

Arizona commission overhauls rules for net metering, distributed generation

New DG rates will take into account wholesale rates

12/30/2016 by Wayne Barber

The Arizona Corporation Commission (ACC) voted 4 to 1 on Dec. 21 to restructure how distributed generation (DG) is compensated and paid for in Arizona.

The commission said in a news release that the move to replace net metering is laying the foundation to invigorate renewable energy technologies while providing equity to all customers.

The decision comes after a three-year investigation into the value and cost of solar which included input from a broad coalition of solar, utility, consumer advocates and customers.

Under net metering policy adopted in 2009, customers were given full retail credit for the power they generate and can sell back the excess at wholesale. Those rules will be grandfathered for the existing customers.

The new methodologies will take into account wholesale rates which reflect what utilities pay for solar energy from large plants. Both methods will be established in rate cases and updated annually and promote a gradual change in export rate not to change more than 10% from year to year.

Customers with DG systems that are subject to the new DG export rate will have that rate locked in for 10 years. Further, the order permits persons who purchase a home with a DG system subject to the 10-year rate to “inherit” the remaining years of that locked in rate.

“Existing solar customers can rest assured that their investment is safe,” said Commissioner Andy Tobin. “Our decision recognizes those customers while taking the next step by determining rates which take into account advancements in solar and other renewable technology which helps us push forward proactively,” Tobin said.

Commissioner Bob Burns dissented from the decision. “In my view, this decision did not get to where I needed it to be in order to support it. Future solar customers should have their solar export rate grandfathered for 20 years, not 10 years, just like what was approved for existing customers,” Burns said.

The entire Value for Solar docket can be viewed at azcc.gov and clicking on eDocket. The docket number is E-00000J-14-0023.

ABOUT THE AUTHOR

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