RCA Net Metering Regulations; Cook Inlet Gas Storage

House Special Committee on Energy

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Regulatory Commission of Alaska

Robert M. Pickett, Chairman

RCA Net Metering Background

- In 2006, the RCA opened Docket R-06- to consider federal PURPA standards adopted by the Energy Policy Act of 2005 (EPAct).

- Net metering was one of the five proposed federal standards.

RCA Net Metering Background

- After a series of technical workshops and comments at several RCA Public Meetings, the RCA declined to adopt the federal net metering standard, noting the confining and undefined nature of that federal standard.

RCA Docket R-09-1

- Docket R-09-1 was opened in February 2009 to consider regulations implementing an Alaska-specific net metering standard.

- The RCA issued a “straw man” proposal to generate comments on elements of a net metering requirement.

R-09-1 Technical Conference and Draft Regulations

- The RCA conducted a technical conference on March 4, 2009 to discuss the net metering proposal.

- On June 12, 2009, proposed net metering regulations were issued for public comment. The RCA received 45 comments. An opportunity was provided for initial and reply comments.

RCA Adoption of Net Metering Regulations

- After reviewing the public comments and agreeing on revisions, the Regulatory Commission of Alaska voted to adopt net metering regulations at its October 14, 2009 public meeting.

Net Metering Basics

- Net metering allows a consumer to reduce his or her load requirement by interconnecting on-site generation facilities to electric utility facilities.
- The amount of customer-generated power is compared to the customer's electric consumption for the applicable billing period, with the customer either billed for net consumption, or credited for excess generation over consumption.

Net Metering Provisions

Electric utilities subject to the net metering regulations are the economically regulated utilities (3 AAC 50.900(a)), with the following two exemptions:

1) Utilities generating 100% of its power from an eligible facility (3 AAC 50.900(b)(2))
2) Economically regulated utilities with annual retail sales under 5,000,000 kWh. (3 AAC 50.900(b)(3))

Net Metering and System Reliability

- A utility may limit net metering installations by showing system constraints or other operations issues. (3 AAC 50.900 (b)(3))

Net Metering and System Capacity

- A utility may refuse net metering if capacity of participating net metering systems exceed 1.5% of utility's average retail demand. (3 AAC 50.910(b))

- A utility may request an increase in the 1.5% capacity limit. (3 AAC 50.910 (e))

Net Metering Generation Limits

- The eligibility criteria for consumer generation facilities includes a generation capacity limit of 25 kilowatts. (3 AAC 50.920 (2)(A))

Permissible Generation Sources

- Solar photovoltaic and solar thermal energy
- Wind energy
- Biomass energy
- Hydroelectric energy
- Geothermal energy
- Hydrokinetic energy
- Ocean thermal energy
- Landfill gas or biomass gas produced from organic matter

Permissible Generation Sources (cont.)

- Wastewater, anaerobic digesters or municipal solid waste
- Other sources as approved by the RCA that generally have similar environmental impact (3 AAC 50.900(b)(1), 3 AAC50.949(9))

Compensation for Excess Generation

- kWh bill is based on utility's non-firm purchase power rate (3 AAC 50.930(a)(2))
- Carry-forward kWh credits do not expire (3 AAC 50.390(b)(2))

Interconnection Standards

- The RCA may adopt regulations addressing safety, power quality, and interconnection standards (3 AAC 50.940)
- RCA Docket R-09-2 is considering adopting regulations implementing an interconnection standard.
- Development of an Alaskan appropriate version of IEEE 1547 (Interconnecting Distributed Resources With Electric Power Systems) is the goal of R-09-2.

Cook Inlet Gas Storage

- *Natural gas deliverability issues have become a great concern during South-central Alaskan winters.*
- *Third-party gas storage is one key strategy to address this issue.*
- *Gas injected into storage during the warmer summer months would help meet the huge seasonal swing during the coldest winter demand periods.*

Recent Developments in Cook Inlet Natural Gas Storage

- *ANR Pipeline Company, a subsidiary of TransCanada, created Cook Inlet Natural Gas Storage, LLC ("CINGS")*
- *CINGS proposes to develop, construct, own, operate, manage and control an independent, third-party natural gas storage facility in a nearly depleted natural gas reservoir in the Cannery Loop Unit near Kenai, Alaska.*

CINGS Project Description

- *CINGS is designed and intended to provide its storage customers with the ability to inject gas during low usage periods and withdraw that gas during peak usage periods.*
- *The planned CINGS facilities will include injection/withdrawal wells, pressure regulators, separation, dehydration and compression units, gas withdrawal heating elements, and measurement equipment.*
- *Five proposed injection/withdrawal wells will be connected to the rest of the facilities via individual well lines.*

Key Regulatory Issues

- *On December 21, 2009, CINGS filed with the RCA a "Petition for Declaratory Judgment Regarding the Regulatory Commission of Alaska's Jurisdiction Over the Natural Gas Storage Project Proposed by Cook Inlet Natural Gas Storage LLC." (U-09-124/P-09-16)*

CINGS Petition

- *"CINGS respectfully requests a declaratory ruling on the threshold issue of Commission jurisdiction in order to determine how to best move forward with the Project in the most expeditious manner."*

CINGS Petition (cont.)

- *CINGS does not want to presume it is unregulated only to find out later that it needs to apply for a certificate of public convenience and necessity.*
- *Nor does CINGS want to apply for a certificate of public convenience and necessity only to have it dismissed for lack of Commission jurisdiction.*

CINGS Petition Timeline

- December 21, 2009---CINGS files petition
- December 24, 2009---RCA opens Dockets U-09-124/P-09-016.
- December 31, 2009---CINGS is ordered to file concise statement of material facts.
- January 8, 2010---Close of comment period
- January 15, 2010---Legal briefings were due