



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item Number: 4.B

Title:

Recommendation to Approve an Ordinance Replacing Existing City Code 13.08.320 titled “Renewable Generation Energy Purchase Policy” with a new “Customer Self-Generation Net Metering Policy” in Accordance with the Newly Enacted State of Illinois “Climate and Equitable Jobs Act”

Presenter:

Paul Hopkins

Meeting: Government Services Committee

Date: February 28, 2022

Proposed Cost: \$-0-

Budgeted Amount: \$-0-

Not Budgeted:

Executive Summary *(if not budgeted please explain):*

The new Illinois Climate and Equitable Jobs Act requires Co-Op and Municipal Electric Utilities to have their municipal codes written or adjusted to comply with the Act’s requirements. Pertinent portions of the Act address customer rights to install renewable energy generation, such as solar-voltaic systems; capacity limitations of such installations; equitable compensation for a customer’s excess energy produced which is returned to the customer’s serving utility distribution grid; permitting processes; fee structures; and real and potential effects of such installations on utility distribution systems. The Act also requires Co-Op and Municipal Electric Utilities to be completely in compliance by March 14, 2022, which is 180 days from the effective date of the Act. The attached Net Metering Policy is specific to St. Charles and meets all requirements of the new law.

Attachments *(please list):*

*Proposed Customer Self-Generation Net Metering Policy

Recommendation/Suggested Action *(briefly explain):*

Recommendation to approve an Ordinance Replacing Existing City Code 13.08.320 titled “Renewable Generation Energy Purchase Policy” with a new “Customer Self-Generation Net Metering Policy” in Accordance with the Newly Enacted State of Illinois “Climate and Equitable Jobs Act”.

City of St. Charles, Illinois
Ordinance No. _____

**An Ordinance Amending Title 13 “Public Utilities,”
Chapter 13.08 “Electricity,” Section 13.08.320, “Renewable Generation
Energy Purchase Policy” of the St. Charles Municipal Code**

WHEREAS, the new Illinois “Climate and Equitable Jobs Act” requires Co-Op and Municipal Electric Utilities to have their Municipal Codes written or adjusted to comply with the Act’s requirements;

WHEREAS, pertinent portions of the Act address customer rights to install renewable energy generation, such as solar-voltaic systems; capacity limitations of such installations; equitable compensation for a customer’s excess energy produced which is returned to the customer’s serving utility distribution grid; permitting processes; fee structures; and real and potential effects of such installations on utility distribution systems;

WHEREAS, the Act also requires Co-Op and Municipal Electric Utilities to be completely in compliance by March 14, 2022, which is 180 days from the effective date of the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ST. CHARLES, KANE AND DUPAGE COUNTIES, ILLINOIS, AS FOLLOWS:

SECTION ONE: That Title 13, “Public Utilities,”; Chapter 13.08 “Electricity,”; Section 13.08.320, “Renewable Generation Energy Purchase Policy,” of the St. Charles Municipal Code, be and is hereby amended by deleting the same and substituting the following therefore:

13.08.320 Customer Self-Generation Net Metering Policy 2022

Section 1: St. Charles Municipal Electric Utility (SCMEU) shall make available, upon request, net metering service to any customer taking service from SCMEU and who meets the requirements set forth in this policy. For purposes of this policy “net metering” means service to an electric customer under which electric energy generated by that electric customer from an eligible on-site generating facility owned by that customer and, under some circumstances, delivered to SCMEU electric distribution facilities, may be used to offset electric energy provided by SCMEU to the electric customer as provided for in this policy. The term “net metering” is not used as a limiting term, but rather is used in its general sense to include the full range of methods for valuing customer self-generation and implementing fair credits for excess energy delivered to the SCMEU distribution system by the customer. For multi-unit residential and commercial buildings, if all units are on the same account it qualifies as a single customer for purposes of this policy. If individual units are separately metered and individual tenants have individual accounts, then the term “customer” only refers to the building owner and any usage by the owner. SCMEU cannot be responsible to allocate

renewable generation facilities to individual accounts in a multi-unit residential or commercial building. Before the project starts construction, the customer must complete the attached application form and receive approval from the Public Works Manager of Electric Services. The customer's solar system provider or installation contractor must complete and deliver the attached Certification of Completion to the Public Works Manager of Electric Services before the installation can be placed in service.

