

# ARKANSAS PUBLIC SERVICE COMMISSION



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## NET-METERING RULES

Last Revised: June 1, 2020  
Order No. 28  
Docket No. 16-027-R  
Effective: x x - x x - x x x x

# NET-METERING RULES

## ADMINISTRATIVE HISTORY

<u>Docket</u>	<u>Date</u>	<u>Order No.</u>	<u>Subject Matter of Docket/ Order</u>
02-046-R	07/26/02	4	Adopted rules relating to the terms and conditions of – Net-Metering.
06-105-U	11/27/07	8	Amended definitions; Rules 1.02, 2.01, and 2.04; Section 1 of the Standard Interconnection Agreement, Appendix A; and X.1.1, X.2.3, and X.2.4 of the Net-Metering Tariff, Appendix B.
	11/29/07	10	Amended Rule 4.02 to delete reference to Docket No. 86-033-A.
	11/30/07	11	Amended the Standard Interconnection Agreement, Appendix A to add e-mail address lines to the signature block.
	12/19/07	12	Errata order correcting clerical errors in the amendments adopted in Order No. 8.
12-001-R	06/15/12	6	Amended Section 7 of the Standard Interconnection Agreement, Appendix A to exempt state governmental agencies and entities, local governmental entities, and federal entities from the indemnity requirement.
12-060-R	09/03/13	7	Amended Rule 2.04 to provide for meter aggregation, incorporated the provisions of Act 1221 of 2013 concerning the carryover of net-metering credits, and added a definition of Net-Metering Customer to track the definition in Ark. Code Ann. § 23-18-603.
	10/11/13	10	Updated the Net-Metering Tariff to reflect the amendments adopted in Order No. 7.
16-027-R	03/08/17	10	Revised Rules to comply with Act 827 of 2015.
	08/16/17	14	Errata Order.
	<a href="#">06/01/20</a>	<a href="#">28</a>	<a href="#">Revised Rules to comply with Act 464 of 2019.</a>

## NET-METERING RULES

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## SECTION 1. GENERAL PROVISIONS

### **Rule 1.01 Definitions**

The following definitions shall apply throughout the Net-Metering Rules (NMRs) except as otherwise required by the context, and any references to the NMRs shall include these definitions:

#### **(a) Additional Meter**

A meter associated with the Net-Metering Customer's account that the Net-Metering Customer may credit with Net Excess Generation from the Generation Meter. Additional Meter(s): 1) shall be under common ownership within a single Electric Utility's service area; 2) shall be used to measure the Net-Metering Customer's requirements for electricity; 3) may be in a different class of service than the Generation Meter; 4) shall be assigned to one, and only one, Generation Meter; 5) shall not be a Generation Meter; and 6) shall not be associated with unmetered service.

#### **(b) Annual Billing Cycle**

The normal annual fiscal accounting period used by the utility.

#### **(c) Avoided Costs**

As defined in Ark. Code Ann. § ~~23-3-702(1)~~23-18-603(1).

#### **(d) Billing Period**

The billing period for net-metering will be the same as the billing period under the customer's applicable standard rate schedule.

#### **(e) Biomass Resource**

A resource that may use one or more organic fuel sources that can either be processed into synthetic fuels or burned directly to produce steam or electricity, provided that the resources are renewable, environmentally sustainable in their production and use, and the process of conversion to electricity results in a net environmental benefit. This includes, but is not limited to, dedicated energy crops and trees, agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic plants, animal wastes, and other accepted organic, renewable waste materials.

#### **(f) Commission**

The Arkansas Public Service Commission.

**(g) Electric Utility**

~~(h)~~

~~A public or investor-owned utility, an electric cooperative, municipal utility, or any private power supplier or marketer that is engaged in the business of supplying electric energy to the ultimate customer or any customer class within the state. As defined in Ark. Code Ann. § 23-18-603(3). A person who acts as a lessor or service provider as described in Ark. Code Ann. § 23-18-603(7)(B) or (C) shall not be considered an Electric Utility.~~

**(h) Energy Storage Device**

A device that captures energy produced at one time, stores that energy for a period of time, and delivers that energy as electricity for use at a future time.

**(i) Fuel Cell Resource**

A resource that converts the chemical energy of a fuel directly to direct current electricity without intermediate combustion or thermal cycles.

**(j) Generation Meter**

The meter associated with the Net-Metering Customer's account to which the Net-Metering Facility is physically attached.

**(k) Geothermal Resource**

A resource in which the prime mover is a steam turbine. The steam is generated in the earth by heat from the earth's magma.

**(l) Hydroelectric Resource**

A resource in which the prime mover is a water wheel. The water wheel is driven by falling water.

**(m) Micro Turbine Resource**

A resource that uses a small combustion turbine to produce electricity.

**(n) Net Excess Generation**

As defined in Ark. Code Ann. § 23-18-603(59).

~~(n) Net Excess Generation Credits~~

~~Uncredited customer generated kilowatt hours remaining in a Net Metering Customer's account at the close of a Billing Period to be credited, or, pursuant to Rule 2.04, purchased by the utility in a future billing period.~~

**(o) Net-Metering**

| As defined in Ark. Code Ann, § 23-18-603(~~64~~).

| **(p) Net-Metering Customer**

| As defined in Ark. Code Ann, § 23-18-603(~~75~~).

**(q) Net-Metering Facility**

| As defined in Ark. Code Ann, § 23-18-603(~~86~~).

**(r) Parallel Operation**

The operation of on-site generation by a customer while the customer is connected to the Electric Utility's distribution system.

**(s) Qualifying Facility**

As defined in Ark. Code Ann. § 23-3-702(4).

| **(t) Quantifiable Benefits**

As defined in Ark. Code Ann, § 23-18-603(9).

| **(t)(u) Renewable Energy Credit**

| As defined in Ark. Code Ann, § 23-18-603(~~107~~).

| **(u)(v) Residential Use**

Service provided under an Electric Utility's standard rate schedules applicable to residential service.

| **(v)(w) Solar Resource**

A resource in which electricity is generated through the collection, transfer and/or storage of the sun's heat or light.

| **(w)(x) Wind Resource**

A resource in which an electric generator is powered by a wind-driven turbine.

| **Rule 1.02 Purpose**

The purpose of these Net-Metering Rules is to establish rules for net energy metering and interconnection.

**Rule 1.03 Statutory Provisions**

A. These Rules are developed pursuant to the Arkansas Renewable

Energy Development Act of 2001 (Ark. Code Ann. § 23-18-601 *et seq.* as amended.)

- B. These Rules are promulgated pursuant to the Commission's authority under Ark. Code Ann. §§ 23-2-301, 23-2-304(a)(3), and 23-2-305.
- C. Nothing in these Rules shall govern, limit, or restrict the Commission's authority under Ark. Code Ann. § 23-18-604.

**Rule 1.04 Other Provisions**

- A. These Rules apply to all Electric Utilities, as defined in these Rules, that are jurisdictional to the Commission.
- B. The Net-Metering Rules are not intended to, and do not affect or replace any Commission approved general service regulation, policy, procedure, rule, or service application of any utility which addresses items other than those covered in these Rules.
- C. Net-Metering Customers taking service under the provisions of the Net-Metering Tariff may not simultaneously take service under the provisions of any other alternative source generation or cogeneration tariffs except as provided herein.



## **SECTION 2. NET-METERING REQUIREMENTS**

### **Rule 2.01 Electric Utility Requirements**

An Electric Utility shall allow Net-Metering Facilities to be interconnected using a standard meter capable of registering the flow of electricity in two (2) directions.

### **Rule 2.02 Metering Requirements**

- A. Metering equipment shall be installed to both accurately measure the electricity supplied by the Electric Utility to each Net-Metering Customer and also to accurately measure the electricity generated by each Net-Metering Customer that is fed back to the Electric Utility over the applicable Billing Period. If nonstandard metering equipment is required, the customer is responsible for the cost differential between the required metering equipment and the utility's standard metering equipment for the customer's current rate schedule.
- B. Accuracy requirements for a meter operating in both forward and reverse registration modes shall be as defined in the Commission's Special Rules - Electric. A test to determine compliance with this accuracy requirement shall be made by the Electric Utility either before or at the time the Net-Metering Facility is placed in operation in accordance with these Rules.

### **Rule 2.03 New or Additional Charges**

Any new or additional charge which would increase a Net-Metering Customer's costs beyond those of other customers in the rate class shall be filed by the Electric Utility with the Commission for approval. The filing shall be supported by the cost/benefit analysis described in Ark. Code Ann. § 23-18-604(b)(42).

### **Rule 2.04 Billing for Net Metering**

- A. On a monthly basis, the Net-Metering Customer shall be billed the charges applicable under the currently effective standard rate schedule and any appropriate rider schedules. Under Net-Metering, only the kilowatt hour (kWh) units of a customer's bill are netted, except as provided herein in Rule 2.04 A.1.b.
  - 1. For Net-Metering Customers who receive service under a rate that does not include a demand component; the Commission has decided, pursuant to Ark. Code § 23-18-604(b), to implement the following rate structure and procedure for requesting an alternative rate structures Under Net-Metering:

a. ~~Except as provided in Rule 2.04 A.1.b, an Electric Utility shall credit a Net-Metering Customer with the amount of any accumulated Net Excess Generation as measured in kilowatt hours or kilowatt hours multiplied by the applicable retail rate in the next applicable billing period and base the bill of the Net-Metering Customer on the net amount of electricity as measured in kilowatt hours or kilowatt hours multiplied by the applicable retail rate that the Net-Metering Customer has received from or fed back to the electric utility during the billing period.~~

b. ~~After December 31, 2022, An Electric Utility or any other party authorized by law may file an application for a general change in rates to request that the Commission establish and approve a new alternative net-metering class and rate structure pursuant to Ark. Code Ann. § 23-18-604(b)(2)(B)-(D) for its Net-Metering Customers who receive service under a rate that does not include a demand component. The application shall include a cost of service study and substantial evidence that the Electric Utility's proposed rate structure is in the public interest and will not result in an unreasonable allocation of or increase in costs to the Electric Utility's other customers.~~

