

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 31
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Identifier (file name): HB031-CED-RCA-03-23-09
Title Net Energy Metering
Sponsor Representative Olson
Requester House Energy Committee
Dept. Affected: DCCED
RDU Regulatory Commission of Alaska
Component Regulatory Commission of Alaska
Component Number 2417

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Services	48.3	48.3	98.2	98.2	98.2	98.2	98.2
Travel	5.0	5.0					
Contractual	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Supplies	1.0	1.0	0.5	0.5	0.5	0.5	0.5
Equipment	5.0	5.0					
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	66.2	66.2	105.6	105.6	105.6	105.6	105.6
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Regulatory Cost Charges (1141)	66.2	66.2	105.6	105.6	105.6	105.6	105.6
TOTAL	66.2	66.2	105.6	105.6	105.6	105.6	105.6

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time	1	1	1	1	1	1	1
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This proposed legislation would require retail suppliers of electricity to offer residential and commercial customers net energy metering. Net metering allows customers generating electricity from alternative energy sources to receive an offset against their utility bills for electricity generated from their on-site facility and delivered to local distribution utility facilities. Customers that generate more electricity than they consume during a billing period would receive energy credits. Customers may sell energy credits to a retail electric supplier at the supplier's negotiated firm purchase power price as determined and approved by the Regulatory Commission of Alaska (RCA).

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BILL NO. HB 31

ANALYSIS CONTINUATION

The RCA would be required to establish through regulations a voting procedure for cooperatives seeking waiver of the exemption from net metering requirements. The RCA would also be required to review and approve (1) any negotiated power purchase agreement for excess customer generation between a customer and an economically regulated electric utility, and (2) any utility tariff provision designed to implement a rate for the purchase of excess generation. The RCA may also be required to ensure compliance with statutory net metering requirements. From a rate-setting perspective, this proposed legislation would result in a reallocation of utility cost away from non-firm renewable power producers to other utility customers. This reallocation may be controversial and would likely further complicate rate proceedings. To perform these obligations, RCA would need to hire a Utility Financial Analyst III (Range 21) to address enforcement of net metering requirements and assist in rate proceedings for regulated electric utilities.

This fiscal note identifies the costs associated with adding the new position. These costs include salary and benefits, travel for one-time training, one-time startup costs for equipment and supplies and annual contractual charges. The salary and benefits costs are lower in FY2010 because the effective date of this bill is January 1, 2010. This position is required to attend a two week training course provided by the National Association of Regulatory Commissioners that is designed specifically for regulators to provide a basic understanding of modern regulatory theory and processes.

The RCA's budget is funded through Regulatory Cost Charges (RCC) and direct charge mechanisms. The RCC is recalculated each year and allows the agency to recover its operating expenses through an assessment on revenues of regulated utilities and pipeline carriers. Utilities exempt from economic regulation by the RCA do not pay RCCs, but may be required to pay the actual costs of services provided by the RCA.