

Net Metering/Energy: Arkansas Public Service Commission Activity

Arkansas Environmental, Energy, and Water Law Blog

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The Arkansas Public Service Commission ("PSC") is currently engaged in an analysis of various issues associated with "net metering".

The PSC established dockets 16-027-R and 16-028-U earlier this year to, respectively:

- determine appropriate rates, terms, and conditions under Arkansas Act 827 of 2015 ("Act 827") for net metering contracts, including any changes necessary to the PSC's Net Metering Rules ("NMRs")(Docket 027)
- gather information regarding distributed generation (Docket 028)

Net Metering is a type of billing system. It is often utilized in conjunction with small-scale, on-site power sources denominated "distributed generation" ("DG"). Examples of such power sources might include rooftop solar panels, fuel cells, microturbines, and combined heat and power systems.

The specific aspects of net metering can vary from state to state. However, it is generally characterized as a billing system that provides electric customers the opportunity to sell their electric utility or provider excess electricity generated by their DG systems.

Much of the discussion in the United States on net metering has focused on its application to the production of electricity from solar panels on homes and businesses. This is driven to a great extent by the rapidly expanding use of solar power to generate electricity.

The National Conference of State Legislators ("State Conference") estimated in 2014 that the United States solar capacity has increased 418 percent since 2010. More than half of the increase is stated to be derived from on-site solar panels on homes and businesses. Therefore, there has and continues to be significant interest in how customers are credited for excess electricity generated.

The details associated with implementation of net metering can raise questions of equity.

The State Conference notes two key viewpoints regarding net metering. Some groups argue that net metering policies increase existing demands on transmission and infrastructure without compensating utilities for the cost of maintaining such systems. Other groups argue that some net metering policies provide utilities with energy at times when it is most valuable, reduces transmission costs and contributes to reliability and clean air goals. Regardless, the debate on the appropriate implementation of net metering continues to generate interest in many states (including Arkansas).

The Arkansas General Assembly in 2015 through enactment of Act 827 tasked the PSC with addressing various issues associated with net metering. The PSC is required to establish, after notice and an opportunity for public comment, "appropriate rates, terms, and conditions for net-metering contracts. . .". This 2015 legislation also amended the Arkansas Renewable Energy Development Act of 2001 which



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provided that net-metering “encourages the use of renewable energy resources and renewable energy technologies” and cited the benefits of increasing the consumption of renewable resources.

The PSC in its initial Order in Docket 16-027 notes in regards to Act 827 that the agency is required to:

...examine the balance of cost and benefits of net metering, within the framework of a statutory subchapter aimed at promoting customer-owned, distributed renewable energy production.

Act 827 also provides that the Commission:

May allow net-metering facility with a generating capacity that exceeds 300 kilowatts (300 kW) if:

(A) the net-metering facility is not for residential use; and

(B) Allowing an increased generating capacity for the net-metering facility would increase the state’s ability to attract business to Arkansas.

The PSC cites the Arkansas Renewable Energy Development Act of 2001 for the proposition that it may:

...increase the generating capacity limits for individual net-metering facilities if doing so results in distribution system, environmental, or public policy benefits. . .

As a result, the PSC states it opened Docket 26-027 for the purpose of “considering possible changes to the NMRs to implement Act 827 and those provisions of AREDA concerning facilities larger than 300 kW. . .”

Docket 16-027 lays out two sets of questions.

The first question addresses the establishment of “appropriate rates, terms and conditions for net-metering contracts . . .” The second addresses the “Guidelines for approval of non-residential net-metering facilities exceeding 300 kW”.

The PSC determined that all electric public utilities should be a party to Docket 16-027. Further, a variety of solar energy providers/organizations, energy consumers and other interested parties/organizations intervened shortly after the docket’s initiation in April.

A PSC hearing is scheduled for October 4th.

A link to the two dockets can be found below.

[Docket: 16-027-R](#)

[Docket: 16-028-U](#)

The initial PSC Orders for both dockets can be downloaded below.

[Docket: 16-027-R](#)

[Docket: 16-028-U](#)