



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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

FROM: Erin Erben, Power & Strategic Planning Manager; Mark Freeman, Energy Management & Customer Service Manager; Catherine Gray, Energy Resource Analyst II; Adam Rue, Senior Energy Resource Analyst

DATE: August 2, 2016

SUBJECT: 2017 Customer Generation Prices

OBJECTIVE: Board Action - Approval of Resolution No. 1621

Issue Statement

EWEB's Customer Generation Policy establishes requirements for interconnecting customer-owned generation to EWEB's electric system and sets prices for the purchase of generation from those systems.

The Policy specifies the Price 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 prices for 2017.

Background

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

The **Renewable Net Metered Price** 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 price and the customer retains the right to the RECs under the net metered program option.

The **Annual Renewable Generation Purchase Price** 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 price is also for customers who previously had existing power purchase contracts with EWEB that have expired. This price includes the one-year power value, scaled up for transmission and distribution losses, and a one-year value of RECs.

Discussion

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

Program/Characteristics	Renewable Net Metered	Annual Renewable Generation
Size	<25kW	25kW to < 200kW
Type	Surplus Above Consumption	Generation Production Purchase
Losses Credited	Yes	Yes
Renewable Energy Certificate (REC)	No	Yes
2014 Price	\$0.0375/kWh	\$0.0383/kWh
2015 Price	\$0.0416/kWh	\$0.0436/kWh
2016 Price	\$0.0311/kWh	\$0.0319/kWh
2017 Price	\$0.0276/kWh	\$0.0280/kWh
Change	-11.3%	-12.2%

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 Price as described in Resolution No. 1621.

Requested Board Motion/Action

A Motion is set forth to approve Resolution No. 1621 updating EWEB Electric Policies & Procedures E-VI with new customer generation prices, effective January 1, 2017.

Attachments:

- Resolution No. 1621

RESOLUTION NO. 1621

AUGUST 2016

**EUGENE WATER & ELECTRIC BOARD
CUSTOMER GENERATION PRICES**

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 price schedules for the purchase by EWEB of the electric output from customer-generation installations at established per kilowatt-hour prices; and

WHEREAS, such purchase prices are not affiliated with nor do they otherwise affect prices 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 prices for said power purchases from qualifying customer installations for consideration and approval at its August 2, 2016 Board Meeting.

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

1. The Board hereby grants approval to the 2017 Customer Generation Policy and Price 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 prices, as may be generally amended from time to time.

DATED this 2nd day of August 2016.

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

President

I, ANNE M KAH, 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 2, 2016 Regular Board Meeting.

Assistant Secretary