



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning, and Mital

FROM: Mark Freeman, Energy Management & Customer Services Manager;
Sibyl Geiselman, Energy Resource Analyst; Adam Rue, Energy Resource Analyst;
Dan Morehouse, Energy Management Programs Supervisor

DATE: August 6, 2013

SUBJECT: 2014 Customer Generation Rates

OBJECTIVE: Board Action - Resolution No. 1316

Issue Statement

EWEB's Customer Generation Policy establishes requirements for interconnecting customer-owned generation to EWEB's electric system and sets rates for the purchase of generation from those systems. The Policy specifies the Rate Schedules are subject to annual review and may be adjusted or amended at the discretion of the Board. This memo describes the basis for determining these rates and gives recommendations for customer-owned generation rates for 2014.

Background

The Customer Generation Policy (EWEB Electric Customer Services Policies and Procedures E-VI) provides rate schedules for purchasing electricity from three different renewable customer-generation configurations.

Renewable Net Metered Rate is designed for customers with installed capacity less than or equal to 25kW who generate surplus renewable electricity when their building is not consuming the electricity, thereby sending power back to EWEB. The value of this power to EWEB is based on a one year power value, scaled up for transmission and distribution losses. No Renewable Energy Certificate (REC) value is considered in establishing the rate. The customer cannot sell the RECs to a third party, but retains the right to the RECs under the net metered program option.

Annual Renewable Generation Purchase Rate is designed for customers with distributed generation systems with installed capacity larger than 25kW, but less than 200kW who elect to sell the generation power from their system, in addition to the associated RECs, to EWEB. The one year rate is for customers who's systems are not new and do not qualify for the Long-Term Renewable Generation Purchase Rate or for customers who qualify for the Long-Term Renewable Generation Purchase Rate and choose the Annual Renewable Generation Purchase Rate. It is also for customers that have existing power purchase contracts with EWEB that have expired. This rate includes the one year power value, scaled up for transmission and distribution losses, and a one-year value of RECs.

Long-Term Renewable Generation Purchase Rate is for customers with new distributed generation projects with installed capacity larger than 25kWm but less than 200kW that wish to sell all generated power to EWEB and elect to enter into a long term (15 year) power purchase agreement under which EWEB purchases both the power and the RECs from the system for the duration of the contract. This rate is based on the expected value of the power, a credit for transmission losses, a projected future carbon tax value, and the associated REC value for the 15-year contract period. In

order to qualify for the Long-Term Renewable Generation Purchase Rate, components must never have been used or installed, in whole or in part, at any location.

Discussion

Staff has calculated the following renewable rate updates using the Board approved avoided cost methodology:

Rate Type	2013	Proposed 2014
Renewable Net Metered Rate	\$.0298	\$.0375
Annual Renewable Generation Purchase Rate	\$.0298	\$.0383
Long-Term Renewable Generation Purchase Rate	\$.0593	\$.0579

Recommendation

Staff recommends the Board approve the rates and policy as proposed and adopt Resolution Number 1316 allowing EWEB to continue the purchase of customer-generated renewable electricity at its calculated avoided cost.

Requested Board Action

Staff is requesting the Board approve this recommendation and execute Resolution Number 1316.

EWEB Electric Customer Services Policies and Procedures, E-VI would be updated to reflect these changes beginning January 1, 2014.

Attachments:

- Policy and Procedures, E-VI
- Resolution Number 1316



d. Electric Line Extension Agreement

If an electric line extension is required for interconnection of the proposed CG System to the EWEB electric system, the applicant will be required to execute a Line Extension Agreement and pay for the extension in advance of any work being performed in accordance with EWEB Customer Services Policies and Procedures.

e. Assignment of Ownership

If the facility at which a CG System is installed or the CG System itself is sold or ownership is transferred for any reason, an Assignment of Ownership Agreement must be executed at the time of the transfer of ownership.

If the Assignment of Ownership Agreement is not executed, EWEB may lock the CG System disconnect in the open position as provided for in EWEB's Interconnection Requirements for Customer Generation Facilities Less than 200 kW.

E. Charges

Charges for the following will be determined on a project-by-project basis and, if required, shall be paid in advance by the Customer prior to connection of the CG System to the EWEB electric distribution system:

1. Engineering studies required to determine if the CG System can be safely connected to the EWEB electric system.
2. Design and construction of modifications to EWEB electric distribution system required to interconnect the CG System.
3. Design and construction of electric line extensions required for service to the CG System per Section E-IV of EWEB Customer Services Policies and Procedures.

F. Power Purchase Rate Schedules

The following Power Purchase Rate Schedules are available to EWEB Customers with CG Systems as applicable:

- Renewable Net-Metered Rate
- Long-Term Renewable Generation Purchase Rate
- Annual Renewable Generation Purchase Rate

These Rate Schedules are subject to annual review and may be adjusted or amended at the discretion of the EWEB Board. Service under all Schedules is subject the policies and procedures of EWEB.