~~After reviewing the Electric Utility's application filed pursuant to this section, the Commission may establish one of the alternative rate structure options outlined in § 23-18-604(b)(2)(B)-(D) for the Electric Utility if the Commission determines the rate structure is in the public interest and doing so will not result in an unreasonable allocation of or increase in costs to the Electric Utility's other customers.~~

2. ~~For Net-Metering Customers who receive service under a rate that includes a demand component with a generating capacity of 1,000 kW or less, the Commission has decided, pursuant to Ark. Code § 23-18-604(b)(6), to implement the following rate structures:~~

~~An Electric Utility shall credit a Net-Metering Customer with the amount of any accumulated Net Excess Generation as measured in kilowatt hours or kilowatt hours multiplied by the applicable retail rate in the next applicable billing period and base the bill of the Net-Metering Customer on the net amount of electricity as measured in kilowatt hours or kilowatt hours multiplied by the applicable retail rate that the Net-Metering Customer has received from or fed back to the electric utility during the billing period.~~

~~For a Net Metering Facility with a generating capacity of up to 5 MW, The Electric Utility shall credit the net metering customer with any accumulated Net Excess Generation in the next applicable billing period and base the bill of the net metering customer on the net amount of electricity that the net metering customer has received from or fed back to the electric utility during the billing period.~~

- a. ~~For a Net Metering Facility with a generating capacity that exceeds 5~~

~~MW but does not exceed 20 MW: Pursuant to Ark. Code § 23-18-604(b)(6), when considering whether to approve the facility, the Commission must determine that the Net Metering Facility, and thus the approved rate structure, does not result in an unreasonable cost shift to other utility customers. Therefore, the Electric Utility shall credit the Net Metering Customer with any accumulated Net Excess Generation in the next applicable billing period and base the bill of the Net Metering Customer on the rate structure determined by the Commission at the time it approves the Net Metering Facility.~~

3. For Net-Metering Customers who receive service under a rate that includes a demand component with a generating capacity over 1,000 kW and up to 20 MW and who receive approval to exceed the statutory limits under Ark. Code Ann. § 23-18-604(b)(9):

- a. ~~An Electric Utility shall credit a Net-Metering Customer with the amount of any accumulated Net Excess Generation as measured in kilowatt hours or kilowatt hours multiplied by the applicable retail rate in the next applicable billing period and base the bill of the Net-Metering Customer on the net amount of electricity as measured in kilowatt hours or kilowatt hours multiplied by the applicable retail rate that the Net-Metering Customer has received from or fed back to the electric utility during the billing period.~~

- b. An Electric Utility shall also bill the Net-Metering Customer a grid charge.

- c. The grid charge rate shall initially be set at zero effective June 1, 2020.

- d. After the effective date of these NMRs, an Electric Utility may file an application to revise the grid charge rate. The application shall include a cost-of-service study and evidence demonstrating that an unreasonable cost shift to non-Net-Metering Customers is occurring or has already occurred on a cumulative basis rather than on the basis of an individual Net-Metering Customer's proposed facility(ies) and that the Electric Utility's proposed grid charge rate is in the public interest. Once approved, the Electric Utility shall bill these Net-Metering Customers in accordance with the Electric Utility's approved grid charge.

- A. If the kWhs supplied by the Electric Utility exceeds the kWhs generated by the Net-Metering Facility and fed back to the Electric Utility during the Billing Period, the Net-Metering Customer shall be billed for the net kWhs supplied by the Electric Utility in accordance with the rates and charges

B. under the customer's standard rate schedule.

C. If the kWhs generated by the Net-Metering Facility and fed back to the Electric Utility exceed the kWhs supplied by the Electric Utility to the Net-Metering Customer during the applicable Billing Period, the Electric Utility shall credit the Net-Metering Customer with any accumulated Net Excess Generation as measured in kilowatt hours pursuant to Rule 2.04(A)(1)(a) or kilowatt hours multiplied by the applicable rate established by the Commission pursuant to Rule 2.04(A)(1)(b) in the next applicable Billing Period.

1. Net Excess Generation shall first be credited to the Net-Metering Customer's Generation Meter.

2. After application of subsection C.1. and upon request of the Net-Metering Customer pursuant to subsection D., any remaining Net Excess Generation shall be credited to one or more of the Net-Metering Customer's Additional Meters in the rank order provided by the customer.

3. Net Excess Generation shall be credited as described in subsections C.1. and C.2. during subsequent Billing Periods. The amount of -Net -Excess Generation cCredits as measured in kilowatt hours or kilowatt hours multiplied by the applicable rate remaining in a Net-Metering Customer's account at the close of a Billing Period shall not expire and shall be carried forward to subsequent Billing Periods indefinitely.

a. For Net Excess Generation cCredits older than 24 months, a Net-Metering Customer may elect to have the Electric Utility purchase the Net Excess Generation Credits in the Net-Metering Customer's account at the Electric Utility's -estimated annual average Avoided Cost -rate for wholesale energy plus any additional sum determined by the Commission if the sum to be paid to the Net-Metering Customer is at least \$100.

b. An Electric Utility shall purchase at the Electric Utility's -estimated annual average Avoided Cost, -rate for wholesale energy plus any additional sum determined- by the Commission, any Net Excess Generation cCredits remaining in a Net-Metering Customer's account when the Net-Metering Customer:

i. ceases to be a customer of the Electric Utility;

ii. ceases to operate the Net-Metering Facility; or

iii. transfers the Net-Metering Facility to another person.

When purchasing Net Excess Generation cCredits from a Net-Metering Customer, the Electric Utility shall calculate the payment based on its annual average aAvoided energy cCosts plus any additional sum determined under the Net Metering Rules in the applicable Regional



D. Upon request from a Net-Metering Customer, an Electric Utility must apply Net Excess Generation to the Net-Metering Customer's Additional Meters provided that:

1. The Net-Metering Customer must give at least 30 days' notice to the Electric Utility of its request to apply Net Excess Generation to the Additional Meter(s).

2. The Additional Meter(s) must be identified at the time of the request.

3. In the event that more than one of the Net-Metering Customer's Additional Meters is identified, the Net-Metering Customer must designate the rank order for the Additional Meters to which Net Excess Generation is to be applied. The Net-Metering Customer cannot designate the rank order more than once during the Annual Billing Cycle.

~~3.4.~~ At the time an Electric Utility processes a request for applying any remaining Net Excess Generation as a credit to one (1) or more of a Net-metering Customer's meters in the rank order provided by the Net-metering Customer pursuant to Ark. Code Ann. § 23-18-604(c), the Electric Utility shall synchronize the billing cycles of each additional customer meter with the customer's primary net-metering meter.

E. Any Renewable Energy Credit created as a result of electricity supplied by a Net-Metering Customer is the property of the Net-Metering Customer that generated the Renewable Energy Credit.

~~E. A person who acts as a lessor or service provider as described in § 23-18-603(7)(B) or (C) shall not be considered a public utility as defined in § 23-1-101(9).~~

## **Rule 2.05 Meter Aggregation**

A. — A. — Except as provided in subsections (B) and (C) of this Rule 2.05, an electric utility shall separately meter, bill, and credit each net-metering facility even if one (1) or more net-metering facilities are under common ownership.

B. B. — At the Net-Metering Customer's discretion, an electric utility may apply net-metering credits from a net-metering facility to any separate meter locations if the net-metering facility and the separate meter locations are under common ownership within a single electric utility's service area.

C. C. — Subsection (B) of this Rule 2.05 does not apply if more than two (2) customers that are governmental entities or other entities that are exempt from state and federal income tax defined under § 23-18-607(7)(C) co-locate at a site hosting the net-metering facility.

A.D. A Net-Metering Customer seeking to aggregate multiple accounts under common ownership shall submit a request to their Electric Utility identifying the accounts that are under common ownership. The request shall include the following documents:

1. Standard Application Form and Affidavit as approved by the Commission. The Commission shall develop and provide an application form and form Affidavit for this purpose.
2. Sworn Affidavit: The Net-Metering Customer shall submit a sworn affidavit by a person with personal knowledge affirming that the Net-Metering Customer is in fact the legal owner or authorized representative responsible for paying the bill for all accounts listed in the application form.

### **Rule 2.065 Application to Exceed Generating Capacity Limit**

A. 1. A Net-Metering Customer shall file an application with the Commission seeking approval to install a Net-Metering Facility with a generating capacity of more than 1,000,300 kW for non-residential use under Ark. Code Ann. §§ 23-18- 604(b)-(9)(5) or (7) as appropriate.

2. For purposes of Rule 2.06(A)(1), "generation capacity" includes the aggregate ability to produce electricity from all Net-Metering Facilities under common ownership that are located within a single utility's service territory.

A.B. The application shall be filed in conformance with Section 3 of the Commission's Rules of Practice and Procedure and shall, at a minimum, include:

—Evidence that ÷

1. —a. —The Net-Metering Facility in excess of 1,000,300 kW satisfies the requirements of Ark. Code Ann. §§ 23-18-604(b)(9)(5) or (7); ÷

—ab. —The Net Metering Facility has a generating capacity that does not exceed twenty thousand kilowatts (20,000 kW); and

—be(i). For any net-metering facility with a generating capacity of less than five thousand kilowatts (5,000 kW); ÷

—iA. —The net-metering facility is not for residential use; ÷

—iiB. —Increasing the generating capacity limits for individual net-metering facilities results in distribution system, environmental, or public policy benefits, or allowing an increased generating capacity for the net-metering facility would increase the state's ability to attract businesses to Arkansas; and

~~iiiC. Allowing an increased generating capacity for the net metering facility is in the public interest; or~~

~~c(ii). For any net metering facility with a generating capacity of greater than five thousand kilowatts (5,000 kW):~~

~~iA. The net metering facility is not for residential use;~~

~~iiB. Increasing the generating capacity limits for individual net metering facilities results in distribution system, environmental, or public policy benefits, or allowing an increased generating capacity for the net metering facility would increase the ability of the state to attract business to Arkansas;~~

~~iiiC. Allowing an increased generating capacity for the net metering facility does not result in an unreasonable allocation of costs to other utility customers; and~~

~~ivD. Allowing an increased generating capacity for the net metering facility is in the public interest;~~

~~2.2.~~ A description of the proposed Net-Metering Facility for each discrete location including:

- a. Project proposal;
- b. Project location (street address, town, utility service area);
- c. Generator type (wind, solar, hydro, energy storage device, etc.);
- d. Generator rating in kW (DC or AC);
- e. Capacity factor;
- f. Point of interconnection with the Electric Utility;
- g. Single Phase or Three Phase interconnection;
- h. Planned method of interconnection consistent with Rule 3.01.B.;
- i. Expected facility performance calculated using an industry recognized simulation model (PVWatts, etc.);

~~2.3.~~ Evidence that the electrical energy produced by the Net-Metering Facility is not intended to exceed the amount necessary to offset part or all of the Net-Metering Customer requirements for electricity in the form of:

- a. The monthly electric bills for the 12 months prior to the application for

the Generation Meter and Additional Meter(s), if any, to be credited with Net Excess Generation or

- b. In the absence of historical data reasonable estimates for the class and character of service may be made; and

3-4. A copy of the Preliminary Interconnection Review Request submitted to the Electric Utility and the results of the utility's interconnection site review conducted pursuant to Rule 3.03.

