

## House Bill 657

By: Representatives Kidd of the 145<sup>th</sup>, Kirby of the 114<sup>th</sup>, Rogers of the 10<sup>th</sup>, Brockway of the 102<sup>nd</sup>, Fullerton of the 153<sup>rd</sup>, and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 1 of Chapter 3 of Title 46 of the Official Code of Georgia Annotated,  
2 relating to generation and distribution of electricity generally, so as to authorize the Public  
3 Service Commission to establish a rural community solar initiative and oversee and manage  
4 a responsible expansion of solar energy in this state; to provide for a short title; to provide  
5 for legislative findings and intent; to provide for the commission to initiate a rulemaking and  
6 a certain proceeding; to provide for the certification of an independent community solar  
7 provider; to define terms; to expand opportunities for retail ratepayers to offset their energy  
8 needs with solar energy; to prevent involuntary ratepayer subsidies of solar energy; to  
9 authorize rate-reduction refunds for customers participating in the rural community solar  
10 initiative; to provide for the payment of certain costs associated with the rural community  
11 solar initiative; to provide for applicability; to provide for related matters; to provide an  
12 effective date; to repeal conflicting laws; and for other purposes.

13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

14 **SECTION 1.**

15 Article 1 of Chapter 3 of Title 46 of the Official Code of Georgia Annotated, relating to  
16 generation and distribution of electricity generally, is amended by adding a new part to read  
17 as follows:

18 "Part 4

19 46-3-60.

20 This part shall be known and may be cited as the 'Rural Georgia Economic Recovery and  
21 Solar Resource Act of 2014.'

22 46-3-61.

23 (a) The General Assembly finds that:

24 (1) It is in the public interest to expand solar electric generation in Georgia. High levels  
25 of solar radiation available in this state represent a valuable natural resource, and recent  
26 advances in technology and manufacturing have made it economical to recover much  
27 more of this natural resource to produce affordable and environmentally sustainable  
28 electricity in this state. Increasing the share of this state's energy needs served by solar  
29 electricity will produce long-term benefits for public health, the environment, and the  
30 economy;

31 (2) It is in the public interest to encourage broader participation in the deployment of  
32 solar electric generation by residents, businesses, and community institutions to achieve  
33 economies of scale for solar generation facilities, financing advantages, lower costs,  
34 improved reliability, and optimized generating capacity;

35 (3) Residents, businesses, and community institutions wanting to participate in deploying  
36 solar generation facilities face obstacles that prevent them from doing so, including, but  
37 not limited to:

38 (A) Lack of sufficient property rights, rooftop access, or direct sun exposure needed  
39 to own or install rooftop solar facilities;

40 (B) Inability to bear the up-front costs associated with sole ownership of rooftop solar  
41 facilities;

42 (C) Difficulty in meeting contiguous real property requirements to operate shared solar  
43 generation facilities; and

44 (D) Lack of opportunities to own or purchase the output from solar generation  
45 facilities; and

46 (4) The rapid pace of innovation in solar electric generation calls for innovative  
47 approaches to encouraging investment and deployment, and additional tools and  
48 flexibilities for solar resources must be provided to supplement the state's regulatory  
49 framework as set forth in Part 1 of this article, the 'Georgia Territorial Electric Service  
50 Act,' Part 3 of this article, 'The Georgia Cogeneration and Distributed Generation Act of  
51 2001,' and other related laws and regulations, while maintaining the integrity and  
52 applicability of that framework for generation and distribution resources not covered by  
53 this part.

54 (b) The intent of the General Assembly is to provide opportunities to residents of this state  
55 to utilize solar energy resources, without regard to where they choose to live in this state,  
56 whether they rent or own, or whether they can afford the costs of sole ownership of solar  
57 generation facilities. The General Assembly declares that such opportunities should be  
58 voluntary and should not impose subsidy costs on ratepayers but should put downward  
59 pressure on retail electricity rates over time by reducing the costs borne by ratepayers to  
60 build and replace traditional generation resources.

61 46-3-62.

62 As used in this part, the term:

63 (1) 'Community solar facility' means a solar generation facility owned or operated by the  
 64 community solar provider primarily for the production and sale of electrical energy to an  
 65 electric utility for the purpose of offsetting part or all of its subscribers' requirements for  
 66 electricity. A community solar facility shall be deemed to be a distributed generation  
 67 facility for the purposes of this part, notwithstanding its location, capacity, or manner of  
 68 interconnection.

