



## Legislation Text

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File #: 22-1467B, Version: 1

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### CITY COUNCIL AGENDA ITEM

#### **ACTION REQUESTED:**

Pass the ordinance approving a policy for interconnection and fair crediting of customer renewable self-generation and storage facilities and amending Sections 6-15 and 8-1 of the Naperville Municipal Code

**DEPARTMENT:** Electric Utility

**SUBMITTED BY:** Brian Groth, Director and Pat Lord, Senior Assistant City Attorney

#### **BOARD/COMMISSION REVIEW:**

PZC. On November 2, 2022 the City's Planning and Zoning Commission reviewed proposed text amendments to Chapter 15 of Title 6 of the City's Zoning Regulations pertaining to small wind and solar renewable energy systems to ensure that the provisions of Title 6 will not conflict with the proposed amendments to Title 8/Public Utilities pertaining to solar facilities, and recommended approval of those amendments to the City Council. PUAB. On November 10, 2022 the PUAB unanimously recommended approval of the proposed net metering Policy and text amendments. City Council. First reading held on December 6, 2022.

#### **BACKGROUND:**

The City's current Electric Utility net metering policy was implemented in 2009 and provides retail rate for energy sold back to the grid with the capacity of privately-owned solar installations limited to the lower of the average of the three previous years' peak demand or 10kW. This capacity limit was implemented to reduce the cost shift between those that have solar and those that do not. In September of 2021 the Illinois State Legislature enacted CEJA (an acronym for "Climate and Equitable Jobs Act"). CEJA is an extensive piece of legislation addressing many areas including provisions for customer self-generation of electricity intended primarily to offset the customer's own electrical requirements (self-supply customers) while balancing those rights against the rights of non-self-supply customers.

#### **DISCUSSION:**

In response to requests for revisions to the Utility's solar policies, in addition to the recent CEJA legislation, the Electric Utility, in conjunction with the City's Legal Department, is proposing a revised net metering policy ("**Policy**") and proposed text amendment to the City Code for self-supply customers.

If approved, it is planned that the revised Policy being proposed, along with corresponding text amendments to the City Code, will be implemented on April 1, 2023 in conjunction with the availability of software needed to make the transition, and will apply to current and new self-supply customers. However, because the required software may not be operational by April 1, 2023, the text

amendment and Policy now reflect that the implementation date may be delayed subject to approval by the City Manager. Self-supply customers will be required to enter into an interconnection agreement with DPU-E which will provide the structure and technical requirements for interconnection of privately-owned solar facilities to the City's electrical distribution facility, set forth each party's obligations, and establish requirements pertaining to right of access, inspection, insurance, liability, and termination.

Significant provisions in the proposed net metering Policy and text amendments will:

- Eliminate size restrictions on net metering solar arrays in the City of Naperville primarily intended to offset the customer's own electrical requirements on the premises on which the renewable energy facility is located, except that such arrays may not be 1MW or larger and shall be reasonably sized as determined by the Utility.
- Allow self-supply City Utility customers to be credited for each kilowatt hour of energy delivered to the Utility on a 1 kilowatt hour to 1 kilowatt hour basis to offset the electric utility component of their monthly City utility bill (not including other Electric Utility fees such as the Utility's meter fee and electric demand charge, and not including amounts due to other City utilities).
- Allow monthly accumulation of energy credits when a self-supply customer over-produces (i.e. generates more electricity than can be used to offset the electric utility component of their utility bill) which credits will expire on March 31st in any year. This will allow those who over-produce solar energy during the summer to offset their winter electric utility bills when solar traditionally produces less energy.
- Provide for self-supply customers to be paid for expired credits at the avoided cost rate (currently 4.3 cents per kWh) in April of each year. The avoided cost rate reflects the value to the Utility of energy and capacity provided by solar facilities on an intermittent and unpredictable basis as computed by the Utility's rate study consultant as part of its 2020 rate study.
- Reduce the cost shift between Utility self-supply customers and Utility customers who do not participate in self-supply.
- Require self-supply customers to enter into an interconnection agreement with the Utility setting forth the rights and obligations of the Utility and the self-supply customer.
- Explicitly allow customers who desire to enter into a lease agreement for a solar array installation to do so provided that the lease is based on a monthly fee and not a per kWh charge. This will allow the Utility to preserve its legal right to exclusively serve its customers.

Those customers with renewable energy systems that under-supply, or who produce the equivalent amount of energy compared to their monthly electric consumption, are not expected to see a change to their utility bills. Only customers who over-supply (or produce more energy than their monthly consumption), will see a difference. Under the text amendments proposed, over-supplying Electric Utility customers will carry their excess credits over for future usage as needed and will also be paid for any unused "expired" excess credits in April of each year at a rate established pursuant to a rate study performed by the City's consultant (which is currently \$.043 per kWh). Excess energy credits

will no longer be used to offset monthly Electric Utility service charges or other parts of the customer's utility bill. [As an example: an over-supplying City Utility customer who consumes 844kWh per month with a 27kW solar system (supplying 2,995 kWh/month) will no longer receive an approximately \$212.87 credit each month as a set-off against their \$16 monthly electric service fee and other components of the City's utility bill. Instead, that customer will pay the \$16 per month electric service fee and the excess credits will roll over each month to be used by the customer as needed, and the customer will be paid \$.043 per kilowatt in April of each year for any unused excess energy credits, or in this example approximately \$1,110.]

The City Council held the first reading of this ordinance on December 6, 2022.

**FISCAL IMPACT:**

It is anticipated that the Electric Utility will pay current solar self-supply customers who over-supply energy to the Utility's electric grid approximately \$9,000 in total for unused expired excess energy credits each year. This will be offset by a reduction in energy purchased from IMEA.