### **Rule 2.07 Grandfathering Net-Metering Rate Structures**

A. Net-Metering Facilities for residential use or for other than residential use that does not exceed one thousand (1,000) kW:

1. The Net-Metering Facility of a Net-Metering Customer who submits a Standard Interconnection Agreement to the Electric Utility before December 31, 2022, shall remain under the Net-Metering rate structure in effect when the Standard Interconnection Agreement was signed by the Net-Metering Customer, for a period of twenty (20) years beginning June 1, 2020.

2. A Net-Metering Facility may be upgraded and retain grandfathered status so long as the Net-Metering Facility still meets the statutory definition under Ark. Code Ann. § 23-18-603(8).

B. Net-Metering Facilities for which approval is required to exceed one thousand (1,000) kW:

1. If a Net-Metering Customer (a) requests approval to exceed the statutory limit for a Net-Metering Facility pursuant to Ark. Code Ann. § 23-18-604(b)(9), and (b) has submitted a Standard Interconnection Agreement to the Electric Utility before December 31, 2022, the Net-Metering Customer may request that the Net-Metering Facility remain under the Net-Metering rate structure in effect when the Standard Interconnection Agreement was signed by the Net-Metering Customer. The request will be considered on a case-by-case basis for a grandfathering period up to twenty (20) years. The request to be grandfathered shall be made when the request to exceed the statutory limit is made.

2. If a Net-Metering Customer proposes to upgrade a Net-Metering Facility under 1,000 kW and add additional generating capacity by either (a) an upgrade to the existing Net-Metering Facility, or (b) an additional Net-Metering Facility, and such upgrade would cause the total generating capacity to exceed 1,000 kW, then the original capacity of the Net-Metering Facility shall retain any grandfathered status and the additional capacity shall be subject to the Net-Metering rate structure in effect when the Standard



Interconnection Agreement for the additional capacity is signed by the Net-Metering Customer.

3. If a Net-Metering Customer proposes to upgrade a Net-Metering Facility for which approval was previously granted by the Commission pursuant to Ark. Code Ann. § 23-18-604(b)(9) and add additional generating by either (a) an upgrade to the existing Net-Metering Facility, or (b) an additional Net-Metering Facility, then the original capacity of the Net-Metering Facility shall retain any grandfathered status and the additional capacity shall be subject to the Net-Metering rate structure in effect when the Standard Interconnection Agreement for the additional capacity is signed by the Net-Metering Customer.

4. The cost of any additional metering equipment required under subsections B.2. or B.3. above shall be borne by the Net-Metering Customer.

C. The Electric Utility need not have approved and signed the Standard Interconnection Agreement for the date of eligibility for grandfathering to be established.

D. The grandfather period shall attach to the Net-Metering Facility on the premises rather than the Net-Metering Customer.

E. If the Net-Metering Customer sells a premises with a Net-Metering Facility, the Standard Interconnection Agreement may be transferred to the new Net-Metering Customer and the grandfather period shall continue for the remainder of the twenty (20) year term, assuming no other triggering event occurs.

F. A Net-Metering Customer may not transfer a Net-Metering Facility to a new premises or location and continue to operate under the grandfather period.

G. Maintenance and repair of existing Net-Metering Facilities shall not be a triggering event which ends the grandfather period.

H. A Net-Metering Facility grandfathered under this Rule remains subject to any other change or modification in rates, terms, or conditions.

~~Pursuant to Ark Code § 23-18-604(b)(10), the net metering facility of a net-metering customer who submits a standard interconnection agreement, as referred to in these Net Metering Rules, to the electric utility after July 24, 2019, but before December 31, 2022, is allowed to remain under the rate structure in effect when the agreement was signed, for a period not to exceed twenty (20) years, subject to approval by the Commission.~~

- ~~—The Commission approves grandfathered rate structures for the following net metering facilities described in of a net metering customer who submits a standard interconnection agreement as referred to in these Net Metering Rules before December 31, 2022, for a period of 20 years: —~~
  - ~~—Net Metering Facilities for Residential use that meet the requirements of Ark. Code § 23-18-603(8)(B)(i);~~
  - ~~—Net Metering Facilities for other than Residential use with a generating capacity that does not exceed 1,000 kW pursuant to Ark. Code § 23-18-603(8)(B)(ii).~~
- ~~—The Commission will consider and approve grandfathering rate structures on a case by case basis for Net Metering Facilities whose customers request a waiver to exceed the statutory limits for Net Metering Facilities pursuant to Ark. Code § 23-18-604(b)(9).~~
- ~~—A net metering facility grandfathered under this Rule remains subject to any other change or modification in rates, terms, or conditions. —~~

## **Rule 2.08 Leases and Safe Harbor for Service Agreements**

- A. A Net-Metering Customer entering into a lease for a Net-Metering Facility shall provide to the Electric Utility a standard Notice and Affidavit approved by the Commission to the Electric Utility certifying that the lease is in compliance with all Commission Rules and Ark. Code Ann. § 23-18-603(7)(B).
- A.B. **A Net-Metering Customer** entering into a service agreement for a Net-Metering Facility ~~who~~**that is relying on** Ark. Code Ann. § 23-18-603(7)(C) **to qualify for net metering shall submit a standard Notice and Affidavit** approved by the Commission **to the Public Electric Utility certifying that the customer qualifies for safe-harbor protection as provided by** Ark. Code Ann. § 23-18-603(7)(C) and **26 U.S.C. § 7701(e)(3)(A) )** and that the service agreement is in compliance with all Commission Rules.
- ~~—C. The Notice and Affidavit shall certify that the Net Metering Customer meets the safe harbor requirements as provided by the Internal Revenue Service in Revenue Procedure 2017-19 and the Office of Management and Budget Memorandum M-12-21.~~
- ~~The Commission will provide a standard Act 464 Notice and Affidavit form and make the form available on its website.~~
- Disputes over compliance with Subsection (A) or (B) above shall be submitted to Staff for review and attempted resolution. Thereafter, a Net-Metering Customer or Electric Utility who disagrees with Staff's resolution may petition the Commission to resolve the dispute. **Electric Public Utilities shall presume that any person who submits a completed Notice and Affidavit form is in compliance with the Commission's Rules and the Act 464's Safe Harbor provisions under Ark. Code Ann. § 23-18-603(7)(B) or (C) until the Commission makes a finding otherwise.**

|

### **SECTION 3. INTERCONNECTION OF NET- METERING FACILITIES TO EXISTING ELECTRIC POWER SYSTEMS**

#### **Rule 3.01 Requirements for Initial Interconnection of a Net-Metering Facility**

- A. A Net-Metering customer and owner of the Net-Metering Facility, if different, shall execute a Standard Interconnection Agreement for Net-Metering Facilities (Appendix A) prior to interconnection with the utility's facilities.
- B. A Net-Metering Facility shall be capable of operating in parallel and safely commencing the delivery of power into the utility system at a single point of interconnection. To prevent a Net-Metering FacilityCustomer from back-feeding a de-energized line, a Net-Metering Facility shall have a visibly open, lockable, manual disconnect switch which is accessible by the Electric Utility and clearly labeled. This requirement for a manual disconnect switch shall be waived if the following three conditions are met: 1) The inverter equipment must be designed to shut down or disconnect and cannot be manually overridden by the customer upon loss of utility service; 2) The inverter must be warranted by the manufacturer to shut down or disconnect upon loss of utility service; and 3) The inverter must be properly installed and operated, and inspected and ~~or~~ tested by utility personnel.
- C. The customer and owner of the Net-Metering Facility, if different, shall submit a Standard Interconnection Agreement to the Electric Utility at least thirty (30) days prior to the date the customer intends to interconnect the Net-Metering Facilities to the utility's facilities. Part I, Standard Information, Sections 1 through 4 of the Standard Interconnection Agreement must be completed for the notification to be valid. The customer shall have all equipment necessary to complete the interconnection prior to such notification. If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection Agreement. The Electric Utility shall provide a copy of the Standard Interconnection Agreement to the customer upon request.
- D. Following notification by the customer or owner as specified in Rule 3.01.C., the utility shall review the plans of the facility and provide the results of its review to the customer, in writing, within 30 calendar days. Any items that would prevent Parallel Operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

- E. The Net-Metering Facility, at the Net-Metering Customer's expense, shall meet safety and performance standards established by local and national electrical codes including the National Electrical Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), the National Electrical Safety Code (NESC), and Underwriters Laboratories (UL).
- F. The Net-Metering Facility, at the Net-Metering Customer's expense, shall meet all safety and performance standards adopted by the Electric Utility and filed with and approved by the Commission pursuant to these Rules that are necessary to assure safe and reliable operation of the Net-Metering Facility to the Electric Utility's system.
- G. If the Electric Utility's existing facilities are not adequate to interconnect with the Net-Metering Facility, the Net-Metering Customer shall pay the cost of additional or reconfigured facilities prior to the installation or reconfiguration of the facilities.

