



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson  
FROM: Susan Ackerman, Chief Energy Officer; Greg Brownell, Power Planning Supervisor  
DATE: August 7, 2018  
SUBJECT: 2019 Customer Generation Rates  
OBJECTIVE: Board Action – Approval of Resolution No. 1822

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## **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 that generation. The Policy specifies that the rate schedules are subject to annual review and may be adjusted or amended at the discretion of the Board. This memo describes the annual review of the customer-owned generation rates for 2019.

## **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. EWEB's Power Purchase Rate Schedules provide rates 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 energy value, based on the avoided cost to EWEB and scaled up to account for transmission and distribution loss reductions resulting from customer generation resources. 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 energy and RECs from their system to EWEB. The rate is available to customers with new or existing distributed generation. This rate includes the same one-year energy value and scaling for transmission and distribution losses as the Renewable Net Metered, and the one-year value of RECs retained by EWEB.

**Discussion**

Staff calculated the following pricing update using the avoided cost methodology. The rates are set to the avoided generation, transmission, and distribution costs reflecting the solar generation profile (i.e. weighted towards on-peak hours and summer season), and the value of RECs. The table below shows rates from recent years. It is recommended that 2019 rates remain unchanged from the 2018 rates.

<b>Program/Characteristics</b>	<b>Renewable Net Metered</b>	<b>Annual Renewable Generation</b>
Size	≤25kW	>25kW to < 200kW
Type	Surplus Above Consumption	Generation Production Purchase
Losses Credited	Yes	Yes
Renewable Energy Certificate (REC)	No	Yes
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
2019 Rate	\$0.0255/kWh	\$0.0269/kWh
Change	0%	0%

**Recommendation**

EWEB management recommends no change to the Renewable Net Metered and Annual Renewable Generation Purchase Rate, as described in Resolution No. 1822.

**Requested Board Action**

EWEB management requests Board approval of Resolution No. 1822 setting the 2019 Customer Generation rates and to update the EWEB Customer Service Policy, Appendix B to include the rates.

**Attachments:**

Customer Service Policy, Appendix B, Section V. Power Purchase Rate Schedules  
Resolution No. 1822



**V. Power Purchase Rate Schedules  
(Customer Generation Systems Less than 200kW)**

The following Power Purchase Rate Schedules are available to EWEB Customers with CG Systems as applicable:

- Renewable Net-Metered Rate
- Annual Renewable Generation Purchase Rate

These Rate Schedules are subject to annual review and may be adjusted or amended at the discretion of the EWEB Board. Service under all Schedules is subject to EWEB Customer Services Policies and Procedures.

**1. Renewable Net-Metered Rate Schedule  
(For Generation Less than or Equal to 25 kW)**

a. Applicability

Renewable Net-metered Rates shall apply to a CG System interconnected in parallel to EWEB on the Customer's side of the meter and sized such that it primarily offsets the Customer's Load at the site.

Renewable Net-metered Rates are available only to a CG System with an installed output capacity less than or equal to 25 kW, that use solar power, wind power, fuel cells, hydroelectric power, landfill gas, digester gas, waste, dedicated energy crops available on a renewable basis, or low-emission, non-toxic biomass based on solid organic fuels from wood, forest, or field residues.

- b. A Customer who uses the net-metered approach shall be responsible to pay the monthly basic charge, demand charge, energy charge, distribution charge and reactive charge applicable to its rate class.
- c. At the end of each monthly meter reading cycle, excess energy generated by the CG System as measured by EWEB's billing meter shall be credited at the excess generation rate listed below. The resulting amount shall be credited to the Customer's EWEB bill in that same billing cycle.
- d. Renewable Net-metered Rate

Excess generation for CG Systems will be credited based on the following rate:



All kWh of excess generation. \$0.0255 per kWh  
(Resolution No. 1720)

**2. Annual Renewable Generation Purchase Rate Schedule  
(For Generation Greater than 25 kW and Less than 200 kW)**

a. Applicability

Rate schedule applies to residential, commercial, industrial and public agency Customers with EWEB approved Renewable Energy generation systems that are connected directly to the EWEB electric distribution system, that have an installed output capacity greater than 25 kW and less than 200 kW, and that use solar power, wind power, hydroelectric power, landfill gas, digester gas, waste, dedicated energy crops available on a renewable basis, or low-emission, non-toxic biomass based on solid organic fuels from wood, forest, or field residues.

Rate schedule applies to the purchase of electrical energy generated by Customer's Renewable Energy generation system. Purchase power rate shall be applied to short-term Standard Offer contracts for renewable electric generation systems connected to EWEB.

b. Annual Renewable Generation Rate

All purchased power \$0.0269 per kWh  
(Resolution No. 1720)

c. Energy delivered to the EWEB system will be credited to Owner's generation account monthly according to the Rate Schedule above. Payments for renewable electric generation credits will be issued once per year in December in the form of a check.

**RESOLUTION NO. 1822  
AUGUST 2018**

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

**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 rate schedules 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 purchases from qualifying customer installations for consideration and approval at its August 7, 2018 Board Meeting.

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

1. The Board hereby grants approval of the Customer Generation Rate Schedule which will be reflected in the updated Customer Service Policy, Appendix B: 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 rates, as may be generally amended from time to time.

DATED this 7<sup>st</sup> day of August 2018.

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

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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 7, 2018 Regular Board Meeting.

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Assistant Secretary