

**CS FOR HOUSE BILL NO. 164(ENE)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE SPECIAL COMMITTEE ON ENERGY**

**Offered: 4/1/26**

**Referred: Finance**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to net metering; relating to reduced rates in the form of credits for**  
2 **consumer-generators; establishing a net metering reimbursement fund; and providing**  
3 **for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1.** AS 42.05.391(a) is amended to read:

6 (a) Except as provided in AS 42.05.306 and 42.05.395, a public utility may  
7 not, as to rates, grant an unreasonable preference or advantage to any of its customers  
8 or subject a customer to an unreasonable prejudice or disadvantage. A public utility  
9 may not establish or maintain an unreasonable difference as to rates, either as between  
10 localities or between classes of service. A municipally owned utility may offer  
11 uniform or identical rates for a public utility service to customers located in different  
12 areas within its certificated service area who receive the same class of service. Any  
13 uniform or identical rate shall, upon complaint, be subject to review by the  
14 commission and may be set aside if shown to be unreasonable.

1 \* **Sec. 2.** AS 42.05.391(a), as amended by sec. 1 of this Act, is amended to read:

2 (a) Except as provided in AS 42.05.306 [AND 42.05.395], a public utility may  
3 not, as to rates, grant an unreasonable preference or advantage to any of its customers  
4 or subject a customer to an unreasonable prejudice or disadvantage. A public utility  
5 may not establish or maintain an unreasonable difference as to rates, either as between  
6 localities or between classes of service. A municipally owned utility may offer  
7 uniform or identical rates for a public utility service to customers located in different  
8 areas within its certificated service area who receive the same class of service. Any  
9 uniform or identical rate shall, upon complaint, be subject to review by the  
10 commission and may be set aside if shown to be unreasonable.

11 \* **Sec. 3.** AS 42.05 is amended by adding a new section to read:

12 **Sec. 42.05.395. Net metering.** (a) A load-serving entity shall provide a net  
13 metering service that

14 (1) on a monthly basis, credits a consumer-generator's account in an  
15 amount equal to the consumer's excess electric energy generation multiplied by the  
16 rate per kilowatt-hour that would apply if the consumer were not a consumer-  
17 generator; in this paragraph, the rate per kilowatt-hour may be a seasonal or time-of-  
18 use rate; and

19 (2) allows a consumer-generator to accrue and use account credit for  
20 the consumer-generator's own consumption on an annual cycle that ends March 31 of  
21 each year, after which all accrued and unused credit expires.

22 (b) A consumer-generator may elect to receive net metering service under this  
23 section for generating capacity installed before April 1, 2027, or continue to receive  
24 service under tariff terms in effect when the generating capacity was installed.

25 (c) A load-serving entity may not limit consumer-generator participation in the  
26 net metering service within the load-serving entity's service territory unless the  
27 commission, after a hearing, finds that the limitation is necessary to protect system  
28 reliability or to prevent rates for customers that are not consumer-generators from  
29 being unjust and unreasonable.

30 (d) A load-serving entity that provides a net metering service may apply to the  
31 Alaska Energy Authority under AS 42.45.015 to seek to recover revenue losses

1           attributable to the entity's net metering service.

2           (e) If funds are not available in the net metering reimbursement fund  
3 established under AS 42.45.015 and revenue losses attributable to a load-serving  
4 entity's net metering service would require the entity to request approval from the  
5 commission to increase rates for customers who are not consumer-generators by more  
6 than two percent annually, the entity may request approval of the commission to  
7 modify rates for consumer-generators. A rate modification under this subsection may  
8 not increase rates for consumer-generators more than is necessary to avoid increasing  
9 rates by more than two percent annually for customers who are not consumer-  
10 generators.

11           (f) A consumer-generator may not elect to receive net metering service under  
12 this section for generating capacity installed on or after April 1, 2037. A consumer-  
13 generator may only continue to receive net metering service under this section

14                   (1) until April 1, 2037, for generating capacity installed before April 1,  
15 2030; or

16                   (2) for up to seven years after the generating capacity was installed, for  
17 generating capacity installed on or after April 1, 2030 and before April 1, 2037.

18           (g) The commission shall adopt regulations to implement this section that, at a  
19 minimum, establish standards and procedures for calculating a load-serving entity's  
20 revenue losses eligible for recovery under (d) of this section.

21           (h) The commission may not adopt a regulation that limits participation in a  
22 load-serving entity's net metering service based on the total capacity of generation  
23 systems used by consumer-generators participating in the service. This subsection  
24 does not limit the authority of an electric reliability organization or the commission  
25 under AS 42.05.760 - 42.05.790.

26           (i) This section applies only to load-serving entities that are served by an  
27 electric reliability organization and have total retail sales exceeding 5,000,000  
28 kilowatt-hours during a calendar year.

29           (j) In this section,

30                   (1) "consumer" means a customer of a load-serving entity who  
31 consumes electricity purchased from the load-serving entity;

1 (2) "consumer-generator" means a consumer who generates electric  
2 energy

3 (A) on premises owned by, leased by, rented to, or licensed to  
4 the consumer at a location where a load-serving entity provides service;

5 (B) through a generation system

6 (i) with a capacity of 25 kilowatts or less;

7 (ii) that produces the electric energy from solar  
8 photovoltaic and solar thermal energy, wind energy, biomass energy,  
9 hydroelectric energy, geothermal energy, hydrokinetic energy, ocean  
10 thermal energy, or other renewable energy source that has a similar  
11 environmental impact; and

12 (iii) that is interconnected and operates in parallel with  
13 the load-serving entity; and

14 (C) that offsets part or all the consumer's own electrical use;

15 (3) "electric reliability organization" has the meaning given in  
16 AS 42.05.790;

17 (4) "load-serving entity" has the meaning given in AS 42.05.790.

18 \* **Sec. 4.** AS 42.45 is amended by adding a new section to read:

19 **Sec. 42.45.015. Net metering reimbursement fund.** (a) The net metering  
20 reimbursement fund is established as a separate fund. The fund consists of

21 (1) money appropriated to the fund by the legislature;

22 (2) gifts, bequests, contributions from other sources, and federal  
23 money; and

24 (3) interest earned on the fund balance.

25 (b) The authority shall administer the fund and serve as the fiduciary of the  
26 fund under AS 37.10.071.

27 (c) Subject to appropriation, the authority may make payments from the fund  
28 to a load-serving entity eligible for recoverable costs under AS 42.05.395 and  
29 implement regulations adopted by the Regulatory Commission of Alaska.

30 (d) Nothing in this section creates a dedicated fund.

31 \* **Sec. 5.** AS 42.05.395 and AS 42.45.015 are repealed April 1, 2044.

- 1 \* **Sec. 6.** Section 2 of this Act takes effect April 1, 2044.
- 2 \* **Sec. 7.** Except as provided in sec 6 of this Act, this Act takes effect April 1, 2027.