**Rule 3.02 Requirements for Modifications or Changes to a Net-Metering Facility**

- A. Prior to being made, the Net-Metering Customer or owner of the Net-Metering Facility shall notify the Electric Utility of, and the Electric Utility shall evaluate, any modifications or changes to the Net-Metering Facility described in Part I, Standard Information, Section 2 of the Standard Interconnection Agreement for Net-Metering Facilities. The notice provided by the Net-Metering Customer or owner of the Net-Metering Facility shall provide detailed information describing the modifications or changes to the Electric Utility in writing, including a revised Standard Interconnection Agreement for Net-Metering Facilities that clearly identifies the changes to be made. The utility shall review the proposed changes to the facility and provide the results of its evaluation to the customer, in writing, within thirty (30) days of receipt of the customer's proposal. Any items that would prevent Parallel Operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.
- B. If the Net-Metering Customer or owner of the Net-Metering Facility makes such modification without the Electric Utility's prior written authorization and the execution of a new Standard Interconnection Agreement, the Electric Utility shall have the right to suspend Net-Metering service pursuant to the procedures in Section 6 of the Commission's General Service Rules.



- C. A Net-Metering Facility shall not be modified or changed to generate electrical energy in excess of the amount necessary to offset all of the Net-Metering Customer requirements for electricity.

**Rule 3.03 Requirements for Preliminary Interconnection Site Review Request**

- A. For the purpose of requesting that the Electric Utility conduct a preliminary interconnection site review for a proposed Net-Metering Facility pursuant to Rule 2.065.B.4, or as otherwise requested by the customer, the customer shall notify the Electric Utility by submitting a completed Preliminary Interconnection Site Review Request. The customer shall submit a separate Preliminary Interconnection Site Review Request for each point of interconnection if information about multiple points of interconnection is requested. Each Preliminary Interconnection Site Review Request will be considered separately and in the order in which received. Part 1, Standard Information, Sections 1 through 4 of the Preliminary Interconnection Site Review Request must be completed for the notification to be valid. If mailed, the date of notification shall be the third day following the mailing of the Preliminary Interconnection Site Review Request. The Electric Utility shall provide a copy of the Preliminary Interconnection Site Review Request to the customer upon request.
- B. Following notification by the customer as specified in Rule 3.03.A., the Electric Utility shall review the plans of the facility interconnection and provide the results of its review to the customer, in writing, within 30 calendar days. If the customer requests that multiple interconnection site reviews be conducted the Electric Utility shall make reasonable efforts to provide the customer with the results of the review within 30 calendar days. If the Electric Utility cannot meet the deadline it will provide the customer with an estimated date by which it will complete the review. The customer may request parallel processing of multiple reviews but must pay actual costs of conducting the review and any subsequent costs associated with site screening that may be required under Rule 3.03.C. In such event, the Electric Utility shall respond to the request and shall process and present the results of the multiple reviews within a reasonable time, not to exceed ninety (90) days. Any items that would prevent Parallel Operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.
- C. The preliminary interconnection site review is non-binding and need only include existing data and does not require the Electric Utility to conduct a study or other analysis of the proposed interconnection site in the event that

| data is not readily available. \_The utility shall notify the customer if  
| additional site screening may be required prior to interconnection of the  
| facility. \_The customer shall be responsible for the actual costs of conducting  
the preliminary interconnection site review and any subsequent costs  
associated with site screening that may be required.

| D. The preliminary interconnection site review does not relieve the customer of  
the requirement to execute a Standard Interconnection Agreement prior to  
| interconnection of the facility.

**SECTION 4. STANDARD INTERCONNECTION AGREEMENT,  
PRELIMINARY INTERCONNECTION SITE REVIEW REQUEST, AND  
STANDARD NET-METERING TARIFF FOR NET-METERING FACILITIES**

**Rule 4.01 Standard Interconnection Agreement, Preliminary  
Interconnection Site Review Request, and Standard Net-  
Metering Tariff**

Each Electric Utility shall file, for approval by the Commission, a Standard Interconnection Agreement for Net-Metering Facilities (Appendix A), Preliminary Interconnection Site Review Request (Appendix A-1) and a Net-Metering Tariff in standard tariff format (Appendix B).

**Rule 4.02 Filing and Reporting Requirements**

Each Electric Utility shall file in Docket No. 06-105-U by March 15 of each year, a report individually listing each Net-Metering Facility, the type of resource (Solar, Wind, Storage, etc.), its use (by specific rate class(es) Residential or Other), generator capacity rating, inverter capacity rating, and if the Net-Metering Facility is associated with Additional Meters (Yes or No), as of the end of the previous calendar year. The annual report shall be provided in spreadsheet format and shall also include:

~~\_\_\_\_\_ A. \_\_\_\_\_ Adoption of Net Metering facilities as a percentage of the utility's total production capacity in kW and kWh by rate class;~~

~~Net Metering as a percentage of the utility's peak demand;~~

~~The solar PV installation information by rate class;~~

~~\_\_\_\_\_ B. \_\_\_\_\_ The total number of Net Metering Customers by rate class;~~

~~\_\_\_\_\_ C. \_\_\_\_\_ The kW and kWh of each installation by rate class; and~~

~~\_\_\_\_\_ D. \_\_\_\_\_ The monthly peak demand by rate class. \_\_\_\_\_~~



## **SECTION 5. RULES TO GUARD AGAINST GAMING**

### **Rule 5.01 Gaming Defined**

Gaming is defined as Mmanipulating, misrepresenting, or otherwise configuring a Net-Metering Facility or Facilities in a manner that is intended to result in, or that actually results in, the avoidance of statutory or Commission limits or rules.

Gaming of the Net-Metering Rules includes, but is not limited to, the following actions:

- A. Adding additional capacity to an existing Net-metering Facility without notifying the Electric Utility to which the Net-Metering Facility is interconnected;
- A.B. Changing the ownership, lease, or service contact of a Net-Metering Facility for the purpose of avoiding the 1,000kW generation capacity threshold;
- C. Failing to include any and all facilities used for Net-Metering under common ownership in a single utility's service area as a single facility for generation capacity purposes pursuant to Rule 2.06, regardless of the location of the facility and the customer's decision to aggregate for meter, bill, and crediting purposes.;
- D. Unauthorized interconnections.

### **Rule 5.02 Gaming Prohibited**

Gaming of the Net-Metering Rules is prohibited.

### **Rule 5.03 Penalties for Gaming**

Any Net-Metering Customer found to be engaged in activity considered to be gaming under the Net-metering Rules may have its~~their~~ qualification as a Net-Metering Customer suspended or terminated by the Commission following notice and opportunity for hearing.

## APPENDIX A

### **STANDARD INTERCONNECTION AGREEMENT FOR NET-METERING FACILITIES**

#### **I. STANDARD INFORMATION**

##### **Section 1. Customer Information**

Name: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Facility Location (if different from above): \_\_\_\_\_  
Daytime Phone: \_\_\_\_\_ Evening Phone: \_\_\_\_\_  
Utility Customer Account Number (from electric bill) to which the Net-Metering Facility is physically attached: \_\_\_\_\_

##### **Section 2. Generation Facility Information**

System Type: Solar Wind Hydro Geothermal Biomass Fuel Cell Micro  
Turbine Energy Storage Device (circle all that apply)  
Generator Rating (kW): \_\_\_\_\_ DC  
Inverter Rating (kW): \_\_\_\_\_ AC ~~or DC (circle one)~~

Describe Location of Accessible and Lockable Disconnect ~~(If required)~~: \_\_\_\_\_

Inverter Manufacturer: \_\_\_\_\_ Inverter Model: \_\_\_\_\_  
Inverter Location: \_\_\_\_\_ Inverter Power Rating: \_\_\_\_\_  
Expected Capacity Factor: \_\_\_\_\_  
Expected annual production of electrical energy (kWh) calculated using industry recognized simulation model (PVWatts, etc.): \_\_\_\_\_

##### **Section 3. Installation Information**

Attach a detailed electrical diagram of the Net-Metering Facility.

Installed by: \_\_\_\_\_  
Qualifications/Credentials: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Daytime Phone: \_\_\_\_\_ Installation Date: \_\_\_\_\_

##### **Section 4. Certification**

The system has been installed in compliance with the local Building/Electrical Code of \_\_\_\_\_ (City/County)

Signed (Inspector): \_\_\_\_\_ Date: \_\_\_\_\_  
(In lieu of signature of inspector, a copy of the final inspection certificate may be attached.)

The system has been installed to my satisfaction and I have been given system warranty information and an operation manual, and have been instructed in the operation of the

system.

Signed (Net Metering Customer~~Owner~~): \_\_\_\_\_ Date: \_\_\_\_\_

**Section 5. E-mail Addresses for parties**

Customer's e-mail address: \_\_\_\_\_

Utility's e-mail address: \_\_\_\_\_ (To be provided by utility.)

**Section 6. Utility Verification and Approval**

Facility Interconnection Approved: \_\_\_\_\_ Date: \_\_\_\_\_

Metering Facility Verification by: \_\_\_\_\_ Verification Date: \_\_\_\_\_

**II. INTERCONNECTION AGREEMENT TERMS AND CONDITIONS**

This Interconnection Agreement for Net-Metering Facilities ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by \_\_\_\_\_ ("Electric Utility") and \_\_\_\_\_ ("Customer"), a \_\_\_\_\_ (specify whether corporation or other), each hereinafter sometimes referred to individually as "Party" or collectively as the "Parties". In consideration of the mutual covenants set forth herein, the Parties agree as follows:

**Section 1. The Net-Metering Facility**

The Net-Metering Facility meets the requirements of Ark. Code Ann. § 23-18-603(86) and the Arkansas Public Service Commission's *Net-Metering Rules*.

**Section 2. Governing Provisions**

The Parties shall be subject to the provisions of Ark. Code Ann. § 23-18-604 and the terms and conditions set forth in this Agreement, the Commission's *Net-Metering Rules*, the Commission's *General Service Rules*, and the Electric Utility's applicable tariffs.

