

Secretary of State

**NOTICE OF PROPOSED RULEMAKING HEARING\***

A Statement of Need and Fiscal Impact accompanies this form.

Public Utility Commission of Oregon	860
Agency and Division	Administrative Rules Chapter Number
Diane Davis	(503) 378-4372
Rules Coordinator	Telephone
PO Box 2148, Salem, OR 97308	
Address	

**RULE CAPTION**

In the Matter of Revising Net Metering Rules Regarding Aggregation of Meters on Different Rate Schedules.

**Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.**

March 9, 2011	9:30 am	Main Hearing Room, 550 Capitol St NE, Salem, Oregon	Patrick Power
Hearing Date	Time	Location	Hearings Officer
		Public Utility Commission of Oregon	

Hearing Date	Time	Location	Hearings Officer

*Auxiliary aids for persons with disabilities are available upon advance request.***RULEMAKING ACTION**

Secure approval of new rule numbers (Adopted or Renumbered rules) with the Administrative Rules Unit prior to filing.

**ADOPT:**

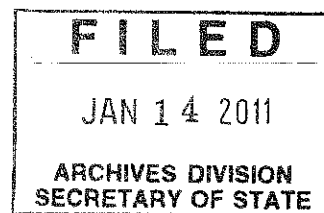
AMEND: 860-039-0005(3), 860-039-0010, and 860-039-0065

**REPEAL:****RENUMBER:****AMEND & RENUMBER:**

Stat. Auth. : ORS Ch. 183, ORS 756.040, &amp; 757.300

Other Auth.:

Stats. Implemented: ORS 756.040 &amp; 757.300

**RULE SUMMARY**

The proposed rule changes address a prohibition in OAR 860-039-0065 against aggregating meters that are on different rate schedules. The proposed rule changes relax that prohibition and allow customer-generators participating in the net-metering program to aggregate meters as specified in the proposed rules.

The Commission encourages participants to file written comments as early as practicable in the proceeding so that other participants have the opportunity to consider and respond to the comments before the deadline. Please reference Docket No. AR 548 on comments and file them by e-mail to the Commission's Filing Center at [PUC.FilingCenter@state.or.us](mailto:PUC.FilingCenter@state.or.us) and also send a signed hard copy to the Filing Center at PO Box 2148, Salem, Oregon 97308-2418. For more information about the Commission's Filing Center, please see <http://apps.puc.state.or.us/edockets/center.htm>. Interested persons may review all filings online at <http://apps.puc.state.or.us/edockets/docket.asp?DocketID=16594>.

Participants wishing to monitor the hearing by telephone (listen only) must contact Diane Davis at diane.davis@state.or.us or (503) 378-4372 by close of business March 4, 2011, to request a dial -in number. To present oral comment at the hearing, participants must attend in person.

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing the negative economic impact of the rule on business.

March 9, 2011, Close of Business

**Last Day for Public Comment** (Last day to submit written comments to the Rules Coordinator)

*Diane Davis*

Diane Davis

01-14-2011

Signature

Printed name

Date

\*Hearing Notices published in the Oregon Bulletin must be submitted by 5:00 pm on the 15th day of the preceding month unless this deadline falls on a weekend or legal holiday, upon which the deadline is 5:00 pm the preceding workday. ARC 920-2005

Secretary of State

**STATEMENT OF NEED AND FISCAL IMPACT**

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

Public Utility Commission of Oregon

860

Agency and Division

Administrative Rules Chapter Number

In the Matter of Revising Net Metering Rules Regarding Aggregation of Meters on Different Rate Schedules.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of: Revising Net Metering Rules Regarding Aggregation of Meters on Different Rate Schedules.

Statutory Authority: ORS Ch. 183, 756.040, 757.300

Other Authority:

Stats. Implemented: ORS 756.040, 757.300

Need for the Rule(s):

There have been numerous consumer complaints against the prohibition in OAR 860-039-0065(1)(c) against aggregating meters that are on different rate schedules. There is nothing in the statute (ORS 757.300) to support the prohibition. Further, in its Order No. 07-319 adopting the net metering rules which allowed aggregation only of meters on the same rate schedule, the Public Utility Commission of Oregon noted that the rules could be modified at a later date to permit additional forms of aggregation. These proposed rules relax the prohibition against aggregating meters that are on different rate schedules.

