



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

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

FROM: Mike McCann, Interim Chief Energy Officer; Greg Brownell, Portfolio Management & Pricing Supervisor; Dan Morehouse, Customer Solutions Supervisor; Catherine Gray, Senior Energy Resource Analyst

DATE: July 21, 2017

SUBJECT: 2018 Customer Generation Prices

OBJECTIVE: Board Action - Approval of Resolution No. 1720

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 2018.

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 Intercontinental Exchange (ICE) Mid-Columbia (Mid-C) forward prices to set the rate. The Customer Generation Policy (EWEB Electric Customer Services Policies and Procedures E-VI) provides rate schedules for purchasing electricity from two 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. At the end of each monthly meter reading cycle, excess energy generated shall be credited at the Renewable Net Metered Rate. The rate for the excess energy is based on a one year power value, scaled up for transmission and distribution losses. The customer retains the right to Renewable Energy Credits (RECs) if applicable.

The **Annual Renewable Generation Purchase Rate** is designed for customers with generation systems greater than 25kW and less than 200kW, who elect to sell available power and RECs from their system, to EWEB. The rate is available to customers with new or existing distributed generation. This rate includes the one-year forward Mid-C price, scaled up for transmission and distribution losses, and a one-year value of RECs.

Discussion

Staff has calculated the following renewable rate 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 Rate	\$0.0375/kWh	\$0.0383/kWh
2015 Rate	\$0.0416/kWh	\$0.0436/kWh
2016 Rate	\$0.0311/kWh	\$0.0319/kWh
2017 Rate	\$0.0276/kWh	\$0.0280/kWh
2018 Rate	\$0.0255/kWh	\$0.0269/kWh
Change	-7.4%	-4.0%

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. 1720.

Requested Board Action

Approval requested to approve Resolution No. 1720 to update EWEB Electric Policies & Procedures E-VI with new customer generation rates, effective January 1, 2018.

Attachment:

Resolution No. 1720

RESOLUTION NO. 1720

AUGUST 2017

**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 1, 2017 Board Meeting.

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

1. The Board hereby grants approval to the 2018 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 1st day of August 2017.

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 1, 2017 Regular Board Meeting.

Assistant Secretary