69 (2) 'Community solar provider' means a company certified by the commission pursuant  
 70 to this part to own and operate solar generation facilities and otherwise carry out the  
 71 purposes of the rural community solar initiative and the purposes of this part.

72 (3) 'Customer generator' shall have the same meaning as set forth in Code Section  
 73 46-3-52.

74 (4) 'Distributed generation facility' shall have the same meaning as set forth in Code  
 75 Section 46-3-52.

76 (5) 'Rural community solar initiative' means the initiative to be established through the  
 77 rulemaking proceeding under Code Section 46-3-63.

78 (6) 'Solar generation facility' means a photovoltaic system or other system used to convert  
 79 sunlight into electricity and transfer that electricity.

80 (7) 'Subscriber' means a retail electric customer who has elected to pay the community  
 81 solar provider for billing credits associated with energy produced by solar generation  
 82 facilities for the purpose of offsetting part or all of such customer's requirements for  
 83 electricity.

84 46-3-63.

85 No later than 15 days after the effective date of this Act, the commission shall initiate a  
 86 rulemaking proceeding to establish a state-wide rural community solar initiative, the  
 87 purposes of which shall be to:

88 (1) Encourage the deployment of solar generation facilities across this state and to ensure  
 89 opportunities are available for all retail electric customers in this state to voluntarily  
 90 participate in such deployment, including methods by which a customer can purchase or  
 91 receive credit for energy generated by solar generation facilities not located on such  
 92 customer's premises and which offer customers alternatives to the prohibitive costs of  
 93 sole ownership of solar generation facilities;

94 (2) Determine the processes that will be used to set long-term targets for total solar  
 95 electric generating capacity and electricity generated by residents and ratepayers in this

96 state, including minimum amounts of electric energy that an electric utility must purchase  
97 from the community solar provider;

98 (3) Prescribe the methods by which customers shall participate as subscribers to the  
99 community solar provider, whether using voluntary opt in or opt out approaches or  
100 otherwise, and how designated shares will be determined for customers that opt in or  
101 choose not to opt out, including, by example, whether the designated amount shall be  
102 based on the subscribers' historical or projected usage. By opting in or choosing not to  
103 opt out of this rural community solar initiative, customers shall agree to pay an electric  
104 utility for their designated shares of the total solar energy produced by the community  
105 solar provider, including standard payment methods by which the electric utility shall  
106 purchase solar energy from the community solar provider, at a rate on file with the  
107 commission, and credit the appropriate portion of such energy to each subscriber on the  
108 subscriber's bill, at a rate on file with the commission;

109 (4) Prescribe the processes for determining just and reasonable rates for the community  
110 solar provider to sell solar energy to an electric utility for the purpose of allocating credits  
111 to subscribers for such energy, including total amounts of electricity an electric utility is  
112 required to purchase from the community solar provider and the terms upon which such  
113 purchases shall be made; provided, however, that the community solar provider shall be  
114 entitled to retain ownership or other benefits of any tradable attributes or allowances, or  
115 any attributes with a monetary or market value, which may at any time be associated with  
116 the capabilities of any community solar facility, including renewable energy credits,  
117 environmental credits, emissions allowances, and other green credits; provided, further,  
118 that the commission may require the community solar provider to trade or sell for fair  
119 value such attributes or allowances to an electric utility, or other entity, in order to reduce  
120 environmental compliance costs or achieve other savings to ratepayers, or to direct the  
121 proceeds of any trades or sales into a reserve fund for rate reduction established under  
122 this part;

123 (5) Prescribe the processes for determining just and reasonable rates for an electric utility  
124 to allocate credits to a subscriber's monthly service bill, on a kilowatt-hour basis, for the  
125 energy produced by the community solar provider and for recovering from subscribers  
126 the costs of purchasing such energy;

127 (6) Prescribe standard procedures and enforceable timelines for interconnection service  
128 requests for solar generation facilities that ensure electric utilities are making available  
129 fair, open, and timely access to their distribution systems for customer generators and the  
130 community solar provider and to determine just and reasonable rates and charges for  
131 interconnection service and related access charges; provided, however, that such rates and

132 charges shall reasonably conform to an electric utility's actual cost of providing the  
133 service for which the charges or fees are imposed;

134 (7) Set minimum requirements for financial viability and technical capability for  
135 companies desiring to be the community solar provider;

136 (8) Set other minimum requirements that the commission finds to be in the public  
137 interest for companies desiring to be the community solar provider; and

138 (9) Prescribe the minimum filing requirements and the processes that the commission  
139 will use to select and certify the community solar provider.

