

State of South Dakota

EIGHTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2013

453U0575

HOUSE BILL NO. 1207

Introduced by: Representatives Hawks, Feickert, Feinstein, and Nelson and Senator Frerichs

1 FOR AN ACT ENTITLED, An Act to provide for net metering for certain renewable energy
2 systems.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. Terms used in this Act mean:

- 5 (1) "Customer-generator," any customer of an electricity provider that generates
6 electricity on the customer's side of the billing meter with renewable energy
7 generation that is primarily intended to offset part or all of the customer's electricity
8 requirements. A customer-generator does not need to be the owner of the renewable
9 energy generation system;
- 10 (2) "Electric utility," an electric utility as defined in § 49-34A-1;
- 11 (3) "Net metering," a methodology under which electric energy generated by or on behalf
12 of a customer-generator and delivered to the electric utility's local distribution
13 facilities may be used to offset electric energy provided by the electric utility to the
14 customer-generator during the applicable billing period;
- 15 (4) "Renewable energy generation," an electrical energy generation system that uses one



1 or more of the following fuels or energy sources: biomass, solar energy, geothermal
2 energy, wind energy, ocean energy, hydroelectric power, or hydrogen produced from
3 any of these resources;

4 (5) "Renewable energy credit," a tradable instrument that includes all renewable and
5 environmental attributes associated with the production of electricity from a
6 renewable energy generation system;

7 (6) "Rural electric cooperative," a rural electric cooperative established in accordance
8 with chapter 47-21.

9 Section 2. The requirements of this Act do not apply to any rural electric cooperative, except
10 as provided in this section. Not later than July 1, 2014, each rural electric cooperative shall
11 design and implement a net metering system consistent with the needs of the cooperative and
12 its customers. Any rural electric cooperative that fails to design and implement a net metering
13 system by July 1, 2014 is subject to the requirements of this Act.

14 Section 3. All electric utilities shall offer net metering to customer-generators with
15 renewable energy generation that is interconnected and operated in parallel and in compliance
16 with interconnection rules promulgated by the Public Utilities Commission. The rated capacity
17 of the renewable energy generation may not exceed two megawatts (Mw).

18 Section 4. All electric utilities shall make net metering available to customer-generators in
19 a timely manner and on a first-come, first-served basis. An electric utility may limit the
20 cumulative, aggregate generating capacity of net-metered systems to five percent of the utility's
21 most recent peak summer load.

22 Section 5. If a customer-generator generates electricity in excess of the customer-generator's
23 monthly consumption, all such excess energy, expressed in kilowatt-hours, shall be carried
24 forward from month to month and credited at a ratio of one to one against the

1 customer-generator's retail kilowatt-hour consumption in subsequent months. Within sixty days
2 of the end of each calendar year, or within sixty days of when the customer-generator terminates
3 its retail service, the electric utility shall compensate the customer-generator for any accrued
4 excess kilowatt-hour credits, at the electric utility's average hourly incremental cost of electricity
5 supply over the most recent calendar year. However, the customer-generator may make a
6 one-time election, in writing, on or before the end of a calendar year, to request that the excess
7 kilowatt hours be rolled over as a credit from month to month indefinitely until the
8 customer-generator terminates service with the electric utility, at which time no payment may
9 be required from the electric utility for any remaining excess kilowatt hour credits supplied by
10 the customer-generator.

11 Section 6. A customer-generator facility used for net metering shall be equipped with
12 metering equipment that can measure the flow of electricity in both directions. For
13 customer-generator facilities less than 25 kilowatts (kW) in rated capacity, this shall be
14 accomplished through the use of a single, bidirectional electric revenue meter that has only a
15 single register for billing purposes. The Public Utilities Commission shall promulgate rules
16 pursuant to chapter 1-26 specifying requirements and options for metering equipment to be used
17 for net metering, including meter aggregation procedures and requirements.

18 Section 7. A customer-generator owns the renewable energy credits (RECs) associated with
19 the electricity it generates, unless the RECs were explicitly contracted for through a separate
20 transaction independent of any net metering or interconnection tariff or contract.

21 Section 8. An electric utility shall provide to customer-generators electric service at
22 nondiscriminatory rates that are identical, with respect to rate structure, retail rate components,
23 and any monthly charges, to the rates that a customer-generator would be charged if not a
24 customer-generator, including choice of retail tariff schedules. An electric utility may not charge

1 a customer-generator any fee or charge; or require additional equipment, insurance or any other
2 requirement not specifically authorized under this Act or the interconnection rules promulgated
3 by the Public Utilities Commission, unless the fee, charge, or other requirement would apply
4 to other similarly situated customers who are not customer-generators.

5 Section 9. Each electric utility shall submit an annual net metering report to the Public
6 Utilities Commission. The report shall include the following information for the previous year:

- 7 (1) The total number of net metered customer-generator facilities, by resource type;
- 8 (2) The total rated generating capacity of net metered customer-generator facilities, by
9 resource type;
- 10 (3) The total number of kWh received from net metered customer-generators; and
- 11 (4) The total estimated amount of kWh produced by net metered customer-generators,
12 if this estimate does not require additional metering equipment.

13 Section 10. If a customer-generator's renewable energy generation system has been approved
14 for interconnection under the interconnection rules promulgated by the Public Utilities
15 Commission, the electric utility may not require a customer-generator to test or perform
16 maintenance on the customer-generator's system except in the case of any testing or maintenance
17 recommended by the system manufacturer.

18 Section 11. An electric utility may inspect a customer-generator's system during reasonable
19 hours and with reasonable prior notice to the customer-generator. If an electric utility finds that
20 the customer-generator's system is not in compliance with the requirements of the
21 interconnection rules promulgated by the Public Utilities Commission and the requirements of
22 the Institute of Electrical and Electronics Engineers (IEEE) Standard 1547, as amended to
23 January 1, 2013, and noncompliance adversely affects the safety or reliability of the electric
24 utility's facilities or of other customer's facilities, the electric utility may require the

1 customer-generator to disconnect the facility until compliance is achieved.

2 Section 12. Each electric utility shall make net metering applications available through the
3 electricity provider's website.

4 Section 13. The Public Utilities Commission shall promulgate rules pursuant to chapter 1-26
5 governing net metering as provided in this Act, including the following:

- 6 (1) Application procedures, forms, and requirements for participation in net metering;
- 7 (2) Equipment standards and requirements relating to net metering, including
8 requirements and options for metering equipment;
- 9 (3) Interconnection standards and requirements in compliance with chapter 49-34A; and
- 10 (4) Other provisions necessary to implement and regulate net metering activity in this
11 state.