Section 2: For purposes of this policy, an eligible on-site generating facility shall be defined as a renewable energy generating facility, such as photovoltaic facilities and small wind turbines, and may include technology to store renewable energy at the customer's premises. Other forms of renewable generation shall be considered on a case-by-case basis. In all cases, facilities interconnected must be deemed by SCMEU to be renewable to qualify for this policy.

Section 3: The electric generating facility must also abide by SCMEU's Interconnection Standards (13.08.315) that are currently in place at the time of installation in order to be an eligible on-site generating facility.

Section 4: Subject to the limitations set forth herein, SCMEU shall make net metering service available upon request to any SCMEU residential or small commercial electric customer with an eligible on-site generating facility owned by the customer. The determination whether a customer is a residential or small commercial customer is based on the City of St. Charles rate classification under which the customer takes electric service and qualifies for, which is Rate 1 for residential and Rate 3 for small commercial. The eligible on-site generating facility shall be located on the customer's premises on the customer's side of the billing meter, connected through a branch circuit breaker located in the customer's MCB main distribution panel, and be sized to primarily produce only enough electricity to offset the customer's own electrical requirements. Proper sizing of eligible on-site generating facilities shall be determined as set forth in Section 13 below.

Section 5: Any request for net metering service by a customer that is not a residential or small commercial customer shall be considered on a case by case basis. The decision with respect to such facilities shall be made by the Public Works Manager of Electric Services based on potential impacts to the distribution system, or portions thereof, as well as to the property of other customers of SCMEU. Customers that do not qualify for net metering service under this Policy shall be permitted to interconnect and self-generate as required by, and in accordance with, the Federal Energy Regulatory Commission's rules under the Public Utility Regulatory Policies Act (PURPA) on a case by case basis.

Section 6: Notwithstanding the provisions in Section 4, SCMEU reserves the authority to withhold, deny or delay approval of the interconnection of proposed on-site generating facilities and of net metering service hereunder if the operation of the facility would be unsafe, or pose a risk of adverse impacts to the distribution system or portions thereof, or to the property of other customers of SCMEU. SCMEU shall withhold approval for only so long as is reasonably necessary to remedy the risk of adverse impact. SCMEU shall only deny approval if the adverse impact cannot reasonably be remedied, or if the customer refuses to meet all applicable State and local safety and electrical code requirements, or refuses to provide for payment of the costs of the improvements to the facility or the system that are required to accommodate the otherwise eligible on-site generating facility. SCMEU shall not be required to make unscheduled improvements to its distribution system or portions thereof to remedy the situation causing the delayed or withheld approval unless the customer agrees to pay for the reasonable costs thereof. Likewise, SCMEU may require a customer with an approved on-site generating facility that has been installed and begun to operate to suspend operations of the facility if it becomes unsafe, or causes adverse impacts to the distribution system or

portions thereof, or to the property of other customers of SCMEU, and such suspension shall be in place only so long as is reasonably necessary to remedy the adverse impact. SCMEU may require the customer to disconnect the on-site generating facility from the distribution system in dangerous or damaging situations.

Section 7: [This Section left blank intentionally.]

Section 8: (a) Energy generated by the customer-owned generator during the billing period may supply all or a portion of the energy required by the customer's load. The customer shall be credited for excess energy delivered by the customer to SCMEU at the meter from the approved on-site generating facility.