Documents Relied Upon, and where they are available:

- ORS 757.300 available online at <http://www.leg.state.or.us/ors/757.html>
- Oregon Administrative Rules, Chapter 860, Division 039 available online at [http://arcweb.sos.state.or.us/rules/OARS\\_800/OAR\\_860/860\\_039.html](http://arcweb.sos.state.or.us/rules/OARS_800/OAR_860/860_039.html)
- PUC Order No. 07-319 entered 07/24/07 available online at <http://apps.puc.state.or.us/orders/2007ords/07-319.pdf>

Fiscal and Economic Impact:

The power from net metering is somewhat more expensive than power from other sources but the total amount of net-metered power can be capped if necessary. Under ORS 757.300(6) the Public Utility Commission of Oregon can limit the cumulative capacity of qualifying net-metered systems if that capacity exceeds one-half of one percent of a utility's historic single-hour peak load. This rule change does not affect potential limits on cumulative net-metered capacity. There will be minor increases in costs to utilities to administer a few more net metering applications.

Positive economic impacts are likely for retail suppliers of qualifying generating equipment. They may see increased sales because aggregation of meters on different rate schedules will be allowed.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

Allowing aggregation across rate schedules could have affected the Oregon Department of Energy's ability to enforce its rules. This could occur from aggregation of a meter on a residential rate schedule if the designated meter is on a commercial rate schedule and the customer-generator received a Business Energy Tax Credit. This could have allowed the benefits from a Business Energy Tax Credit to flow to

an ineligible residential customer. This concern has been resolved with Oregon Department of Energy staff in OAR 860-039-0065(1)(d) in the proposed rule change.

The Public Utility Commission of Oregon will spend less time addressing consumer complaints about the aggregation of meters for net metering, and more customer-generators will be able to benefit from net metering arrangements.

There will be only negligible increases in the cost of retail electricity to state agencies.

There will be minor increases in costs to utilities to administer a few more net metering applications. The utilities will spend less time addressing customer complaints about the prohibition. Questions about how to administer net metering for time-of-use rate schedules are resolved. The proposed rule changes limit the costs from customers requesting to change the rank order of the meters. The rule amendments retain the provision that would allow recovery of administrative costs specifically from the customers with aggregated meters.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule: Retail suppliers of qualifying generating equipment and retail customers of utilities who might buy such equipment are subject to the rules. There are a few dozen such suppliers.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

The proposed rule changes do not result in increased reporting, recordkeeping or other administrative activities for those subject to the rules.

c. Equipment, supplies, labor and increased administration required for compliance:

The proposed rule changes do not result in increased equipment, supplies, labor, or increased administration for compliance.

How were small businesses involved in the development of this rule?

Eight companies installing qualifying generating equipment and the Oregon Solar Energy Industries Association were on the interested participants e-mail list and received notifications of informal workshops held by Public Utility Commission of Oregon Staff and reviewed drafts of proposed changes. Several of these attended the two workshops hosted by Staff.

Administrative Rule Advisory Committee consulted?: No

If not, why?:

As noted above, the Staff of the Oregon Public Utility Commission held several informal workshops and sent information and proposed changes electronically to a large list of interested persons for review and comment prior to initiating formal rulemaking.

Diane Davis  
Signature

Diane Davis  
Printed name

01-14-2011  
Date

860-039-0005

### Scope and Applicability of Net Metering Facility Rules

(1) OAR 860-039-0010 through 860-039-0080 (the "net metering rules") establish rules governing net metering facilities interconnecting to a public utility as required under ORS 757.300. Net metering is available to a customer-generator only as provided in these rules. These rules do not apply to a public utility that meets the requirements of ORS 757.300(9).

(2) For good cause shown, a person may request the Commission waive any of the net metering facility rules.

(a) A public utility and net metering applicant may mutually agree to reasonable extensions to the required times for notices and submissions of information set forth in these rules for the purpose of allowing efficient and complete review of a net metering application.

(b) If a public utility unilaterally seeks waiver of the timelines set forth in these rules, the Commission must consider the number of pending applications for interconnection review and the type of applications, including review level and facility size.

(3) As used in OAR 860-039-0010 through 860-039-0080:

(a) "ANSI C12.1 standards" means the standards prescribed by the 2001 edition of the American National Standards Institute, Committee C12.1 (ANSI C12.1), entitled "American National Standard for Electric Meters - Code for Electricity Metering," approved by the C12.1 Accredited Standard Committee on July 9, 2001.

(b) "Applicant" means a person who has filed an application to interconnect a net metering facility to an electric distribution system.

(c) "Area network" means a type of electric distribution system served by multiple transformers interconnected in an electrical network circuit in order to provide high reliability of service. This term has the same meaning as the term "secondary grid network" as defined in IEEE standard 1547 Section 4.1.4 (published July 2003).