**Section 3. Interruption or Reduction of Deliveries**

The Electric Utility shall not be obligated to accept and may require Customer to interrupt or reduce deliveries when necessary in order to construct, install, repair, replace, remove, investigate, or inspect any of its equipment or part of its system; or if it reasonably determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices. Whenever possible, the Utility shall give the Customer reasonable notice of the possibility that interruption or reduction of deliveries may be required. Notwithstanding any other provision of this Agreement, if at any time the Utility reasonably determines that either the facility may endanger the Electric Utility's personnel or other persons or property, or the continued operation of the Customer's facility may endanger the integrity or safety of the Utility's electric system, the Electric Utility shall have the right to disconnect and lock out the Customer's facility from the Electric Utility's electric system. The Customer's facility shall remain disconnected until such time as the Electric Utility is reasonably satisfied that the conditions referenced in

this Section have been corrected.

#### **Section 4. Interconnection**

Customer shall deliver the as-available energy to the Electric Utility at the Electric Utility's meter.

Electric Utility shall furnish and install a standard kilowatt hour meter. Customer shall provide and install a meter socket for the Electric Utility's meter and any related interconnection equipment per the Electric Utility's technical requirements, including safety and performance standards.

The customer shall submit a Standard Interconnection Agreement to the Electric Utility at least thirty (30) days prior to the date the customer intends to interconnect the Net-Metering Facilities to the utility's facilities. Part I, Standard Information, Sections 1 through 4 of the Standard Interconnection Agreement must be completed to be valid. The customer shall have all equipment necessary to complete the interconnection prior to such notification. If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection Agreement. The Electric Utility shall provide a copy of the Standard Interconnection Agreement to the customer upon request.

Following submission of the Standard Interconnection Agreement by the customer, the utility shall review the plans of the facility and provide the results of its review to the customer, in writing, within 30 calendar days. Any items that would prevent Parallel Operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

If the Electric Utility's existing facilities are not adequate to interconnect with the Net-Metering Facility, the Customer shall pay the cost of additional or reconfigured facilities prior to the installation or reconfiguration of the facilities.

To prevent a Net-Metering Customer from back-feeding a de-energized line, the customer shall install a manual disconnect switch with lockout capability that is accessible to utility personnel at all hours. This requirement for a manual disconnect switch will be waived if the following three conditions are met: 1) The inverter equipment must be designed to shut down or disconnect and cannot be manually overridden by the customer upon loss of utility service; 2) The inverter must be warranted by the manufacturer to shut down or disconnect upon loss of utility service; and 3) The inverter must be properly installed and operated, and inspected and/or tested by utility personnel.

Customer, at ~~his-own~~customer's expense, shall meet all safety and performance standards established by local and national electrical codes including the National Electrical Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), the National Electrical Safety Code (NESC), and Underwriters Laboratories (UL).

Customer, at ~~customer's~~his-own expense, shall meet all safety and performance standards adopted

by the utility and filed with and approved by the Commission that are necessary to assure safe and reliable operation of the Net Metering Facility to the utility's system.

Customer shall not commence Parallel Operation of the Net-Metering Facility until the Net Metering Facility has been inspected and approved by the Electric Utility. Such approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Electric Utility's approval to operate the Customer's Net-Metering Facility in parallel with the Utility's electrical system should not be construed as an endorsement, confirmation, warranty, guarantee, or representation concerning the safety, operating characteristics, durability, or reliability of the Customer's Net-Metering Facility.

#### **Section 5. Modifications or Changes to the Net-Metering Facility Described in Part 1, Section 2**

Prior to being made, the Customer shall notify the Electric Utility of, and the Electric Utility shall evaluate, any modifications or changes to the Net-Metering Facility described in Part 1, Standard Information, Section 2 of the Standard Interconnection Agreement for Net-Metering Facilities. The notice provided by the Customer shall provide detailed information describing the modifications or changes to the Utility in writing, including a revised Standard Interconnection Agreement for Net-Metering Facilities that clearly identifies the changes to be made. The Electric Utility shall review the proposed changes to the facility and provide the results of its evaluation to the Customer, in writing, within thirty (30) calendar days of receipt of the Customer's proposal. Any items that would prevent Parallel Operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

If the Customer makes such modification without the Electric Utility's prior written authorization and the execution of a new Standard Interconnection Agreement, the Electric Utility shall have the right to suspend Net-Metering service pursuant to the procedures in Section 6 of the Commission's General Service Rules.

A Net-Metering Facility shall not be modified or changed to generate electrical energy in excess of the amount necessary to offset all of the Net-Metering Customer requirements for electricity.

#### **Section 6. Maintenance and Permits**

The customer shall obtain any governmental authorizations and permits required for the construction and operation of the Net-Metering Facility and interconnection facilities. The Customer shall maintain the Net-Metering Facility and interconnection facilities in a safe and reliable manner and in conformance with all applicable laws and regulations.

#### **Section 7. Access to Premises**

The Electric Utility may enter the Customer's premises to inspect the Customer's protective devices and read or test the meter. The Electric Utility may disconnect the interconnection facilities without notice if the Electric Utility reasonably believes a



hazardous condition exists and such immediate action is necessary to protect persons, or the Electric Utility's facilities, or property of others from damage or interference caused by the Customer's facilities, or lack of properly operating protective devices.

#### **Section 8. Indemnity and Liability**

The following is Applicable to Agreements between the Electric Utility and to all Customers except the State of Arkansas and any entities thereof, local governments, and federal agencies:

Each Party shall indemnify the other Party, its directors, officers, agents, and employees against all loss, damages, expense and liability to third persons for injury to or death of persons or injury to property caused by the indemnifying party's engineering, design, construction, ownership, maintenance or operations of, or the making of replacements, additions or betterment to, or by failure of, any of such Party's works or facilities used in connection with this Agreement by reason of omission or negligence, whether active or passive. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall pay all costs that may be incurred by the other Party in enforcing this indemnity. It is the intent of the Parties hereto that, where negligence is determined to be contributory, principles of comparative negligence will be followed and each Party shall bear the proportionate cost of any loss, damage, expense and liability attributable to that Party's negligence. Nothing in this paragraph shall be applicable to the Parties in any agreement entered into with the State of Arkansas or any entities thereof, or with local governmental entities or federal agencies. Furthermore, nothing in this Agreement shall be construed to waive the sovereign immunity of the State of Arkansas or any entities thereof. The Arkansas State Claims Commission has exclusive jurisdiction over claims against the state.

Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to or any liability to any person not a Party to this Agreement. Neither the Electric Utility, its officers, agents or employees shall be liable for any claims, demands, costs, losses, causes of action, or any other liability of any nature or kind, arising out of the engineering, design, construction, ownership, maintenance or operation of, or the making of replacements, additions or betterment to, or by failure of, the Customer's facilities by the Customer or any other person or entity.

#### **Section 9. Notices**

The Net-Metering Customer shall notify the Electric Utility of any changes in the information provided herein.

All written notices shall be directed as follows:

Attention:

[Electric Utility Agent or Representative]

[Electric Utility Name and Address]

Attention:

[Customer]

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

Customer notices to Electric Utility shall refer to the Customer's electric service account number set forth in Section 1 of this Agreement.

**Section 10. Term of Agreement**

The term of this Agreement shall be the same as the term of the otherwise applicable standard rate schedule. This Agreement shall remain in effect until modified or terminated in accordance with its terms or applicable regulations or laws.

**Section 11. Assignment**

This Agreement and all provisions hereof shall inure to and be binding upon the respective Parties hereto, their personal representatives, heirs, successors, and assigns. The Customer shall not assign this Agreement or any part hereof without the prior written consent of the Electric Utility, and such unauthorized assignment may result in termination of this Agreement.

**Section 12. Net-Metering Customer Certification**

I hereby certify that all of the information provided in this Agreement is true and correct, to the best of my knowledge, and that I have read and understand the Terms and Conditions of this Agreement.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Customer:

Electric Utility:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Mailing Address:

Mailing Address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

E-mail Address:

E-mail Address:

\_\_\_\_\_

\_\_\_\_\_

Third-Party Owner (if applicable):

\_\_\_\_\_

By:

Title:

Mailing Address:

\_\_\_\_\_

\_\_\_\_\_

E-mail Address:

\_\_\_\_\_



**STANDARD INTERCONNECTION AGREEMENT FOR NET-METERING  
FACILITIES**

**Disclaimer**

**POSSIBLE FUTURE RULES OR RATE CHANGES, OR BOTH  
AFFECTING YOUR NET-METERING FACILITY**

The following is a supplement to the Interconnection Agreement you signed with  
\_\_\_\_\_[Electric Utility].

1. Electricity rates, basic charges, and service fees, set by [Electric Utility] and approved by the Arkansas Public Service Commission (Commission), are subject to change.
2. I understand that I will be responsible for paying any future increases to my electricity rates, basic charges, or service fees from [Electric Utility].
3. My Net-Metering System is subject to the current rates of [Electric Utility], and the rules and regulations of the Commission. The [Electric Utility] may change its rates in the future with approval of the Commission or the Commission may alter its rules and regulations, or both may happen. If either or both occurs, my system will be subject to those changes.

By signing below, you acknowledge that you have read and understand the above disclaimer.

\_\_\_\_\_  
Name (printed)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**PRELIMINARY INTERCONNECTION SITE REVIEW REQUEST****I. STANDARD INFORMATION****Section 1. Customer Information**

Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Facility Location (if different from above): \_\_\_\_\_

Daytime Phone: \_\_\_\_\_ Evening Phone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_ Fax: \_\_\_\_\_

If the requested point of interconnection is the same as an existing electric service, provide the electric service account number: \_\_\_\_\_

Additional Customer Accounts (from electric bill) to be credited with Net Excess Generation: \_\_\_\_\_

Annual Energy Requirements (kWh) in the previous twelve (12) months for the account physically attached to the Net-Metering Facility and for any additional accounts listed (in the absence of historical data reasonable estimates for the class and character of service may be made): \_\_\_\_\_

**Section 2. Generation Facility Information**System Type: Solar Wind Hydro Geothermal Biomass Fuel Cell Micro Turbine **Energy Storage Device** (circle **all that apply**)Generator Rating (kW): \_\_\_\_\_ **DC****Inverter Rating (kW):** \_\_\_\_\_ **AC** ~~or DC (circle one) Expected~~

Capacity Factor: \_\_\_\_\_

Expected annual production of electrical energy (kWh) of the facility calculated using industry recognized simulation model (PVWatts, etc): \_\_\_\_\_

**Section 3. Interconnection Information**

Attach a detailed electrical diagram showing the configuration of all generating facility equipment, including protection and control schemes.