1. Renewable Net-Metered Rate Schedule
(For Generation Less than or Equal to 25 kW)

a. Applicability

Renewable Net-metered Rates shall apply to a CG System interconnected in parallel to EWEB on the Customer’s side of the meter and sized such that it primarily offsets the Customer’s load at the site.

Renewable Net-metered Rates are available only to a CG System with an installed output capacity less than or equal to 25 kW, that use solar power, wind power, fuel cells, hydroelectric power, landfill gas, digester gas, waste, dedicated energy crops available on a renewable basis, or low-emission, non-toxic biomass based on solid organic fuels from wood, forest, or field residues.

b. A Customer who uses the net-metered approach shall be responsible to pay the monthly basic charge, demand charge, energy charge, distribution charge and reactive charge applicable to its rate class.

c. At the end of each monthly meter reading cycle, excess energy generated by the CG System as measured by EWEB’s billing meter shall be credited at the excess generation rate listed below. The resulting amount shall be credited to the Customer’s EWEB bill in that same billing cycle.

d. Renewable Net-metered Rate

Excess generation for CG Systems will be credited based on the following rate:

All kWh of excess generation..... \$0.0375 per kWh
(Resolution No. 1316)



2. Long-Term Renewable Generation Purchase Rate Schedule
(For Generation Greater than 25 kW and Less than 200 kW)

a. Applicability

Rate schedule applies to residential, commercial, industrial and public agency Customers with EWEB approved renewable energy generation systems that are connected directly to the EWEB electric distribution system, that have an installed output capacity greater than 25 kW and less than 200 kW, and that use solar power, wind power, hydroelectric power, landfill gas, digester gas, waste, dedicated energy crops available on a renewable basis, or low-emission, non-toxic biomass based on solid organic fuels from wood, forest, or field residues. In order to qualify for the Long-Term Renewable Generation Purchase Rate, components must never have been used or installed, in whole or in part, at any location.

Rate schedule applies to the purchase of electrical energy generated by Customer's renewable electric generation system. Purchase rate shall be applied to fifteen year Standard Offer contracts for renewable generation systems interconnected to EWEB.

b. Long-Term Renewable Generation Purchase Rate

All purchased power \$0.0579 per kWh
(Resolution No. 1316)

c. Energy delivered to the EWEB system will be credited to Owner's generation account monthly according to the Rate Schedule above. Payments for renewable electric generation credits will be issued once per year in December in the form of a check.



3. Annual Renewable Generation Purchase Rate Schedule
(For Generation Greater than 25 kW and Less than 200 kW)

a. Applicability

Rate schedule applies to residential, commercial, industrial and public agency Customers with EWEB approved renewable energy generation systems that are connected directly to the EWEB electric distribution system, that have an installed output capacity greater than 25 kW and less than 200 kW, and that use solar power, wind power, hydroelectric power, landfill gas, digester gas, waste, dedicated energy crops available on a renewable basis, or low-emission, non-toxic biomass based on solid organic fuels from wood, forest, or field residues. This rate is for systems that are not new and do not qualify for the Long-Term Renewable Generation Purchase Rate or for customers who qualify for the Long-Term Renewable Generation Purchase Rate and choose the Annual Renewable Generation Purchase Rate.

Rate schedule applies to the purchase of electrical energy generated by Customer's renewable energy generation system. Purchase power rate shall be applied to short-term Standard Offer contracts for renewable electric generation systems connected to EWEB.

b. Annual Renewable Generation Rate

All purchased power \$0.0383 per kWh
(Resolution No. 1316)

c. Energy delivered to the EWEB system will be credited to Owner's generation account monthly according to the Rate Schedule above. Payments for renewable electric generation credits will be issued once per year in December in the form of a check.

**RESOLUTION NO. 1316
AUGUST 2013**

**EUGENE WATER & ELECTRIC BOARD
CUSTOMER GENERATION RATES**

WHEREAS, Oregon Senate Bill 84 regarding net metering. (ORS 757.300 (1) states “An electric utility may value the excess kilowatt-hours at the avoided cost of the utility, as determined by the commission or the appropriate governing body.”); and

WHEREAS, in response, EWEB has developed a Customer Generation Policy to support the installation of electric generation systems by customers within the utility’s service area; and

WHEREAS, EWEB’s Customer Generation Policy includes rate schedules for the purchase by EWEB of the electric output from customer-generation installations at established per kilowatt-hour rates; and

WHEREAS, such purchase rates are not affiliated with nor do they otherwise affect rates charged for electricity supplied to customers by EWEB for normal distribution service; and

WHEREAS, the Board has reviewed background concerning EWEB’s Customer Generation Policy parameters and proposed rates for said power purchases from qualifying customer installations for consideration and approval during its August 6, 2013 Regular Board Meeting.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that:

1. The Board hereby grants approval to the 2014 Customer Generation Policy and Rate Schedule:
and
2. Grants the General Manager or his designees the continuing authority to enter into Standard Offer contracts for the purchase of customer-generation system output at the established purchase rates, as may be generally amended from time to time.

DATED this 6th day of August 2013.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, TARYN M JOHNSON, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its August 6, 2013 Regular Board Meeting.

Assistant Secretary