(b) Eligible on-site generating facilities that were approved and in service on or prior to the effective date of the 2022 revisions to this Policy, the following credit method shall be used to determine excess energy credit for a period of ten calendar years from the original installation in-service date:

All energy generated by the customer in excess of the energy required by the customer's loads are recorded on the SCMEU bi-directional meter for quarterly calendar periods and read at the beginning of the next sequential quarter. Credits for energy delivered to the SCMEU distribution system by the customer are calculated on SCMEU's previous calendar year's average cost of electricity and posted as a credit on the customer's next utility bill. Credits may be carried forward in accordance with paragraph (e) below.

(c) For eligible on-site generating facilities that were approved and in service on or after the effective date of the 2022 revisions to this Policy, the following credit method shall be used to determine excess energy credit:

All energy generated by the customer in excess of the energy required by the customer's loads are recorded on the SCMEU bi-directional meter for quarterly calendar periods and read at the beginning of the next sequential quarter. Credits for energy delivered to the SCMEU distribution system by the customer are calculated on a Fair Solar Credit as required by the 2021 Climate and Equitable Jobs Act and is described in detail in Section 12 of this policy. Credits will be posted as a credit on the customer's next utility bill. Credits may be carried forward in accordance with paragraph (e) below. Energy delivered by the utility to the customer at the meter, as reflected in the meter reading, shall be billed at the appropriate utility full retail energy rate and for any excess energy generated by the customer from an approved on-site generating facility and delivered by the customer to the utility at the meter, as reflected in the meter reading, a credit shall be created and applied to the customer's bill based upon the lesser of the full retail energy rate for the customer class and the avoided cost of energy. Avoided cost shall be determined as set forth in Section 12 below. SCMEU shall install an appropriate meter to measure both the energy delivered by the utility to the customer at the meter and the energy delivered by the customer to the utility at the meter from the approved on-site generating facility.

(d) Credits from electric energy delivered to the municipal distribution system by the customer shall be used to offset usage based electric energy (kWh) charges only. No such credits shall be applied to, and the customer shall remain responsible for, (i) taxes, fees, and other charges that would otherwise be applicable to the net amount of electric energy (kWh) purchased by the customer from (Utility) or consumed by the customer, and (ii) other charges to the customer under any other rules, regulations or rates that are not based on per kilowatt-hour (kWh) charges, including but not limited to, basic service charges, customer service charges, facilities charges, demand charges, kVAR

charges, transformation charges, taxes and assessments billed on other than kWh basis, rental fees, and late fees.

(e) SCMEU shall carry over any unused credits earned and apply those credits to subsequent billing periods to offset usage based electric energy (kWh) charges only for electric energy supplied to the customer by SCMEU until all credits are used or until the end of the annual period. The annual period shall end each year on April 30; however, for new net metering customers with generating facilities installed during an annual period, the annual period shall end on April 30 of the following year. At the end of the annual period or in the event that the customer terminates service at the service location with SCMEU prior to the end of annual period, any remaining credits in the customer's account shall expire and no credit or payment shall be due to the customer for such expired credits. In the event of termination of an account qualifying for net metering under this policy, any outstanding credits are surrendered. No credit or payment shall be due to the customer for such surrendered credits. Under no circumstance will credits for excess energy transfer to a new customer at the service location after the customer's service with the SCMEU terminates.

Section 9: Any costs SCMEU incurs associated with the interconnection of generating facilities by a customer, including but not limited to changes in metering (to include installation of a bi-directional meter), or other physical facilities, whether on the customer's premises or a reasonably necessary upgrade to the municipal distribution system or a portion thereof that is not on the customer's premises, shall be borne by the customer seeking to install or for whom the generating facility was installed; provided however that such costs shall be capped at \$1,500 to each qualifying customer interconnecting facilities of 10 kW or less. For those facilities greater than 10 kW that are deemed to qualify under this policy, all costs associated with the interconnection of the generating facility shall be borne by the customer seeking to install or for whom the generating facility was installed. Costs assessed under this Section shall be demonstrable and cost-based. Such costs shall not include or be based on reduced sales by or lost revenues to SCMEU associated with net metering service.

Section 10: [This Section left blank intentionally.]

Section 11: SCMEU shall develop such documents as needed to implement this policy and any customer applying for or taking service hereunder shall execute all appropriate documents.

