (c)(2)(A)(i) of this section does~~
 26 ~~not apply if more than two (2) customers that are governmental entities or~~
 27 ~~other entities that are exempt from state and federal income tax defined~~
 28 ~~under § 23-18-603(7)(C) co-locate at a site hosting the net metering~~
 29 ~~facility.~~

30 ~~(B) Net excess generation shall be credited first to the~~
 31 ~~net metering customer's meter to which the net metering facility is~~
 32 ~~physically attached.~~

33 ~~(C) After applying net excess generation under subdivision~~
 34 ~~(c)(2)(B) of this section and upon request of the net metering customer under~~
 35 ~~subdivision (c)(2)(A) of this section, any remaining net excess generation~~
 36 ~~shall be credited to one (1) or more of the net metering customer's meters in~~

~~the rank order provided by the net-metering customer.~~

(3) For a net-metering facility that generates at least one thousand kilowatt hours (1,000 kWh) and no more than twenty thousand kilowatt hours (20,000 kWh), establish clear and objective criteria for each net-metering customer to prove net quantitative benefits of a proposed net-metering facility, excluding environmental benefits, within the public utility service area where the net-metering facility is located; and

(4) Prohibit the separation of a net-metering facility from the location where the majority of the net-metering customer's energy consumption occurs.

~~(d) A person who acts as a lessor or service provider as described in § 23-18-603(7)(B) or § 23-18-603(7)(C) shall not be considered a public utility as defined in § 23-1-101.~~ Under this subchapter, the commission may approve a net-metering facility with a generating capacity of up to twenty thousand kilowatts (20,000 kW), but in no instance shall the commission approve net-metering facility that is larger than the net-metering customer's twelve-months' prior load, as applied to the specific net-metering facility.