140 46-3-64.

141 (a) On or before December 1, 2014, the commission shall certify an independent  
142 community solar provider which shall make opportunities available for customers to take  
143 advantage of solar energy and to otherwise implement the purposes of this part by:

144 (1) Owning, operating, and maintaining community solar facilities;

145 (2) Establishing and conducting a process for soliciting competitive bids for the  
146 construction of community solar facilities by third-party companies designed to maximize  
147 the accrual of long-term value and cost savings to subscribers over the useful life of such  
148 community solar facilities;

149 (3) Selling energy produced by community solar facilities to an electric utility, at rates  
150 and upon terms determined by the commission, for the purpose of allocating such energy  
151 to subscribers' bills, on a kilowatt-hour basis, on terms prescribed by the commission;

152 (4) Ensuring that the deployment of solar electric generation in this state is coordinated  
153 to allow customers to benefit from economies of scale, to avoid inappropriate subsidies  
154 of solar energy by customers that do not volunteer to participate in such deployment, and  
155 to ensure that solar electric generation results in downward pressure on retail electric  
156 service rates; and

157 (5) Working with electric utilities to ensure the availability of appropriate  
158 interconnection service and metering facilities for community solar facilities and to  
159 ensure electricity supplied by community solar facilities is accurately credited to  
160 subscribers' monthly retail electric service bills, along with any fees or costs.

161 (b) When certifying a community solar provider, the commission shall select a company  
162 that has submitted to the commission a comprehensive and innovative planning proposal  
163 for encouraging the state-wide deployment of solar generation facilities, including financial  
164 performance standards for meeting efficiencies of scale and cost savings to ensure such  
165 deployment results in downward pressure on retail electric service rates.

166 46-3-65.

167 (a) The cost to the commission of providing reasonably necessary specialized testimony  
168 and assistance associated with the rural community solar initiative shall be charged to the  
169 electric utility until the community solar provider has been selected; thereafter, the cost  
170 shall be charged to the community solar provider. The amount of any such charges shall  
171 not exceed \$600,000.00 per year. The maximum amount shall be adjusted on an annual  
172 basis based on the Consumer Price Index as reported by the Bureau of Labor Statistics of  
173 the United States Department of Labor. In the event the Consumer Price Index is no longer  
174 available, the commission shall select a comparable broad national measure of inflation.  
175 At the time the commission determines that specialized testimony and assistance is  
176 required, the commission shall issue an order setting forth the scope and budget for such  
177 testimony and assistance. All invoices relating to the testimony and assistance shall be  
178 subject to commission review and approval, and no electric utility or community solar  
179 provider shall be required to pay any invoice not approved by the commission.

180 (b) The amounts paid by an electric utility or community solar provider under this Code  
181 section shall be deemed a necessary cost of providing service, and the electric utility or  
182 community solar provider shall be entitled to recover the full amount of any costs charged  
183 to the electric utility or community solar provider pursuant to this Code section. For any  
184 amounts paid by an electric utility or community solar provider under this Code section  
185 that could result in an inappropriate subsidy to subscribers or to an electric utility's  
186 nonsubscriber customers, the electric utility or community solar provider may petition the  
187 commission to direct that appropriate payments be made by or between the electric utility  
188 and the community solar provider to prevent such subsidy.

189 46-3-66.

190 On or before July 1, 2015, the commission shall initiate a proceeding to:

191 (1) Consider the long-term impact of the rural community solar initiative on retail  
192 electric rates;

193 (2) Issue findings regarding any reductions in customer demand for electric service  
194 provided from traditional generation facilities that are attributable to energy supplied  
195 from community solar facilities and other solar generation facilities;

196 (3) Identify reasonably foreseeable costs that may be prudently incurred by electric  
197 utilities, owners and operators of electric transmission and distribution facilities, and  
198 retail electric customers as a result of expanded utilization of solar energy, and to  
199 determine a method by which such costs can be appropriately recovered from users and  
200 providers of solar energy to prevent inappropriate subsidies of solar energy by other retail  
201 electric customers;