Section 12: For approved on-site generating facilities that are placed in service after the effective date of the 2022 revisions to this Policy, Fair Solar Credit "avoided cost" shall be determined based on the sum of 1 and 2 below:

1. The rate in cents per kWh as published and approved annually by the governing body of SCMEU based on the calculations and recommendation from SCMEU's electric wholesale supplier. Such rate shall be approved annually in a public meeting. The rate shall take into consideration the following:
 - a. Historic real time pricing of prior calendar year of energy in the wholesale market as valued at the locational marginal pricing (LMP) for that location as defined by the appropriately located Regional Transmission Organization (RTO),
 - b. Solar-weighted LMP: The simple average of the LMP weighted using Solar Weighting. Solar weighting is the expected production of each hour of a typical solar installation as determined using the National Renewable Energy Laboratory (NREL) System Advisory Model (SAM) as may be amended from time to time,
 - c. Capacity value: Appropriate RTO capacity price with solar factors applied for average system peak times,

- d. Transmission Value: Appropriate RTO transmission cost recovery with solar factor applied for average peak times.
2. The rate in cents per kWh as calculated by SCMEU for the avoidance of distribution system losses.

Section 13: The maximum size in kilowatts AC of the eligible on-site generating facility for an individual customer service location in the rate categories identified in Section 4 shall be determined as follows:

The installation of a renewable generating facility under this Policy is intended to supply all or a portion of the customer's own usage of electricity. Therefore, in order to be approved, a renewable generating facility must be properly sized so as not to exceed the customer's expected annual usage based on the customer's current energy needs. It is also important to the customer that the generating facilities are properly sized because the credits under this Policy for excess energy delivered to the distribution system expire if not used within the time period established in this Policy. As part of the interconnection application, customer's energy usage will be analyzed using 36-months of historical energy usage (if available) in order to calculate the customer's expected annual usage. If a customer provides documentation specifying why the usage has increased over that time, such as home renovation/addition, installation of electric heating, or an electric vehicle charging station on the premises, then the previous 12-month period shall be used to determine the average for the expected annual usage. If the applicable months of data are not available for an individual customer, the average usage amounts by other similar customers of SCMEU, as determined by SCMEU, shall be used to set the expected annual usage. If facilities are allowed for customers in other rate classes, the right-sizing shall be determined on a case by case basis.

In addition to the foregoing historic usage, SCMEU shall consider potential adverse impacts to the distribution system and to other customers of SCMEU that will be caused by or expected to be caused by the installation of the new renewable generating facility at the particular customer service location as part of the interconnection application review. The maximum size of the eligible on-site generating facility for an individual customer service location shall be reduced below the expected annual usage of the customer to mitigate the potential adverse impacts to the distribution system or portions thereof and to the other customers of SCMEU unless the customer pays for any necessary upgrade to the system or portion thereof to avoid the potential adverse impact.

Section 14: [This Section left blank intentionally]

Section 15: SCMEU reserves the right to interpret, amend or rescind this policy. Nothing herein is intended to nor shall it create a right for a customer to rely on any particular netting or crediting methodology contained in the policy from time to time, and all rates for excess credits are subject to change in accordance with the laws of the State of Illinois governing municipalities.

Section 16: Citizen and customer concerns generally with this Net Metering Policy may be raised in the public comment portion of any open meeting of the governing body of SCMEU, which is the City of St. Charles, at any time and will be considered by the governing body in accordance with its normal processes. Individual customer complaints, disputes or concerns shall be raised in the first instance with the Public Works Manager of Electric Services. If the matter cannot be resolved at the utility staff level, this issue shall be reduced to writing and forwarded to the Director of Public Works who shall schedule a meeting in person, by telephone, or other communications media (i.e., Zoom call) with the customer. The customer may invite its contractor or other consultant to participate in the meeting. If the matter cannot be resolved at this stage, the process will escalate to the City Administrator. If this process fails to resolve the matter, the customer may appeal it to the

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circuit court and exercise whatever rights and remedies the customer may have in law or equity. This policy shall be posted on the (Utility) website along with appropriate contact information.

