



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item number: 6.a

Title:

Recommendation to Update Title 13 “Public Utilities”, Chapter 13.08 “Electricity”, Section 13.08.320 “Renewable generation energy purchase policy”

Presenter:

Paul Hopkins

Meeting: Government Services Committee

Date: February 24, 2020

Proposed Cost: \$0

Budgeted Amount: \$

Not Budgeted:

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

The City’s ordinance related to renewable energy generation requires updating. The updates include removing a cap on renewable installations, limiting the design of installations to 100% of the energy needs of the customer, and prohibiting leases or Power Purchase Agreements.

The original ordinance limited installations to 2% of the City’s total load. This was an arbitrary number that is not prudent.

It is important to limit the size of individual installations to not exceed the expected annual production, to keep multiple oversized concentrated installations from overloading the existing electric grid.

It is also important that leases or Power Purchase Agreements (PPA’s) be specifically disallowed as such violates the state statute giving the City the unique right to serve the customers within our City limits. By federal law, customers are allowed to self-generate, but in a municipal utility, such generation must be customer owned and not a third party power sales to our customers.

Attachments *(please list):*

* Ordinance with proposed changes *Ordinance

Recommendation/Suggested Action *(briefly explain):*

Recommendation to approve updates to Title 13 “Public Utilities”, Chapter 13.08 “Electricity”, Section 13.08.320 “Renewable generation energy purchase policy” of the City Ordinance.

Public Works Department Recommended Ordinance Revisions to Title 13 “Public Utilities”, Chapter 13.08 “Electricity”, Section 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. Leases or Power Purchase Agreements (PPA’s) for generation that are not owned by the customer are specifically prohibited as such violate the State Statute that gives the City the unique right to serve the customers within our service territory. 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. Customer-owned generation shall be designed for annual production to be no more than 100% of the annual energy needs of the premise. 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.

City of St. Charles, Illinois
Ordinance No. 2020-M- _____

**An Ordinance Amending Title 13 “Public Utilities”, Chapter
13.08 “Electricity”, Section 13.08.320 “Renewable generation energy purchase
policy”**

**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 removing and adding in its entirety:

Chapter 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. Leases or Power Purchase Agreements (PPA’s) for generation that are not owned by the customer are specifically prohibited as such violate the State Statute that gives the City the unique right to serve the customers within our service territory. 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. Customer-owned generation shall be designed for annual production to be no more than 100% of the annual energy needs of the premise.
- 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.

SECTION TWO: That, after the adoption and approval hereof, this Ordinance shall (i) be printed or published in book or pamphlet form, published by the authority of the City Council of the City of St. Charles, 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.

SECTION THREE: This Ordinance shall be in full force and effect ten (10) days from and after its passage by a vote of the majority of the corporate authorities now holding office, approval and publication in the manner provided by law.

PRESENTED to the City Council of the City of St. Charles, Illinois, this ____ day of _____, 2020.

PASSED by the City Council of the City of St. Charles, Illinois this ____ day of _____, 2020.

APPROVED by the Mayor of the City of St. Charles, Illinois, this ____ day of _____, 2020.

Raymond P. Rogina, Mayor

ATTEST:

City Clerk

COUNCIL VOTE:

Ayes : _____

Nays : _____

Absent : _____