**(d) "Contiguous" has the meaning given on OAR 860-038-0005(60)(b)(C).**

**(de) "Customer-generator" means ~~a customer-generator as defined in ORS 757.300(1)(a)~~ the person who is the user of a net metering facility and who has applied for and been accepted to receive electricity service at a premises from the serving public utility.**

**(ef)** "Electric distribution system" means that portion of an electric system which delivers electricity from transformation points on the transmission system to points of connection at a customer's premises.

**(fg)** "Equipment package" means a group of components connecting an electric generator with an electric distribution system, and includes all interface equipment including switchgear, inverters, or other interface devices. An equipment package may include an integrated generator or electric production source.

**(gh)** "Fault current" means electrical current that flows through a circuit and is produced by an electrical fault, such as to ground, double-phase to ground, three-phase to ground, phase-to-phase, and three-phase.

**(hi)** "Generation capacity" means the nameplate capacity of the power generating device(s). Generation capacity does not include the effects caused by inefficiencies of power conversion or plant parasitic loads.

**(ij)** "Good utility practice" means a practice, method, policy, or action engaged in or accepted by a significant portion of the electric industry in a region, which a reasonable utility official would expect, in light of the facts reasonably discernable at the time, to accomplish the desired result reliably, safely and expeditiously.

**(jk)** "IEEE standards" means the standards published in the 2003 edition of the Institute of Electrical and Electronics Engineers (IEEE) Standard 1547, entitled "Interconnecting Distributed Resources with Electric Power Systems," approved by the IEEE SA Standards Board on June 12, 2003, and in the 2005 edition of the IEEE Standard 1547.1, entitled "IEEE Standard Conformance Test Procedures for Equipment Interconnecting Distributed Resources with Electric Power Systems," approved by the IEEE SA Standards Board on June 9, 2005.

**(kl)** "Impact study" means an engineering analysis of the probable impact of a net metering facility on the safety and reliability of the public utility's electric distribution system.

**(lm)** "Interconnection agreement" means an agreement between a customer-generator and a public utility, which governs the connection of the net metering facility to the electric distribution system, as well as the ongoing operation of the net metering facility after it is connected to the system. An interconnection agreement will follow the standard form agreement developed by the public utility and filed with the Commission.

**(mn)** "Interconnection facilities study" means a study conducted by a utility for the customer-generator that determines the additional or upgraded distribution system facilities, the cost of those facilities, and the time schedule required to interconnect the net metering facility to the utility's distribution system.

**(no)** "Net metering facility" means a net metering facility as defined in ORS 757.300(1)(d).

**(op)** "Non-residential customer" means a retail electricity consumer that is not a residential customer, except "non-residential customer" does not include a customer who would be a residential customer but for the residency provisions of subsection (r) of this rule.

**(pq)** "Point of common coupling" means the point beyond the customer-generator's meter where the customer-generator facility connects with the electric distribution system.

**(qr)** "Public utility" has the meaning set forth in ORS 757.005 and is limited to a public utility that provides electric service.

**(rs)** "Residential customer" means a retail electricity consumer that resides at a dwelling primarily used for residential purposes. "Residential customer" does not include retail electricity customers in a dwelling typically used for residency periods of less than 30 days, including hotels, motels, camps, lodges, and clubs. "Dwelling" includes, but is not limited to, single-family dwellings, separately-metered apartments, adult foster homes, manufactured dwellings, and floating homes.

**(st)** "Spot network" means a type of electric distribution system that uses two or more inter-tied transformers protected by network protectors to supply an electrical network circuit. A spot network may be used to supply power to a single customer or a small group of customers.

**(tu)** "Written notice" means a required notice sent by the utility via electronic mail if the customer-generator has provided an electronic mail address. If the customer-generator has not provided an electronic mail address, or has requested in writing to be notified by United States mail, or if the utility elects to provide notice by United States mail, then written notices from the utility shall be sent via First Class United States mail. The utility shall be deemed to have fulfilled its duty to respond under these rules on the day it sends the customer-generator notice via electronic mail or deposits such notice in First Class mail. The customer-generator shall be responsible for informing the utility of any changes to its notification address.

Stat. Auth.: ORS 183, 756 & 757

Stats. Implemented: ORS 756.040, 757.300

Hist.: PUC 8-2007, f. & cert. ef. 7-27-07

**860-039-0010**

### **Net Metering Kilowatt Limit**

(1) **OAD 860-039-0005 through 860-039-0080 apply to:**

~~(a) For residential customer-generators of a public utility or residential customer-generators that have an aggregated residential meter under OAR 860-039-0065 and whose net metering facilities have a generating capacity, these rules apply to net metering facilities that have a generating capacity of 25 kilowatts or less;~~

(b) Residential customer-generators of a public utility that have an aggregated non-residential meter under OAR 860-039-0065 and whose net metering facilities have a generating capacity of two megawatts or less; and

(c) Non-residential customer-generators of a public utility whose net metering facilities have a generating capacity of two megawatts or less.