3. That after the adoption and approval hereof the Ordinance shall (i) be printed or published in book or pamphlet form, published by the authority of the Council, or (ii) within thirty (30) days after the adoption and approval hereof, be published in a newspaper published in and with a general circulation within the City of St. Charles.

PRESENTED to the City Council of the City of St. Charles, Illinois, this _ day of March 2022.

PASSED by the City Council of the City of St. Charles, Illinois, this _ day of March 2022.

APPROVED by the Mayor of the City of St. Charles, Illinois, this _ day of March 2022.

Lora A Vitek, Mayor

ATTEST:

Nancy Garrison, City Clerk

COUNCIL VOTE:

Ayes:

Nays:

Absent:

Abstain:

EXISTING ORDINANCE LANGUAGE**13.08.320 Renewable Generation Energy Purchase Policy**

St. Charles Municipal Electric Utility (SCMEU) shall make available, upon request, renewable generation energy purchase (RGEP) service to any customer taking service from SCMEU and who meets the requirements set forth in this policy. For purposes of this Section "RGEP" service means service to an electric customer under which electric energy generated by that electric customer from an eligible on-site renewable energy generating facility, owned by that customer and, under some circumstances delivered to the local distribution facilities, may be used to offset electric energy provided by the SCMEU to the electric customer as provided for in this policy. Such service shall be subject to the following provisions:

- A. For purposes of this policy an eligible on-site generating facility shall be defined as a renewable generating facility such as a photovoltaic facility or small wind turbines. Other forms of renewable generation, such as sources fueled by landfill methane, fuel cells, or micro turbines fueled by renewable fuels shall be considered on a case-by-case basis. In all cases facilities interconnected must be deemed to be renewable by SCMEU to qualify for this policy.
- B. The electric generating facility must also abide by SCMEU Interconnection Standards (13.08.315).
- C. Subject to the limitations set forth herein, SCMEU shall make RGEP service available upon request to any SCMEU electric customer with a qualifying generating facility of 10kW capacity or less.
- D. Any generating facility greater than 10kW but less than 1MW shall be considered on a case-by-case basis. The decision with respect to such facilities shall be made by SCMEU based upon its contractual obligations, system safety issues and other relevant information.
- E. Total RGEP capacity interconnected under this policy for the SCMEU system shall not exceed 2% of the system's peak, as it existed in the prior calendar year. In the event that the system peak is reduced such that the existing net capacity exceeds the 2% level, those existing RGEP customers shall be allowed to continue under this policy. However, no new interconnections will be allowed until such time as the system peak grows such that RGEP capacity is again no greater than 2% of the system's peak.
- F. Energy generated by the customer-owned generator will offset the energy required by the customer's load during the billing period. For any energy generated by the customer in excess of the energy required by the customer's loads for a given billing period a credit (as set forth in paragraph G. below) shall be carried forward to the customer's next billing period. In no case shall credits for excess energy be carried forward for a period greater than three billing periods. In the event of termination of an account qualifying for RGEP under this policy, any outstanding credits are surrendered. Under no circumstances will there be payments, or credit transfers for excess energy. Credits shall be for energy only; there is no credit for capacity (demand).
- G. Excess energy will be credited based on the wholesale cost SCMEU pays. For customers served under residential Rate 1, small general service Rate 3, and Governmental Outdoor Sports Lighting Rate 6, the credit will be determined by the average wholesale cost per kilowatt-hour paid by SCMEU to our energy supplier in the previous fiscal year. The credit for customers served under general service Rate 5 and Industrial Rate 7 will be the kilowatt-hour charge specified in the respective rates set forth in this Chapter for the month in which the credit is earned.
- H. Any costs SCMEU incurs associated with the RGEP program, including but not limited to changes in metering, other physical facilities or billing-related costs, shall be borne by the participants in the RGEP program.