

## APSC October 31 Hearing Could Affect the State's Net Metering Law

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On October 31, the Arkansas Public Service Commission (APSC) will hear arguments for and against meter aggregation for net metering. The ability for utility customers to make part or all of their electric energy requirements by installing their own renewable energy systems, and interconnecting with the utility grid, is known as “net metering.” The policy was created in Arkansas with the passage of the *Arkansas Renewable Energy Development Act* (AREDA) in 2001 and the subsequent promulgation of rules and interconnection contracts at the Arkansas PSC. What is ultimately decided will shape the future of renewable energy in Arkansas.

Meter aggregation, which current Arkansas law does not address, would allow meters billed to the same customer, but located on more than one property, to be joined for purposes of crediting excess renewable energy generation at a net metering facility to another meter billed to the same customer. For example, a farmer with a wind turbine could power irrigation pumps on several fields and apply the savings inherent in net metering to his entire irrigation system and lower energy costs.

Imagine that kind of benefit multiplied for Arkansas farmers, small businesses, corporations, state agencies, colleges and universities as more adopt renewable energy practices. The potential boon to the state economy and public good is obvious.

For the small farming community of Burdette in the far northeast corner of the, how the APSC rules will determine the extent of savings the city will realize from its 50-kW wind turbine. The turbine was installed a year and a half ago, but remains offline due to stalled negotiations with Entergy Arkansas, Inc. Without meter aggregation most of the energy generated by the turbine would not be used by the single meter at the turbine location, and therefore forfeited to the utility. With meter aggregation, the excess energy generated could be credited to the meter located just down the road at the city's water treatment plant.

It is worth mentioning here, before getting into more detail on this important issue, that at last count (in 2011) there were only 214 net-metering installations in the state. Of those, 211 were less than 25kW, and none approached the 300kW limit allowed by state law. So, the impact of meter aggregation on a utility company's bottom line currently is expected to be miniscule, because few net metering customers are likely to have an operation with more than one meter. On the other hand, if one considers the big picture facing us all – dwindling resources, global warming, struggling local, state and national economies – the positives associated with anything that promotes renewable energy ultimately helps everyone, including the utilities. Meter aggregation would be one more incentive for more consumers, large and small, to adopt renewable energy practices. It is a small but essential step, though we as a state and nation are years away from having the progressive policies of some European countries, such as Germany, that draw 20 percent of its energy from renewable sources. ([read more](#))

Back to the home front: On Oct. 31, the APSC will be hearing evidence that speaks to the following:

- Does the APSC have the statutory authority to regulate meter aggregation?
- Is adoption of aggregate net metering in the public interest?
- Would aggregate net metering adversely affect utility rates?
- What if any new rules must be adopted to govern aggregate net metering?

An array of stakeholders are lining up on opposite sides of the issue, according to docket documents on the APSC website. Read more [here](#) and select Docket 12-060-R.

No one should be surprised that Arkansas electric utilities don't see meter aggregation as a good thing for them or the public, although greater reliance on renewable energy could potentially reduce the need for costly expansions to utilities' infrastructure. The utilities seem to be capable of only perceiving meter aggregation and distributed energy generation as a threat to their domination of the energy grid and to their profits.

More than 20 utilities across the state, along with the largest energy provider for Arkansans, Entergy Arkansas, Inc., are ready to fight the advent of meter aggregation and oppose any public policy changes that involve competition and consumer choice, as well as the adoption of renewable sources of energy instead of continuing to use fossil fuels and old technology – an increasingly expensive and inefficient source of energy.

In what looks like a case of “throw mud and see what sticks,” the utility companies are claiming that the APSC does not have the statutory authority to regulate net metering. The lawyers representing them are quibbling over semantics in a paragraph of the 2001 AREDA and contend that aggregate net metering will result in additional administrative and billing software costs and thus harm utility revenues; will be impractical to implement; and will lead to cost shifting among different ratepayer classes and unfair cross-subsidizing by customers without renewable energy.

