

THE CITY OF SEAFORD NET ENERGY METERING POLICY
REVISED TO CONFORM WITH REQUIREMENTS OF
SENATE BILL NO. 8 – AMENDMENT #1

Purpose:

The Net Metering policy is intended to provide a program of net metering for electric utility customers with small-scale, electric generating facilities utilizing approved renewable fuels. It is to encourage private investment in renewable energy sources, provide customers with options to reduce demand for utility provided power, increase energy independence and security, enhance the continued diversification of energy resources and abide with the provisions as stated in Senate Bill No. 8, Amendment No.1. This policy addresses net metering methodology.

Net Metering:

Net Metering is the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator over the applicable billing period and is intended primarily to offset part or all of the customer-generator’s requirements for electricity. Net meters are used to measure the flow of electricity in either direction, automatically “netting” the two readings.

Net Metering Issues:

Three (3) primary issues that must be addressed at the utility when a customer is authorized to produce electricity on-site are as follows.

1. Safety and Reliability:

Of the utmost importance to the utility, its personnel, utility customers and property is that the interconnection of the customer owned generation with the utility be maintained in a safe and reliable manner.

The City utility must approve and insure all customer owned generation is properly interconnected and that all protective & disconnect devices are in place before the utility permits interconnection and energization.

2. Legal & Regulatory:

All potential Net Metering customers must complete and submit the “Municipal Generator Interconnection Application” form for review and approval by The City of Seaford prior to any interconnection to the utility system.

3. Financial and Retail Rates:

Retail net metering customers will be billed on the same bundled retail rates as all other retail customers in the same rate classification, which includes the cost for power supply, delivery (wires) services, transmission costs, meter reading costs, billing costs, administrative costs, accounting & financial costs, utility operating costs and net margins of the utility.

Availability of Net Metering:

Net Energy metering is available to customers who own and operate an electric generation facility on the customer's premises. The capacity of the customer's system must be less than one (1) Megawatt. The primary source of fuel must be a City approved source of renewable energy such as Photovoltaic (solar), wind, hydro, a fuel cell powered by renewable fuels, or gas from the anaerobic digestion of organic material. This policy is applicable to generation interconnected and operated in parallel with The City of Seaford's transmission and/or distribution facilities.

Application for the installation of any generation system in excess of One (1) Megawatt shall be made under a special contract.

Any customer who elects to participate in this program must apply by completing the Municipality Generator Interconnection Application Form at least 60 days in advance of the proposed activation date. Approval of the application by the City of Seaford must be granted prior to activation of the electric generation facility.

Connection to the City's Electric Utility System:

The electric generation system cannot be connected to the City's Electric Utility system unless it meets all applicable safety and performance standards set forth by the following:

- The Technical Considerations Covering Parallel Operations of Customer Owned Generation of Less than (1) Megawatt and Interconnected with the City of Seaford, including all IEEE standards mentioned within.
 - National Electric Safety Code
 - Underwriter Laboratories
 - Interstate Renewable Energy Council Model Interconnection Rules and Best Practices as identified by the U.S. Department of Energy.
 - City of Seaford Electric Rules and Regulations
 - Municipality Generator Interconnection Application
- The customer must, at their expense, obtain any and all necessary permits, inspections and approvals required by any local public authorities and any other governing regulations in effect at that time.

Delivered Voltage:

The delivered voltage and delivery point of the customer's electric generation shall be at the same delivered voltage and delivery point that would be supplied by the City if the customer purchased all of its electricity from the City.

Contract Term:

The contract term shall be as long as the customer conforms to the Safety, Reliability & Legal rules and regulations within this policy, and all other requirements of electric utility customers.

Rates:

Electric service to net metered customers shall be provided at rates identical to customers who are not net metered except as provided for within Senate Bill No. 8, Amendment 1. The monthly billing rate shall be as stated in the then current applicable rate tariff. The customer shall pay for all KWh delivered by the City of Seaford at the applicable tariff. Excess KWh generated in a given billing month shall be credited to the customer at the City's then current applicable tariff.