~~(2) For non-residential customers of a public utility, these rules apply to net metering facilities that have a generating capacity of two megawatts or less.~~

~~(3) Nothing in these rules is intended to limit the number of net metering facilities per customer-generator so long as the net metering facilities in aggregate on the customer-generator's contiguous property do not exceed the applicable kilowatt/ or megawatt limit.~~

Stat. Auth.: ORS 183, 756 & 757

Stats. Implemented: ORS 756.040, 757.300

Hist.: PUC 8-2007, f. & cert. ef. 7-27-07

860-039-0065

### Aggregation of Meters for Net Metering

(1) For the purpose of measuring electricity usage under the net metering program, a public utility must, upon request from a customer-generator, aggregate for billing purposes ~~at the meter to which the net metering facility that~~ is physically attached to the net metering facility ("designated meter") with one or more meters ("additional aggregated meter") in the manner set out in this ~~section~~ rule. This rule is mandatory upon the public utility only when:

(a) The additional aggregated meter is located on the customer-generator's premises or property that is contiguous to the premises associated with the designated meter property;

(b) The electricity measured by the designated meter and any additional aggregated meters is primarily used to measure only electricity used for the customer-generator's requirements, where requirements do not include electricity for charging electric vehicles that are not owned by or rented for the use of the customer-generator;

~~(c) The designated meter and the additional meter are subject to the same rate schedule; and~~



~~(d)~~ The designated meter and ~~the additional~~ any aggregated meters are served by the same primary feeder.

**(d) If any entity received an Oregon Business Energy Tax Credit for the customer-generator's net metering facility, meters beyond those in the approved tax credit are subject to a non-residential rate schedule.**

(2) A customer-generator must give at least 60 days notice to the utility to request that additional meters be included in meter aggregation. The specific meters must be identified at the time of such request. In the event that more than one additional meter is identified, the customer-generator must designate the rank order within the categories in section (5) of this rule for the additional aggregated meters to which net metering credits are to be applied, in accordance with sections (3) and (4) of this rule. At least 60 days in advance of the beginning of the next annual billing period, a customer generator may annually amend the rank order for the aggregated meters.

(3) The aggregation of meters will apply only to charges that use kilowatt-hours as the billing determinant. All other charges applicable to each meter account will be billed to the customer-generator. If the number of kilowatt-hours of generation applied to the meter equals the number of kilowatt-hours of use for the meter for the billing period, kilowatt-hour charges will be zero for the meter. Unless otherwise specified by the rate schedule for the meter, the average per kilowatt-hour charge that would have applied, absent kilowatt-hour credits for the billing period, will be used to credit kilowatt-hours to the applicable billing period in section (4) of this rule.

(4) If in a monthly billing period the net metering facility supplies more electricity to the public utility than the energy usage recorded by the customer-generator's designated meter, the utility will provide apply credits to be applied to the customer's next monthly billing period for the excess kilowatt-hours. The utility will first apply the kilowatt-hour credits to the charges for the designated meter, and then to the charges for additional aggregated meters in rank order, that have the same charges as the designated meter, and finally to other additional meters.

(5) The rank order of aggregated meters is as follows:

(a) All meters subject to the same rate schedule as the designated meter;

(b) All non-residential meters if the designated meter is a non-residential meter; and

(c) All other meters.

~~If an additional meter changes service to a rate schedule that is different than the designated meter, the additional meter is not eligible for net metering credits for the remainder of the billing year and until such time as the additional meter receives service on the same rate schedule as the designated meter.~~

(6) If the designated meter or an aggregated meter becomes subject ~~changes service~~ to a different rate schedule, the utility will amend the rank order of the aggregated meters to be consistent with section (5) of this rule. If the rank order changes, the utility will provide a timely notice of the change to the customer-generator and provide an opportunity to change the rank order within the categories in section (5) of this rule. The customer-generator must notify the utility of any changes within 60 days of the notice from the utility. ~~of net metering credits is not allowed for the remainder of the billing year and may not occur until such time as the additional meters receive service on the same rate schedule as the designated meter.~~

(7) With the Commission's prior approval, a public utility may charge the customer-generator requesting to aggregate meters a reasonable fee to cover the administrative costs of this provision pursuant to a tariff approved by the Commission.

Stat. Auth.: ORS 183, 756 & 757

Stats. Implemented: ORS 756.040, 757.300

Hist.: PUC 8-2007, f. & cert. ef. 7-27-07