Requested Point of Interconnection: \_\_\_\_\_

Customer-Site Load (kW) at Net-Metering Facility location (if none, so state): \_\_\_\_\_

Interconnection Request: Single Phase: \_\_\_\_\_ Three Phase: \_\_\_\_\_

**Section 4. Signature**

I hereby certify that, to the best of my knowledge, all the information provided in this Preliminary Interconnection Site Review is true and correct.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## **II. TERMS AND CONDITIONS**

### **Section 1. Requirements for Request**

For the purpose of requesting that the Electric Utility conduct a preliminary interconnection site review for a proposed Net-Metering Facility pursuant to the requirement of Rule 2.0~~65~~.B.4, or as otherwise requested by the customer, the customer shall notify the Electric Utility by submitting a completed Preliminary Interconnection Site Review Request. The customer shall submit a separate Preliminary Interconnection Site Review Request for each point of interconnection if information about multiple points of interconnection is requested. Part 1, Standard Information, Sections 1 through 4 of the Preliminary Interconnection Site Review Request must be completed for the notification to be valid. If mailed, the date of notification shall be the third day following the mailing of the Preliminary Interconnection Site Review Request. The Electric Utility shall provide a copy of the Preliminary Interconnection Site Review Request to the customer upon request.

### **Section 2. Utility Review**

Following submission of the Preliminary Interconnection Site Review Request by the customer the Electric Utility shall review the plans of the facility interconnection and provide the results of its review to the customer, in writing, within 30 calendar days. If the customer requests that multiple interconnection site reviews be conducted the Electric Utility shall make reasonable efforts to provide the customer with the results of the review within 30 calendar days. If the Electric Utility cannot meet the deadline it will provide the customer with an estimated date by which it will complete the review. Any items that would prevent Parallel Operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

The preliminary interconnection site review is non-binding and need only include existing data and does not require the Electric Utility to conduct a study or other analysis of the proposed interconnection site in the event that data is not readily available. The Electric Utility shall notify the customer if additional site screening may be required prior to interconnection of the facility. The customer shall be responsible for the actual costs for conducting the preliminary interconnection site review and any subsequent costs associated with site screening that may be required.

**Section 3. Application to Exceed ~~1,000300~~ kW Net-Metering Facility Size Limit** This Preliminary Interconnection Site Review Request and the results of the Electric Utility's review of the facility interconnection shall be filed with the Commission with the customer's application to exceed the ~~1,000300~~ kW facility size limit pursuant to Net Metering Rule 2.0~~65~~.B.4.

### **Section 4. Standard Interconnection Agreement**

The preliminary interconnection site review does not relieve the customer of the requirement to execute a Standard Interconnection Agreement prior to interconnection of the facility.

## ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	PSC File Mark Only
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NET-METERING		

**X. NET-METERING****X.1. DEFINITIONS****X.1.1. Avoided Cost**As defined in A.C.A. 23-18-603(1)**X.1.2. Net Metering**As defined in A.C.A. 23-18-603(6)**X.1.3. Net Metering Customer**As defined in A.C.A. 23-18-603(7)**X.1.4. Net Metering Facility**As defined in A.C.A. 23-18-603(8)**X.1.5. Electric Utility**As defined in A.C.A. 23-18-603(3)**X.1.6. Net Excess Generation**As defined in A.C.A. 23-18-603(5)**X.1.7. Renewable Energy Credit**As defined in A.C.A. 23-18-603(10)

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**X.1.8. Quantifiable Benefits****As defined in A.C.A. 23-18-603(9)****X.12. AVAILABILITY**

**X.1.12.1.** Service under the provisions of this tariff is available to any residential or any other customer who takes service under standard rate schedule(s) (list schedules) who is a Net-Metering Customer as defined, and who is an owner of a Net-Metering Facility and who has obtained a signed Standard Interconnection Agreement for Net-Metering Facilities with an Electric Utility. The generating capacity of Net-Metering Facilities may not exceed the greater of: 1) twenty-five kilowatts (25 kW) or 2) one hundred percent (100%) of the Net-Metering Customer's highest monthly usage in the previous twelve (12) months for Residential Use. The generating capacity of Net-Metering Facilities may not exceed ~~three hundredone thousand~~ 3001,000 kilowatts (~~3001,000~~ kW) for non-residential use unless otherwise allowed by the Commission. Net-Metering is intended primarily to offset part or all of the customer's energy use.

The provisions of the customer's standard rate schedule are modified as specified herein.

**X.1.22.2.** Net-Metering Customers taking service under the provisions of this tariff may not simultaneously take service under the provisions of any other alternative source generation or co-generation tariff except as provided in the Net-Metering Rules.

**X.23. MONTHLY BILLING**

**X.2.43.1.** The Electric Utility shall separately meter, bill, and credit each Net-Metering Facility even if one (1) or more Net-Metering Facilities are under common ownership.

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X.2.23.2. On a monthly basis, the Net-Metering Customer shall be billed the charges applicable under the currently effective standard rate schedule and any appropriate rider schedules. Under Net-Metering, only the kilowatt hour (kWh) units of a Net-Metering Customer's bill are netted.

X.2.33.3. If the kWhs supplied by the Electric Utility exceeds the kWhs generated by the Net-Metering Facility and fed back to the Electric Utility during the Billing Period, the Net-Metering Customer shall be billed for the net billable kWhs supplied by the Electric Utility in accordance with the rates and charges under the Net-Metering Customer's standard rate schedule.

X.3.4. For Net-Metering Customers who receive service under a rate that does not include a demand component, the Electric Utility shall credit a Net-Metering Customer with the amount of any accumulated Net Excess Generation as measured in kWhkilowatt hours or kWhkilowatt hours multiplied by the applicable- retail rate -in the next applicable billing period and base the bill of the Net-Metering Customer on the net amount of electricity as measured in kWh or kWh multiplied by the applicable retail rate that the Net-Metering Customer has received from or fed back to the Electric Utility during the billing period..

X.3.5. Except as provided in Ark. Code Ann. §23-18-604(b)(9), fFor Net-Metering Customers who receive service under a rate that includes a demand component with a generating capacity of 1,000 kW or less, the Electric Utility shall credit the Net-Metering Customer with any accumulated Net Excess Generation in the next applicable billing period and base the bill of the Net-Metering Customer on the net amount of electricity that the Net-Metering Customer has received from or fed back to the Electric Utility during the billing period.

X.3.6 For Net-Metering Customers who receive service under a rate that includes a demand component with a generating capacity over 1,000 kW and up to 20 MW and who receive approval to exceed the statutory limits under Ark. Code Ann. § 23-18-604(b)(9), the Electric Utility shall credit a Net-Metering Customer with the amount of any accumulated Net Excess Generation as measured in kWh or kWh multiplied by the applicable retail rate in the next applicable billing period and base the bill of the Net-Metering Customer on the net amount of electricity as measured in kWh or kWh multiplied by the applicable retail rate that the Net-Metering Customer has received from or fed back to the electric

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utility during the billing period.

The Electric Utility shall also bill the Net-Metering Customer a grid charge.

Grid charge rate: \$0.00.

X.~~2-43.76~~. If the kWhs generated by the Net-Metering Facility and fed back to the Electric Utility during the Billing Period exceed the kWhs supplied by the Electric Utility to the Net- Metering Customer during the applicable Billing Period, the Electric Utility shall credit the Net-Metering Customer with any accumulated Net Excess Generation in the next applicable Billing Period.

X.~~2-53.87~~. Net Excess Generation shall first be credited to the Net-Metering Customer's meter to which the Net-Metering Facility is physically attached (Generation Meter).

X.~~2-63.98~~. After application of X.~~2-53.87~~, and upon request of the Net-Metering Customer pursuant to X.~~2-83.1140~~, any remaining Net Excess Generation shall be credited to one or more of the Net- Metering Customer's meters (Additional Meters) in the rank order provided by the Net- Metering Customer.



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X.2.73.109. Net Excess Generation shall be credited as described in X.2.53.87. and X.2.63.98. during subsequent Billing Periods; the Net Excess Generation cCredits remaining in a Net-Metering Customer's account at the close of a billing cycle shall not expire and shall be carried forward to subsequent billing cycles indefinitely. For Net Excess Generation cCredits older than twenty-four (24) months, a Net-Metering Customer may elect to have the Electric Utility purchase the Net Excess Generation cCredits in the Net-Metering Customer's account at the Electric Utility's estimated annual-average Aavoided Coost plus any additional sum determined under the Net Metering Rules-rate-for-wholesale-energy, if the sum to be paid to the Net-Metering Customer is at least one hundred dollars (\$100). An Electric Utility shall purchase at the Electric Utility's estimated annual-average Avoided Cost, plus any additional sum determined under the Net Metering Rules -rate-for-wholesale-energyany Net Excess Generation.

Credits remaining in a Net-Metering Customer's account when the Net-Metering Customer:

- 1) ceases to be a customer of the Electric Utility;
- 2) ceases to operate the Net-Metering Facility; or
- 3) transfers the Net-Metering Facility to another person.

When purchasing Net Excess Generation cCredits from a Net-Metering Customer, the Electric Utility shall calculate the payment based on its annual-average aAvoided energy eCosts plus any additional sum determined under the Net Metering Rules-in-the applicable-Regional-Transmission-Organization for the current year.