Metering:

A bi-directional watt-hour electric meter (or equivalent) will be installed at the customer's location to measure the energy consumed and any excess energy produced on-site. Any customer produced energy in excess of energy consumed during a given billing month shall be credited to the customer so that in months where electric consumption exceeds production, they may use accumulated KWh credits to offset KWh's billed in that month. Accumulated credits shall continue to be valid for a period of 12 months ending on December 31 or July 31, at the discretion of the customer. Any unused credits remaining at the end of the chosen 12 month period shall be forfeited to the City of Seaford as per the provisions of Senate Bill No.8, Amendment No.1. The City will not pay the customer for credits other than by the process described above. The City will furnish, install, maintain and own all metering equipment. Any additional costs for larger than required meters or equipment at the request of the customer will be determined under the Additional Costs and Responsibilities clause below.

Additional Costs and Responsibilities:

If the existing electrical meter of an eligible net-metering customer is incapable of measuring flow of electricity in two (2) directions through no fault of the customer, the City Of Seaford shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure the flow of electricity in 2 directions. However, where a larger capacity meter is required to serve the customer, or a larger capacity meter is requested by the customer, the customer shall pay the City of Seaford the difference between the larger capacity meter investment and the metering investment normally provided under the customer's service classification. Protective equipment will be installed by the customer to provide adequate protection to the City's electric utility system and to the customer's property, and to prevent any interference with the City's supply of energy to other utility customers. This equipment will be owned, installed and maintained by the Customer.

Failure to Comply:

The City may disconnect the Customer's service from the City's electric utility system if the customer fails to comply with any of the stipulations of this policy; The Technical Considerations Covering Parallel Operations of Customer Owned Generation of Less than One (1) Megawatt and Interconnected with the City of Seaford Electric System, the National Electric Safety Code, Underwriters Laboratories, the Generator Interconnection Application Form and the City of Seaford Electric Rules and Regulations Manual.

Attachment: SENATE SUBSTITUTE NO. 1 FOR SENATE BILL NO. 8 AS
AMENDED BY SENATE AMENDMENT NO. 1

Adopted by Mayor & Council 6/10/2008



SPONSOR: Sen. Simpson & Sen. McDowell & Rep. Hocker & Rep. Valihura

DELAWARE STATE SENATE
144th GENERAL ASSEMBLY
SENATE SUBSTITUTE NO. 1
FOR
SENATE BILL NO. 8

AN ACT TO AMEND TITLE 26 OF THE DELAWARE CODE RELATING TO NET ENERGY METERING.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Two-thirds of all members elected to each house thereof concurring therein):

1 Section 1. Amend §1014(d), Title 26, Delaware Code by deleting “shall” therefrom, by inserting in lieu thereof
2 “and municipal electric companies shall each”, and by striking “residential and small commercial” therefrom.

3 Section 2. Amend §1014(d)(1), Title 26, Delaware Code by striking it in its entirety and inserting in lieu thereof
4 the following:

5 “(1) Has a capacity that:

6 (a) For residential customers of DP&L, DEC, and municipal electric companies, has a capacity of not
7 more than 25 kW.

8 (b) For non-residential customers, is not more than 2 megawatts per DP&L meter, and 500 kW per DEC
9 or municipal electric company meter. DEC and municipal electric companies are encouraged to
10 provide for net metering up to a capacity of not more than 2 megawatts for non-residential
11 customers;

12 (c) Is intended primarily to offset all or part of the customer’s electricity requirements;”.

13 Section 3. Amend §1014(d)(2), Title 26, Delaware Code by striking “or other forms of renewable energy” and
14 inserting in lieu thereof “, a fuel cell powered by renewable fuels, or gas from the anaerobic digestion of organic material”.

