ALASKA ENERGY AUTHORITY

## HOUSE BILL 164: NET METERING

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House Energy Committee April 8, 2025





### **About AEA**



**AEA's mission is to** reduce the cost of energy in Alaska. To achieve this mission, **AEA** strives to diversify Alaska's energy portfolio increasing resiliency, reliability, and redundancy.

### **Railbelt Energy (Owned Assets)**

- Bradley Lake Hydroelectric Project
- Alaska Intertie
- Sterling to Quartz Creek Transmission Line
- High-Voltage Direct Current Transmission Line

### **Power Cost Equalization (PCE)**

- \$48 Million Program
- 192 Rural Communities
- 91 Electric Utilities
- 80,000+ Alaskans

### **Rural Energy**

- Bulk Fuel Upgrades
- Rural Power System Upgrades
- Circuit Rider Program
- Electrical Emergency Assistance

### **Renewable Energy and Energy Efficiency**

- Renewable projects: biomass, electric vehicles, hydroelectric, solar, and wind
- Federal programs: NEVI, Solar for All, and Home Energy and High Efficiency Rebate Allocations

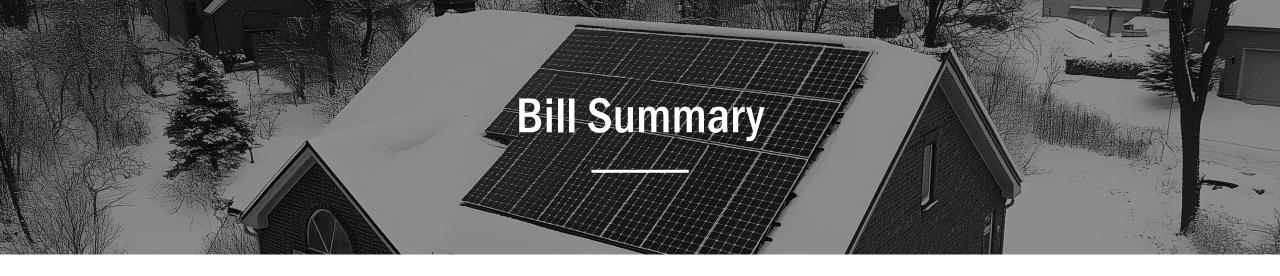
#### **Grants and Loans**

- Renewable Energy Fund
- Power Project Fund

### **Energy Planning**

- Alaska Energy Security Task Force
- State Energy Security Profile
- Electronic Library
- Energy Data Resources
- 40101(d) Grid Resilience Program

**Railbelt Transmission Organization (RTO)** 



The bill establishes a new net metering program for Railbelt utilities, incentivizing 'behind-the-meter' renewable energy generation by consumers. It integrates consumer-generated energy into the utility's portfolio by purchasing excess power. Consumer-generators receive monthly credits for excess energy supplied, calculated at the rate they would pay if purchasing the same energy from the utility.

The bill gives utilities **flexibility** in net metering rates, including seasonal or time-of-use rates. **Accrued account credits** may offset energy purchases by consumer-generators on an annual basis, expiring after **March 31**. It also permits utilities to set specific net metering rates in their tariffs and issue related credits without violating utility statutes on discriminatory rates or unreasonable preferences.

To address potential **revenue loss** from the Program, the bill establishes a **"net metering reimbursement fund" administered by AEA**. Subject to appropriation and Regulatory Commission of Alaska (RCA) regulations, the fund would cover revenue losses that would otherwise be recovered through higher utility rates.

# Sectional Analysis

### **Section 1**

 Amends Alaska Statute (AS) 42.05.391(a): "Discrimination in Rates" to allow utilities to set specific net metering rates for excess energy from consumer-generators under AS 42.05.395 in their operating tariffs and issue related credits without violating current utility statutes on discriminatory rates or undue preference.

### **Section 2**

- Establishes the net metering program by amending the Alaska Public Utilities Regulatory Act to add AS 42.05.395: "Net Metering."
- Ensures that consumer-generators with systems installed before July 1, 2025, continue receiving compensation for excess energy under the prevailing tariff terms at the time of installation (ref. 3 AAC 52.900-3 AAC 52.949).
- Provides grid system and ratepayer protections, allowing utilities to limit net metering participation if necessary for system reliability or to prevent unjust rates, subject to RCA approval.
- Allows Railbelt utilities to recover revenue losses from net metering through applications to the AEA's "net metering reimbursement fund."
- Requires the RCA to establish regulations for calculating utilities' eligible revenue losses for recovery through the "net metering reimbursement fund."
- Defines terms such as "consumer," "consumer-generator," "electric reliability organization," and "load-serving entity," both directly and by reference.

## Sectional Analysis (Continued)

### **Section 3**

- Establishes the "net metering reimbursement fund", by amending the "Rural and Statewide Energy Programs" by adding a new section AS 42.45.015: Net metering reimbursement fund.
- Sets forth the character, form, and means of capitalizing of the fund, being a separate fund, yet not a dedicated fund, and consisting of: (1) money appropriated by the legislature; (2) gifts, bequests, contributions from other sources, and federal money; and (3) interest earned on the fund's balance.
- Requires that AEA administer and serve as the fiduciary of the fund.
- Authorizes AEA to make payments to eligible utilities for revenue losses allowable under RCA regulations, standards, and procedures for calculating such revenue losses.

### **Section 4**

Establishes an effective date of July 1, 2025.

## Bill Support and Governor's Priorities

The bill is in direct alignment with, and in support of, priority strategy "B-2: Alaska Policy Recommendations" as stated in the **Alaska Energy Security Task Force** (**AESTF**) report published in December 2023.



The **AESTF**, established under **Administrative Order 345**, is a diverse group of **stakeholders** tasked with developing a comprehensive statewide **energy plan** for **Alaska**, with energy affordability, energy reliability, and energy security and resilience being paramount to the plan.

Priority strategy B-2: Alaska Policy
Recommendations, seeks to "enhance
Alaska's departmental and regulatory policies
to spur and sustain renewable energy and
transmission development to cut energy
costs and advance economic prosperity for
Alaska."

To assist in achieving these objectives, priority action item **B-2.2** was recommended to "strengthen Alaska's Net Metering energy framework, tariffs, and regulations for Alaska's diverse stakeholders to promote net metering renewable energy investments." This bill is advanced in direct support of this priority action item.