202 (4) Identify any foreseeable costs associated with environmental compliance, retrofits,  
 203 or other liabilities that may be reduced or offset by the deployment of community solar  
 204 facilities and other solar generation facilities, and the extent to which such reductions or  
 205 offsets could achieve savings for ratepayers or result in downward pressure on rates over  
 206 time; and

207 (5) Require the community solar provider and any electric utility to make payments, and  
 208 to hold funds in reserve to cover the cost of such payments, as appropriate, for:

209 (A) Compensation to electric utilities and other affected companies by the community  
 210 solar provider for unrecovered, prudently incurred costs identified pursuant to this Code  
 211 section;

212 (B) Compensation to the community solar provider by an electric utility for any  
 213 unrecovered value of attributes or allowances associated with community solar facilities  
 214 used to offset environmental compliance costs for electric utilities or to otherwise  
 215 achieve savings for electric utilities;

216 (C) Compensation to the community solar provider by an electric utility for other cost  
 217 savings and offsets resulting from solar energy production under the rural community  
 218 solar initiative, where such savings or offsets accrue to the benefit of an electric utility  
 219 or customers who are not subscribers;

220 (D) Charges to the community solar provider for the expenses to the commission of  
 221 conducting proceedings related to the rural community solar initiative or for any expert  
 222 testimony and assistance that is reasonably necessary for issues relating to the  
 223 deployment of solar generation facilities in Georgia;

224 (E) Compensation to the state by the community solar provider for the valuable use and  
 225 enjoyment of solar energy in this state; and

226 (F) Rate-reduction refunds to subscribers by the community solar provider, which shall  
 227 be designed to pass through to subscribers any cost savings realized by the community  
 228 solar provider resulting from declining costs of solar energy production and which shall  
 229 be paid from any surplus profits earned by the community solar provider beyond a rate  
 230 of return approved by the commission for the community solar provider's activities  
 231 under the rural community solar initiative.

232 46-6-67.

233 This part is not intended to repeal Part 1 of this article, the 'Georgia Territorial Electric  
 234 Service Act,' or to materially alter the rights of customers or customer generators not  
 235 participating in the rural community solar initiative. The commission shall make  
 236 reasonable efforts to implement this part in a manner that maintains the rights and benefits  
 237 existing under prior law for customers not participating in the rural community solar

238 initiative; provided, however, that any conflict between this part and any other provision  
 239 of law shall be resolved in favor of this part and the purposes set forth herein.

240 46-3-68.

241 This part shall not apply to any electric utility whose rates are not fixed by the  
 242 commission."

243 **SECTION 2.**

244 Said article is further amended by revising Code Section 46-3-54, relating to electric service  
 245 providers rates and fees, as follows:

246 "46-3-54.

247 An electric service provider:

248 (1) Shall make either bidirectional metering or single directional metering available to  
 249 customer generators depending on how the distributed generation facility is connected  
 250 to the distribution system of the electric service provider;

251 (2) Shall enter into a written agreement with the customer generator to charge the  
 252 customer generator the rate established by the commission, or the appropriate governing  
 253 body, in the case of any other electric service provider or electric supplier, for metering  
 254 services;

255 (3) In setting the fees for metering service, the commission, or the appropriate governing  
 256 body, in the case of any other electric service provider or electric supplier, ~~will~~ shall  
 257 include the direct costs associated with interconnecting or administering metering  
 258 services or distributed generation facilities and ~~will~~ shall not allocate these costs among  
 259 the electric utility's entire customer base; ~~and~~

260 (4) In establishing such a fee for metering services, the electric service provider shall not  
 261 charge the customer generator any standby, capacity, interconnection, or other fee or  
 262 charge, other than a monthly service charge, unless agreed to by the customer generator  
 263 or approved by the commission, in the case of an electric utility, or the appropriate  
 264 governing body, in the case of any other electric service provider or electric supplier; and

265 (5) In the case of any electric utility subject to Part 4 of this article, shall consider the  
 266 community solar provider certified under Code Section 43-3-64 to be a customer  
 267 generator for the purposes of this part, subject to other terms and conditions set forth by  
 268 the commission."

269 **SECTION 3.**

270 Said article is further amended by revising Code Section 46-3-55, relating to measurement  
 271 and payment of energy flow, as follows:



272 "46-3-55.

