



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown

FROM: Erin Erben, Power & Strategic Planning Manager; Mark Freeman, Energy Management & Customer Service Manager; Dan Morehouse, Energy Management Program Supervisor; Adam Rue, Energy Resource Analyst

DATE: August 4, 2015

SUBJECT: 2016 Customer Generation Rates

OBJECTIVE: Board Action - Approval of Resolution No. 1519

Issue Statement

EWEB's Customer Generation Policy establishes requirements for interconnecting customer-owned generation to EWEB's electric system and sets rates for the purchase of generation from those systems. The Policy specifies the Rate Schedules are subject to annual review and may be adjusted or amended at the discretion of the Board. This memo describes the recommendations for customer-owned generation rates for 2016.

Background

EWEB sets its Customer Generation Rates at its "avoided cost", or the rate that will hold other utility customers harmless. To determine the avoided cost for use in customer generation rates, EWEB uses the forward year ICE Mid-C price index to set the rate. The Customer Generation Policy (EWEB Electric Customer Services Policies and Procedures E-VI) provides rate schedules for purchasing electricity from three different renewable customer-generation configurations.

The **Renewable Net Metered Rate** is designed for customers with installed capacity less than or equal to 25kW who generate surplus renewable electricity when their building is not consuming the electricity, thereby sending power back to EWEB. The value of this power to EWEB is based on a one year power value, scaled up for transmission and distribution losses. No Renewable Energy Certificate (REC) value is considered in establishing the rate. The customer cannot sell the RECs to a third party, but retains the right to the RECs under the net metered program option.

The **Annual Renewable Generation Purchase Rate** is designed for customers with distributed generation systems with installed capacity of 25kW and larger, but less than 200kW, who elect to sell the generation power from their system, in addition to the associated RECs, to EWEB. The one-year rate is also for customers who have existing power purchase contracts with EWEB that have expired. This rate includes the one-year power value, scaled up for transmission and distribution losses, and a one-year value of RECs.

The **Long-Term Renewable Generation Purchase Rate** was previously available for customers with new distributed generation projects with installed capacity larger than 25kW but less than 200kW who wished to sell all generated power to EWEB under a long-term (15-year) power purchase agreement in which EWEB purchases both the power and the RECs from the system for the duration of the contract. EWEB discontinued this rate in 2015.

Discussion

Staff has calculated the following renewable rate updates using the Board-approved avoided cost methodology:

<i>Program/ Characteristics</i>	<i>Renewable “Net Metered”</i>	<i>Annual Renewable Generation Purchase Rate</i>
Size	<25kW	25kW to <200kW
Type	Surplus above consumption	Generation Production Purchase
Losses Credited	✓	✓
Renewable Energy Certificate (REC)	∅	✓
Rate Dynamics	Annual	Annual
2014 Rate	\$0.0375/kWh	\$0.0383/kWh
2015 Rate	\$0.0416/kWh	\$0.0436/kWh
2016 Rate	\$0.0311/kWh	\$0.0319/kWh
Change	-25.3%	-27.0%

The avoided costs methodology is based on market power prices that reflects the solar generation profile, i.e. weighted towards on peak hours and summer season. In addition it also takes into account the generation of power within EWEB’s system, i.e. reduction of transmission and distribution costs.

Recommendation

EWEB management recommends the update of the Renewable Net Metered and Annual Renewable Generation Purchase Rate as described in Resolution No. 1519.

Requested Board Motion/Action

A Motion is set forth to approve resolution 1519 updating EWEB Electric Policies & Procedures E-VI with new customer generation rates, effective January 1, 2016.

Attachments:

- Resolution No. 1519

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION NO. 1519**

**Customer Generation Rates Revision
AUGUST 2015**

WHEREAS, Oregon Senate Bill 84 regarding net metering. (ORS 757.300 (1) states “An electric utility may value the excess kilowatt-hours at the avoided cost of the utility, as determined by the commission or the appropriate governing body.”); and

WHEREAS, in response, EWEB has developed a Customer Generation Policy to support the installation of electric generation systems by customers within the utility’s service area; and

WHEREAS, EWEB’s Customer Generation Policy includes rate schedules for the purchase by EWEB of the electric output from customer-generation installations at established per kilowatt-hour rates; and

WHEREAS, such purchase rates are not affiliated with nor do they otherwise affect rates charged for electricity supplied to customers by EWEB for normal distribution service; and

WHEREAS, the Board has reviewed background concerning EWEB’s Customer Generation Policy parameters and proposed rates for said power purchases from qualifying customer installations for consideration and approval on its August 4, 2015 Consent Calendar.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that:

1. The Board hereby grants approval to the 2016 Customer Generation Policy and Rate Schedule which will be reflected in updated Policies & Procedures, section E-VI: and
2. Grants the General Manager or his designees the continuing authority to enter into Standard Offer contracts for the purchase of customer-generation system output at the established purchase rates, as may be generally amended from time to time.

DATED this 4th day of August 2015.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, TARYN M JOHNSON, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its August 4, 2015 Regular Board Meeting.

Assistant Secretary