X.2.83.1140. Upon request from a Net-Metering Customer an Electric Utility must apply Net Excess Generation to the Net-Metering Customer's Additional Meters provided that:

- (a) The Net-Metering Customer must give at least 30 days' notice to the Electric Utility.
- (b) The Additional Meter(s) must be identified at the time of the request. Additional Meter(s) shall be under common ownership within a single Electric Utility's service area; shall be used to measure the Net-Metering Customer's requirements for electricity; may be in a different class of service than the Generation Meter; shall be assigned to one, and only one, Generation Meter; shall not be a Generation Meter; and shall not be associated with unmetered service.



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However, the common ownership requirement shall not apply if more than two customers that are governmental entities or other entities that are exempt from state and federal income tax defined under 23-18-603(7)(c) co-locate at a site hosting the Net Metering Facility.

- (c) In the event that more than one of the Net-Metering Customer's meters is identified, the Net-Metering Customer must designate the rank order for the Additional Meters to which excess kWhs are to be applied. The Net-Metering Customer cannot designate the rank order more than once during the Annual Billing Cycle.

X.~~2-93.1241~~. Any Renewable Energy Credit created as the result of electricity supplied by a Net-Metering Customer is the property of the Net-Metering Customer that generated the Renewable Energy Credit.

X.3.1242. Grandfathering shall be governed by Ark. Code- Ann. 23-18-604(b)(10).

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State of Arkansas                      As Engrossed: S2/18/19 S3/4/19  
92nd General Assembly                      **A Bill**  
Regular Session, 2019

SENATE BILL 145

By: Senators D. Wallace, *Hester*

**For An Act To Be Entitled**

AN ACT TO AMEND CERTAIN DEFINITIONS UNDER THE  
ARKANSAS RENEWABLE ENERGY DEVELOPMENT ACT OF 2001; TO  
AMEND THE LAW CONCERNING THE AUTHORITY OF THE  
ARKANSAS PUBLIC SERVICE COMMISSION; AND FOR OTHER  
PURPOSES.

**Subtitle**

TO AMEND CERTAIN DEFINITIONS UNDER THE  
ARKANSAS RENEWABLE ENERGY DEVELOPMENT ACT  
OF 2001; AND TO AMEND THE LAW CONCERNING  
THE AUTHORITY OF THE ARKANSAS PUBLIC  
SERVICE COMMISSION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 23-18-603 is amended to read as follows:  
23-18-603. Definitions.

As used in this subchapter:

(1) "Avoided cost" means:

(A) For an electric utility other than a municipal  
utility, the costs to an electric utility of electric energy or capacity, or  
both, that, but for the generation from the net metering facility or  
facilities, the utility would generate itself or purchase from another  
source, as determined by a commission consistent with § 23-3-701 et seq.; or

(B) For a municipal utility, the definition provided by  
the governing body of the municipal utility;

~~(1)~~(2) "Commission" means the Arkansas Public Service Commission



1 or other appropriate governing body for an electric utility as defined in  
2 subdivision ~~(2)~~ (3) of this section;

3 ~~(2)~~(3) "Electric utility" means a public or investor-owned  
4 utility, an electric cooperative, ~~municipal utility~~, or any private power  
5 supplier or marketer that is engaged in the business of supplying electric  
6 energy to the ultimate consumer or any customer classes within the state;

7 (4)(A) "Municipal utility" means a utility system owned or  
8 operated by a municipality that provides electricity.

9 (B) "Municipal utility" includes without limitation a:

10 (i) Utility system managed or operated by a  
11 nonprofit corporation under § 14-199-701 et seq.; and

12 (ii) Utility system owned or operated by a  
13 municipality or by a consolidated utility district under the General  
14 Consolidated Public Utility System Improvement District Law, § 14-217-101 et  
15 seq.;

16 ~~(3)~~(5) "Net excess generation" means the amount of electricity  
17 as measured in kilowatt hours or kilowatt hours multiplied by the applicable  
18 rate that a net-metering customer has fed back to the electric utility that  
19 exceeds the amount of electricity as measured in kilowatt hours or kilowatt  
20 hours multiplied by the applicable rate used by that customer during the  
21 applicable period determined by a commission;

22 ~~(4)~~(6) "Net metering" means measuring the difference ~~between in~~  
23 amount of electricity as measured in kilowatt hours or kilowatt hours  
24 multiplied by the applicable rate supplied by an electric utility to a net  
25 metering customer and the electricity generated by a net-metering customer  
26 and fed back to the electric utility over the applicable billing period  
27 determined by a commission;

28 ~~(5)~~(7) "Net-metering customer" means ~~an owner of a net-metering~~  
29 facility; a customer of an electric utility that:

30 (A) Is an owner of a net-metering facility;

31 (B) Leases a net-metering facility subject to the  
32 following limitations:

33 (i) A lease shall not permit the sale of electric  
34 energy measured in kilowatt hours or electric capacity measured in kilowatts  
35 between the lessor and lessee; and

36 (ii) A lease shall not include any charge per

1 kilowatt hour or any charge per kilowatt; or

2 (C) Is a government entity or other entity that is exempt  
3 from state and federal income tax, and that, for the sole purpose of this  
4 subchapter, obtains electric energy from a net metering facility under a  
5 service contract qualifying for safe-harbor protection as provided under 26  
6 U.S.C. § 7701(e)(3)(A), as in effect on the effective date of this act;

7 ~~(6)(8)~~ "Net-metering facility" means a facility for the  
8 production of ~~electrical~~ electric energy that:

9 (A) Uses solar, wind, hydroelectric, geothermal, or  
10 biomass resources to generate electricity, including, but not limited to,  
11 fuel cells and micro turbines that generate electricity if the fuel source is  
12 entirely derived from renewable resources;

13 (B) Has a generating capacity of not more than:

14 (i) The greater of twenty-five kilowatts (25 kW) or  
15 one hundred percent (100%) of the net-metering customer's highest monthly  
16 usage in the previous twelve (12) months for residential use; ~~or~~

17 (ii) ~~Three hundred kilowatts (300 kW)~~ For customers  
18 of electric utilities, one thousand kilowatts (1,000 kW) for any other use  
19 other than residential use unless otherwise allowed by a commission under §  
20 23-18-604(b)(5) 23-18-604; or

21 (iii) For customers of a municipal utility, the  
22 limits established by the governing body of the municipal utility under § 23-  
23 18-605;

24 (C) Is located in Arkansas;

25 (D) Can operate in parallel with an electric utility's  
26 existing transmission and distribution facilities; and

27 (E) Is intended primarily to offset part or all of the  
28 net-metering customer requirements for electricity; and

29 (F)(i) May include an energy storage device that is  
30 configured to receive electric energy solely from a net metering facility.

31 (ii) The capacity of an energy storage device shall  
32 not be used to calculate the capacity limits listed in subdivision (8)(B) of  
33 this section if the energy storage device is configured to receive electric  
34 energy solely from a net metering facility;

35 (9) "Quantifiable benefits" means the:

36 (A) Reasonably demonstrated costs that:

1 (i) Are related to the provision of electric service  
2 and based on the utility's most recent cost-of-service study filed with the  
3 commission; and

4 (ii) Will be avoided by the utility by the use of  
5 net metering;

6 (B) Monetary value provided to a utility by the use of net  
7 metering as specified by a market mechanism, if any, of the regional  
8 transmission organization of which the electric utility is a member; and

9 (C) Monetary value provided to a utility by the use of net  
10 metering as specified by a market mechanism, if any, that measures utility  
11 distribution system benefits; and

12 ~~(7)(10)~~ "Renewable energy credit" means the environmental,  
13 economic, and social attributes of a unit of electricity, such as a megawatt  
14 hour, generated from renewable fuels that can be sold or traded separately.

15  
16 SECTION 2. Arkansas Code § 23-18-604 is amended to read as follows:  
17 23-18-604. Commission authority – Definition.

18 (a) An electric utility shall allow net-metering facilities to be  
19 interconnected using a standard meter capable of registering the flow of  
20 electricity in two (2) directions.

21 (b) Following notice and opportunity for public comment, a commission:  
22 (1) Shall establish appropriate rates, terms, and conditions for  
23 ~~net-metering contracts, including: net metering;~~

24 ~~(A)(i) A requirement that the rates charged to each net-~~  
25 ~~metering customer recover the electric utility's entire cost of providing~~  
26 ~~service to each net-metering customer within each of the electric utility's~~  
27 ~~class of customers.~~

28 ~~(ii) The electric utility's entire cost of providing~~  
29 ~~service to each net-metering customer within each of the electric utility's~~  
30 ~~class of customers under subdivision (b)(1)(A)(i) of this section;~~

31 ~~(a) Includes without limitation any~~  
32 ~~quantifiable additional cost associated with the net-metering customer's use~~  
33 ~~of the electric utility's capacity, distribution system, or transmission~~  
34 ~~system and any effect on the electric utility's reliability; and~~

35 ~~(b) Is net of any quantifiable benefits~~  
36 ~~associated with the interconnection with and providing service to the net-~~



1 ~~metering customer, including without limitation benefits to the electric~~  
2 ~~utility's capacity, reliability, distribution system, or transmission system,~~  
3 ~~and~~

4 (2) For net-metering customers who receive service under a rate  
5 that does not include a demand component, may:

6 (A) Require an electric utility to credit the net-metering  
7 customer with any accumulated net excess generation as measured in kilowatt  
8 hours or kilowatt hours multiplied by the applicable rate in the next  
9 applicable billing period and base the bill of the net-metering customer on  
10 the net amount of electricity as measured in kilowatt hours or kilowatt hours  
11 multiplied by the applicable rate that the net-metering customer has received  
12 from or fed back to the electric utility during the billing period;

13 (B) Take the following actions if those actions are in the  
14 public interest and doing so will not result in an unreasonable allocation of  
15 or increase in costs to other utility customers:

16 (i) Separately meter the electric energy, measured  
17 in kilowatt hours, supplied by the electric utility to the net-metering  
18 customer and the electric energy, measured in kilowatt hours, that is  
19 generated by the net-metering customer's net-metering facility that is fed  
20 back to the electric utility at any time during the applicable billing  
21 period;

22 (ii) Apply the commission-approved retail rate to  
23 all kilowatt hours that are supplied by the electric utility to a net-  
24 metering customer by the electric utility during the applicable period  
25 determined by a commission;

26 (iii) Apply the avoided cost of the electric utility  
27 plus any additional sum determined under subdivision (b)(2)(B)(iv) of this  
28 section to all kilowatt hours supplied to the electric utility by a net-  
29 metering customer, during the period determined by a commission, which shall  
30 be credited to the total bill of the net-metering customer in a dollar value;  
31 and

32 (iv) The additional sum added to the avoided cost of  
33 the electric utility may be applied after the demonstration of quantifiable  
34 benefits by the net-metering customer and shall not exceed forty percent  
35 (40%) of the avoided cost of the electric utility;

36 (C) Authorize an electric utility to assess a net-metering

1 customer that is being charged a rate that does not include a demand  
2 component a per-kilowatt-hour fee or charge to recover the quantifiable  
3 direct demand-related distribution cost of the electric utility for providing  
4 electricity to the net-metering customer that is not:

5 (i) Avoided as a result of the generation of  
6 electricity by the net-metering facility; and

7 (ii) Offset by quantifiable benefits; or

8 (D) Take other actions that are in the public interest and  
9 do not result in an unreasonable allocation of costs to other utility  
10 customers.