273 Consistent with the other provisions of this chapter, the energy flow shall be measured and  
274 paid for in the following manner:

275 (1) If the distributed generation facilities are connected to the electric service provider's  
276 distribution system on the customer generator's side of the customer's meter, the electric  
277 service provider shall:

278 (A) Measure the electricity produced or consumed during the billing period, in  
279 accordance with normal metering practices using bidirectional metering;

280 (B) When the electricity supplied by the electric service provider exceeds the  
281 electricity generated by the customer's distributed generation, the electricity shall be  
282 billed by the electric service provider, in accordance with tariffs filed with the  
283 commission; or

284 (C) When electricity generated by the customer's distributed generation system exceeds  
285 the electricity supplied by the electric service provider, the customer generator:

286 (i) Shall be billed for the appropriate customer charges for that billing period; and

287 (ii) Shall be credited for the excess kilowatt-hours generated during the billing period  
288 at an agreed to rate as filed with the commission, with this kilowatt-hour credit  
289 appearing on the bill for the billing period; ~~or~~

290 (2) If the distributed generation facilities are connected to the electric service provider's  
291 distribution system on the electric service provider's side of the customer's meter, the  
292 electric service provider shall:

293 (A) Measure the electricity produced or consumed during the billing period, in  
294 accordance with normal metering practices using single directional metering;

295 (B) Charge the customer generator a minimum monthly fee as established in Code  
296 Section 46-3-54; and

297 (C) If there is electricity generated by the customer generator for the billing period, the  
298 customer generator shall be compensated at an agreed to rate as filed with the  
299 commission; or

300 (3) Energy flow associated with community solar facilities or other solar generation  
301 facilities owned or operated by the community solar provider, as provided for in Part 4  
302 of this article, shall be measured as determined by the commission and paid for in  
303 accordance with rates and tariffs on file with the commission."

304 **SECTION 4.**

305 Said article is further amended by revising Code Section 46-3-56, relating to requirement to  
306 purchase energy from customer generator and safety standards and regulations, as follows:

307 "46-3-56.

308 (a) An electric service provider ~~will~~ shall only be required to purchase energy as specified  
309 in Code Section 46-3-55 from an eligible customer generator on a first-come, first-served  
310 basis until the cumulative generating capacity of all renewable energy sources equals 0.2  
311 percent of the utility's annual peak demand in the previous year; provided, however, that  
312 no electric service provider ~~will~~ shall be required to purchase such energy at a price above  
313 avoided energy cost unless that amount of energy has been subscribed under any renewable  
314 energy program.

315 (b) Once the capacity is subscribed, an electric service provider may purchase energy from  
316 an eligible customer generator at a cost of energy as defined for a utility by the  
317 commission, in the case of an electric utility, or by the appropriate governing body, in the  
318 case of any other electric service provider or electric supplier.

319 (c) A distributed generation facility used by a customer generator shall include, at the  
320 customer's own expense, all equipment necessary to meet applicable safety, power quality,  
321 and interconnection requirements established by the National Electrical Code, National  
322 Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and  
323 Underwriters Laboratories.

324 (d) The commission, in the case of an electric utility, or the appropriate governing body,  
325 in the case of other electric service providers or electric suppliers, after appropriate notice  
326 and opportunity for comment, may adopt by regulation additional safety, power quality,  
327 and interconnection requirements for a customer generator that the commission or  
328 governing body determines are necessary to protect public safety and system reliability.

329 (e) An electric service provider ~~may~~ shall not require a customer generator whose  
330 distributed generation facility meets the standards in subsections (a) and (b) of this Code  
331 section; to comply with additional safety or performance standards, perform or pay for  
332 additional tests, or purchase additional liability insurance.

333 (f) No electric service provider or electric supplier shall be liable to any person, directly  
334 or indirectly, for loss of property, injury, or death resulting from the interconnection of a  
335 cogenerator or distributed generation facility to its electrical system.

336 (g) For any electric utility subject to Part 4 of this article, the community solar provider  
337 certified under Code Section 43-3-64 shall be deemed to be a customer generator for the  
338 purposes of this part; provided, however, that notwithstanding subsections (a) and (b) of this  
339 Code section, an electric utility shall purchase energy from the community solar provider,  
340 as defined in Code Section 46-3-62, at such rates and quantities in accordance with rates  
341 on file with the commission, or otherwise upon such terms as the commission may  
342 determine."

343 **SECTION 5.**

344 This Act shall become effective upon its approval by the Governor or upon its becoming law  
345 without such approval.

346 **SECTION 6.**

347 All laws and parts of laws in conflict with this Act are repealed.