

Fiscal Note

State of Alaska
2025 Legislative Session

Bill Version:	HB 164
Fiscal Note Number:	2
(H) Publish Date:	3/28/2025

Identifier: LL0057-DCCED-RCA-03-27-25
Title: NET METERING PROGRAM & FUND
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

Department: Department of Commerce, Community and
Economic Development
Appropriation: Regulatory Commission of Alaska
Allocation: Regulatory Commission of Alaska
OMB Component Number: 2417

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2026) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? Yes
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/27

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: John M. Espindola, RCA Chair
Division: Regulatory Commission of Alaska
Approved By: Hannah Lager, Administrative Services Director
Agency: Department of Commerce, Community, and Economic Development

Phone: (907)276-6222
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Date: 03/27/25

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

Analysis

This legislation creates a statutory net metering requirement for electric utilities served by an electric reliability organization that have total calendar-year retail sales exceeding 5,000,000 kilowatt-hours. Key provisions of the legislation require a net metering service that (1) provides monthly bill credits at the net metering utility's prevailing retail rate, (2) allows the consumer-generator to accrue and use billing account credits on an annual cycle, and (3) precludes covered electric utilities from limiting participation in their net metering service offering unless the Regulatory Commission of Alaska (RCA) finds such limitation is necessary to protect system reliability or prevent rates for non-net metering customers from being unjust and unreasonable.

The legislation also allows covered electric utilities to seek recovery of revenue losses attributable to the provision of net metering service, with the RCA required to adopt regulations that establish standards and procedures for calculating the eligible revenue losses of an electric utility required to provide net metering service under AS 42.05.395. The legislation creates a new net metering reimbursement fund, consisting of money appropriated by the legislature and other sources, to be administered by the Alaska Energy Authority (AEA) and requires an electric utility seeking to recover revenue losses attributable to its net metering service to apply to AEA for such reimbursement.

RCA regulations requiring net metering service by certain electric utilities differ from the net metering requirements in this legislation in several ways, including (1) RCA regulations reduce bills for net metering customers generating more than consumed at the utility's tariffed non-firm power rate (an avoided cost rate), while the legislation requires bill credits at the utility's prevailing retail rate for electric energy supplied to the utility providing the net metering service; and (2) RCA net metering regulations allow an electric utility to deny participation in a net metering program if the aggregate capacity of interconnected customer generation systems exceeds a capacity limit stated in regulation. Passage of this legislation would require the RCA to amend regulations to (1) require bill credits for excess customer generation at the serving utility's prevailing retail rate, and (2) eliminate the aggregate net metering capacity limit. It should be noted the RCA opened a regulations docket in September 2024 to consider an increase to the net metering capacity limit, a proceeding that is currently pending (Docket R-24-003).

The RCA will need to consider whether regulations addressing net metering requirements need further revision to comport with statutory requirements stated in this legislation. In addition, the RCA would be required to adjudicate situations where a net metering electric utility alleges that an aggregate net metering capacity limit is necessary to protect system security or prevent rates for non-net metering customers from being unjust and unreasonable. The RCA would also need to open a rulemaking proceeding to adopt regulations that establish standards and procedures for calculating the eligible revenue losses of electric utilities required to provide net metering service under AS 42.05.395. Upon passage of this legislation and the revision of the RCA's net metering regulations, our agency will also receive filings from utilities implementing any statutory and regulatory changes. The outcome of the regulations docket establishing standards and procedures for eligible revenue losses will dictate our agency's involvement in the verification of revenue losses attributable to net metering requirements.

RCA regulations dockets must be completed within 730 days of the issuance of an order commencing the regulations docket (AS 42.05.175(e) requires the RCA to complete regulations dockets within 730 days from the initiating order). This legislation proposes a July 1, 2025 effective date, and the estimated completion date for *Associated Regulations* is based on that date.

The RCA expects to implement the provisions of this legislation with existing resources.