Siding with the state's renewable energy industry representatives who will testify on October 31 in favor of meter aggregation are the Arkansas Attorney General and the Consumer Utilities Rate Advocacy Division (CURAD) of the AG's Office, the State Agency Group (the University of Arkansas System, Arkansas Tech University, Arkansas Building Authority, and the departments of Human Services and Corrections), and the APSC staff. All agree that meter aggregation is in the public interest and that it is within the statutory authority of the APSC to set rules for its governance. As the initial brief of the APSC staff states:

*...the intent of AREDA could not be clearer. In passing the AREDA, the General Assembly found that it was in Arkansas' long-term interest to adopt net metering because it encourages the use of renewable energy resources ... Meter aggregation would make net metering attractive to a larger group of customers, which would promote net metering and the use of renewable resources in accordance with the legislative*

*intent of the AREDA.*

The parties favoring meter aggregation also challenge the assumption that it would erode utilities' revenues or result in unfair cost shifting. There simply is not enough data to know what the impacts would be, and going back to the APSC for new regulations could address any inequities. To this point, in its docket filing, CURAD referenced the filing of Arkansas renewable energy pioneer Bill Ball, who drafted the original AREDA bill:

*Both Ball and the CURAD refuted the position of the joint utilities that meter aggregation would negatively impact utility revenues, incur costs for billing software upgrades and could result in cost-shifting. ... The same statement was used by utilities during the promulgation of the original net metering rules and procedures in 2002, regarding the carryover of net excess generation credit from month to month. Today we find there is no evidence of cost increases resulting from the carrying over of net excess generation credit, as is now required by statutory amendment. It is also important to remember that utilities have a path to recover costs incurred attributed to net metering, should they prove to "outweigh the distribution system, environmental and public policy benefits" of net metering.*

Given the positions of the AG's office, the PSC staff and influential state agencies, the future looks promising for aggregate net metering. So, the real fight before the APSC will be about rule-making. The debate largely will center on stakeholders' varying responses to provisions proposed by the APSC, termed a "straw man," which is an attachment at the end of the APSC's initial filing. Here it is a nutshell, with a few parenthetical comments:

- A net-metering customer can request (giving the utility 30 days to comply) aggregation of the designated meter (the one on a net metering facility such as a solar panel) with additional meters.
- The meters must be located on non-separate premises. (So, you are out of luck if you want to aggregate meters on properties that are separated by a road or are across town from one another, as is the case with the city of Burdette.)
- At the time of the request, the customer must designate the rank order for the additional meters to which net-metering credits are to be applied. Credits will be applied in that order to additional meters.
- Any remaining credits will be rolled over to the designated meter for the subsequent billing period, for the annual billing cycle.
- The net-metering credits will apply only to charges that use kWh as the billing determinant. All other charges applicable to each meter account will be billed to the customer. (So, the credits cannot be applied to surcharges or other fees, only energy usage.)
- The meters being aggregated do not have to be on the same rate schedule.

The main point being challenged is the provision that aggregated meters must be on “non-separate premises.” In opposition, the State Agency Group states: “This restriction prevents customers from installing renewable energy systems in location where environmental conditions are more favorable or lower cost space for the equipment is available.” That was the case with the city of Burdette, which because of site obstructions had to locate its wind turbine on a property separate from other municipal facilities.

In his September 2012 filing with the APSC, Ball has this to say:

*The requirement would prove to be an enormous barrier to entire sectors of Arkansas energy consumers. Is a farm separated by a state highway a separate premise? Not only would this keep the city of Burdette from taking full advantage of aggregate net metering (its water facility is on property separate from other facilities to be joined), but would be a significant hindrance to the U. of A. system for the same reason. The University of Arkansas has signed the ‘Clinton’ Initiative to become carbon neutral. This requirement would prevent the U. of A. system from installing net metering facilities in areas or on buildings most suitable for renewable energy and credit excess generation to other meters that may be on campus, but located on separate premises. Extend this barrier to municipalities, state, local or federal government, or corporations such as Wal-Mart.*

Ball also wants to see the annual limit on credits struck from existing law and would like meter aggregation made accessible to not only property owners but also renters and other third parties.

Advocates of meter aggregation understand the long road ahead before needed policies are in place that will enable Arkansans to fully benefit from renewable energy. So, to them this debate, on the one hand, is silly. At the same time, how it plays out is critical to the future of renewable energy in the Natural State.

“I hope we do not hobble the horse before it leaves the gate and provide Arkansas with yet another embarrassment,” Ball says in his APSC filing. “The reality is that meter aggregation alone will not significantly increase the number of net metering facilities in the State.”