11 ~~(B)(3)~~ A requirement Shall require that net-metering equipment  
12 be installed to accurately measure the electricity:

13 ~~(i)(A)~~ Supplied by the electric utility to each net-  
14 metering customer; and

15 ~~(ii)(B)~~ Generated by each net-metering customer that is  
16 fed back to the electric utility over the applicable billing period;

17 ~~(2)(4)~~ May authorize an electric utility to assess a net-  
18 metering customer a greater fee or charge of any type, if the electric  
19 utility's direct costs of interconnection and administration of net metering  
20 outweigh the distribution system, environmental, and public policy benefits  
21 of allocating the costs among the electric utility's entire customer base;

22 ~~(3)(5)~~ Shall For net-metering customers who receive service  
23 under a rate that does not include a demand component, shall require an  
24 electric utilities utility to credit a net-metering customer with the amount  
25 of any accumulated net excess generation as measured in kilowatt hours or  
26 kilowatt hours multiplied by the applicable rate in the next applicable  
27 billing period;

28 (6) Except as provided in subdivision (b)(9) of this section,  
29 for net-metering customers who receive service under a rate that includes a  
30 demand component, shall require an electric utility to credit the net-  
31 metering customer with any accumulated net excess generation in the next  
32 applicable billing period and base the bill of the net-metering customer on  
33 the net amount of electricity that the net-metering customer has received  
34 from or fed back to the electric utility during the billing period;

35 ~~(4)(7)~~ May expand the scope of net metering to include  
36 additional facilities that do not use a renewable energy resource for a fuel

1 if so doing results in distribution system, environmental, or public policy  
2 benefits;

3 ~~(5) May increase the generating capacity limits for individual~~  
4 ~~net-metering facilities if doing so results in distribution system,~~  
5 ~~environmental, or public policy benefits;~~

6 ~~(6)(8)~~ Shall provide that:

7 (A)(i) The amount of the net excess generation credit as  
8 measured in kilowatt hours or kilowatt hours multiplied by the applicable  
9 rate remaining in a net-metering customer's account at the close of a billing  
10 cycle shall not expire and shall be carried forward to subsequent billing  
11 cycles indefinitely.

12 (ii) However, for net excess generation credits  
13 older than twenty-four (24) months, a net-metering customer may elect to have  
14 the electric utility purchase the net excess generation credits in the net-  
15 metering customer's account at the electric utility's ~~estimated annual~~  
16 ~~average avoided cost, rate for wholesale energy~~ plus any additional sum  
17 determined under this section, if the sum to be paid to the net-metering  
18 customer is at least one hundred dollars (\$100).

19 (iii) An electric utility shall purchase at the  
20 electric utility's ~~estimated annual average avoided cost, rate for wholesale~~  
21 ~~energy~~ plus any additional sum determined under this section, any net excess  
22 generation credit remaining in a net-metering customer's account when the  
23 net-metering customer:

24 (a) Ceases to be a customer of the electric  
25 utility;

26 (b) Ceases to operate the net-metering  
27 facility; or

28 (c) Transfers the net-metering facility to  
29 another person; and

30 (B) A renewable energy credit created as the result of  
31 electricity supplied by a net-metering customer is the property of the net-  
32 metering customer that generated the renewable energy credit; and

33 ~~(7)(9)~~ May allow a net-metering facility with a generating  
34 capacity that exceeds ~~three hundred kilowatts (300 kW)~~ the limits provided  
35 under § 23-18-603(8)(ii) or § 23-18-603(8)(iii) of up to twenty thousand  
36 kilowatts (20,000 kW) if:

1 (A) For any net-metering facility with a generating  
2 capacity of less than five thousand kilowatts (5,000 kW):

3 (i) The net-metering facility is not for residential  
4 use;

5 (ii) Increasing the generating capacity limits for  
6 individual net-metering facilities results in distribution system,  
7 environmental, or public policy benefits, or allowing an increased generating  
8 capacity for the net-metering facility would increase the state's ability to  
9 attract businesses to Arkansas; and

10 (iii) Allowing an increased generating capacity for  
11 the net-metering facility is in the public interest; or

12 (B) For any net-metering facility with a generating  
13 capacity of greater than five thousand kilowatts (5,000 kW):

14 (i) The net-metering facility is not for residential  
15 use;

16 (ii) Increasing the generating capacity limits for  
17 individual net-metering facilities results in distribution system,  
18 environmental, or public policy benefits, or allowing an increased generating  
19 capacity for the net-metering facility would increase the ability of the  
20 state to attract business to Arkansas;

21 (iii) Allowing an increased generating capacity for  
22 the net-metering facility does not result in an unreasonable allocation of  
23 costs to other utility customers; and

24 (iv) Allowing an increased generating capacity for  
25 the net-metering facility is in the public interest; and

26 ~~(A) The net-metering facility is not for residential use;~~  
27 ~~and~~

28 ~~(B) Allowing an increased generating capacity for the net-~~  
29 ~~metering facility would increase the state's ability to attract businesses to~~  
30 ~~Arkansas.~~

31 (10)(A) Shall allow the net-metering facility of a net-metering  
32 customer who has submitted a standard interconnection agreement, as referred  
33 to in the rules of the Arkansas Public Service Commission, to the electric  
34 utility after the effective date of this act but before December 31, 2022, to  
35 remain under the rate structure in effect when the net-metering contract was  
36 signed, for a period not to exceed twenty (20) years, subject to approval by

1 a commission.

2 (B) A net-metering facility under subdivision (b)(10)(A)  
3 of this section remains subject to any other change or modification in rates,  
4 terms, and conditions.

5 ~~(c)(1) As used in this section, "avoided costs":~~

6 ~~(A) For the Arkansas Public Service Commission, means the~~  
7 ~~same as defined in § 23-3-702; and~~

8 ~~(B) For a municipal utility, is defined by the governing~~  
9 ~~body of the municipal utility.~~

10 ~~(2) Avoided costs shall be determined under § 23-3-704.~~

11 ~~(d)(1)~~ Except as provided in subdivision ~~(d)(2)(c)(2)~~ of this section,  
12 an electric utility shall separately meter, bill, and credit each net-  
13 metering facility even if one (1) or more net-metering facilities are under  
14 common ownership.

15 (2)(A)(i) At the net-metering customer's discretion, an electric  
16 utility may apply net-metering credits from a net-metering facility to the  
17 bill for another meter location if the net-metering facility and the separate  
18 meter location are under common ownership within a single electric utility's  
19 service area.

20 (ii) Subdivision (c)(2)(A)(i) of this section does  
21 not apply if more than two (2) customers that are governmental entities or  
22 other entities that are exempt from state and federal income tax defined  
23 under § 23-18-603(7)(C) co-locate at a site hosting the net-metering  
24 facility.

25 (B) Net excess generation shall be credited first to the  
26 net-metering customer's meter to which the net-metering facility is  
27 physically attached.

28 (C) After applying net excess generation under subdivision  
29 ~~(d)(2)(B)(c)(2)(B)~~ of this section and upon request of the net-metering  
30 customer under subdivision ~~(d)(2)(A)(c)(2)(A)~~ of this section, any remaining  
31 net excess generation shall be credited to one (1) or more of the net-  
32 metering customer's meters in the rank order provided by the net-metering  
33 customer.

34 (d) A person who acts as a lessor or service provider as described in  
35 § 23-18-603(7)(B) or (C) shall not be considered a public utility as defined  
36 in § 23-1-101(9).

SECTION 3. Arkansas Code Title 23, Chapter 18, Subchapter 6 is amended to add an additional section to read as follows:

23-18-605. Municipal utilities.

(a) A municipal utility shall allow a net-metering facilities to be interconnected according to the ordinances, rules or regulations established by the governing body of the municipal utility.

(b) The governing body of municipal utility may elect to follow procedures under § 23-18-604 or may adopt ordinances, rules or regulations establishing the rates, terms and conditions allowing the interconnection of net-metering facilities, including generation facilities and energy storage devices whether owned or leased by a customer or operated by a third-party on behalf of a customer.

(c) The governing body of a municipal utility may limit the generating capacity of a net-metering facility to less than twenty-five kilowatts (25 kW) for residential customers or three hundred kilowatts (300 kW) for nonresidential customers only after the governing body finds that the capacity limit is necessary for reliable utility operations or the public health, safety, or welfare.

(d) The governing body of a municipal utility shall not establish a rate or fee that reduces the value of electric energy from a net-metering facility to below the avoided cost of the municipal utility.

(e) For customers who receive service under a rate that includes a demand component, the governing body of the municipal utility shall require a municipal utility to credit a net-metering customer with any accumulated net excess generation in the next applicable billing period and base the bill of the customer on the net amount of electricity that the net-metering customer has received from or fed back to the municipal utility during the billing period.

/s/D. Wallace

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