15 Section 4. Amend §1014, Title 26, Delaware Code by inserting the following subsections:

16 “(e) The rules and regulations promulgated for net energy metering by the Commission and municipal electric
17 companies shall:

18 (1) Provide for customers to be credited in kilowatt-hours (kWh), valued at an amount per kilowatt-
19 hour equal to the sum of Delivery Service Charges and Supply Service Charges for residential
20 customers and the sum of the volumetric energy (kWh) components of the delivery service

21 charges and supply service charges for non-residential customers for any excess production of
22 their generating facility that exceeds the customer's on-site consumption of kWh in a billing
23 period. Excess kWh credits shall be credited to subsequent billing periods to offset a customer's
24 consumption in those billing periods until all credits are used or until the end of a twelve-month
25 period, ending either December 31 or July 31 to be chosen at the discretion of the customer.
26 Any unused credits at the end of the twelve-month period shall be forfeited to the Electric
27 Supplier at the Electric Supplier's avoided cost of wholesale power, which means the average
28 locational marginal price of energy in the Energy Supplier's transmission zone, for use solely to
29 augment existing funding for the Green Energy Fund. Any excess kWh credits shall not reduce
30 any fixed monthly customer charges imposed by the Electric Supplier.

31 (2) Ensure that Electric Suppliers provide net-metered customers electric service at
32 nondiscriminatory rates that are identical, with respect to rate structure and monthly charges, to
33 the rates that a customer who is not net-metering would be charged. Electric Suppliers shall not
34 charge a net-metering customer any stand-by fees or similar charges, with the exception that the
35 Delaware Energy Office shall promulgate rules that allow DEC and municipal electric
36 companies to request to assess non-residential net-metering customers a fee or charge if the
37 electric utility's direct costs of interconnection and administration of net-metering for these
38 customer classes outweigh the distribution system, environmental, and public policy benefits of
39 allocating the costs among the Electric Supplier's entire customer base.

40 (3) Require that all generating systems used by eligible customer-generators shall meet all
41 applicable safety and performance standards established by the National Electrical Code, the
42 Institute of Electrical and Electronic Engineers, and Underwriters Laboratories to ensure that net
43 metering customers meet applicable safety and performance standards and comply with the
44 Electric Supplier's interconnection tariffs and operating guidelines. An Electric Supplier's
45 interconnection rules shall be developed by using as a guide the Interstate Renewable Energy
46 Council's Model Interconnection Rules and best practices identified by the U.S. Department of
47 Energy. Municipal electric companies shall establish interconnection rules no later than 12
48 months after the enactment of this Act. Electric Suppliers shall not require eligible net-metering
49 customers who meet all applicable safety and performance standards to install excessive
50 controls, perform or pay for unnecessary tests, or purchase excessive liability insurance.

51 (4) Net energy metering shall be accomplished using a single meter capable of registering the flow
52 of electricity in two directions. An additional meter or meters to monitor the flow of electricity

53 in each direction may be installed with the consent of the net-metering customer, at the expense
54 of the Electric Supplier, and the additional metering shall be used only to provide the
55 information necessary to accurately bill or credit the customer pursuant to paragraph (1) of this
56 subsection, or to collect system performance information on the eligible technology for research
57 purposes. If the existing electrical meter of an eligible net-metering customer is incapable of
58 measuring the flow of electricity in two directions through no fault of the customer, the Electric
59 Supplier shall be responsible for all expenses involved in purchasing and installing a meter that
60 is able to measure the flow of electricity in two directions. However, where a larger capacity
61 meter is required to serve the customer, or a larger capacity meter is requested by the customer,
62 the customer shall pay the Electric Supplier the difference between the larger capacity meter
63 investment and the metering investment normally provided under the customer's Service
64 Classification. If an additional meter or meters are installed, the net energy metering calculation
65 shall yield a result identical to that of a single meter.

66 (f) The Commission shall periodically review the impact of net-metering rules in this section and
67 recommend changes or adjustments necessary for the economic health of utilities.”

SYNOPSIS

Net energy metering is a means to encourage private investment in renewable energy resources, stimulate in-state economic growth, enhance continued diversification of Delaware's energy resource mix, and reduce costs of interconnection and administration.

This Act amends net energy metering standards to increase the net-metering capacity limit for non-residential facilities to 2 megawatts per DP&L meter, 500 kilowatts per DEC meter, and 500 kilowatts per municipal electric meter. The Act also allows all net-metering customers to carry over excess energy credits from month to month during a 12 month period to account for seasonal variance in generation and energy consumption. To encourage generation to meet only existing customer demand, all unused credits at the end of the 12 month period are forfeited to utilities to augment existing funding for low-income energy assistance programs.

Author: Senator Simpson