

# DEMEC



Delaware Municipal Electric Corporation



# Net-Metering Policy Update

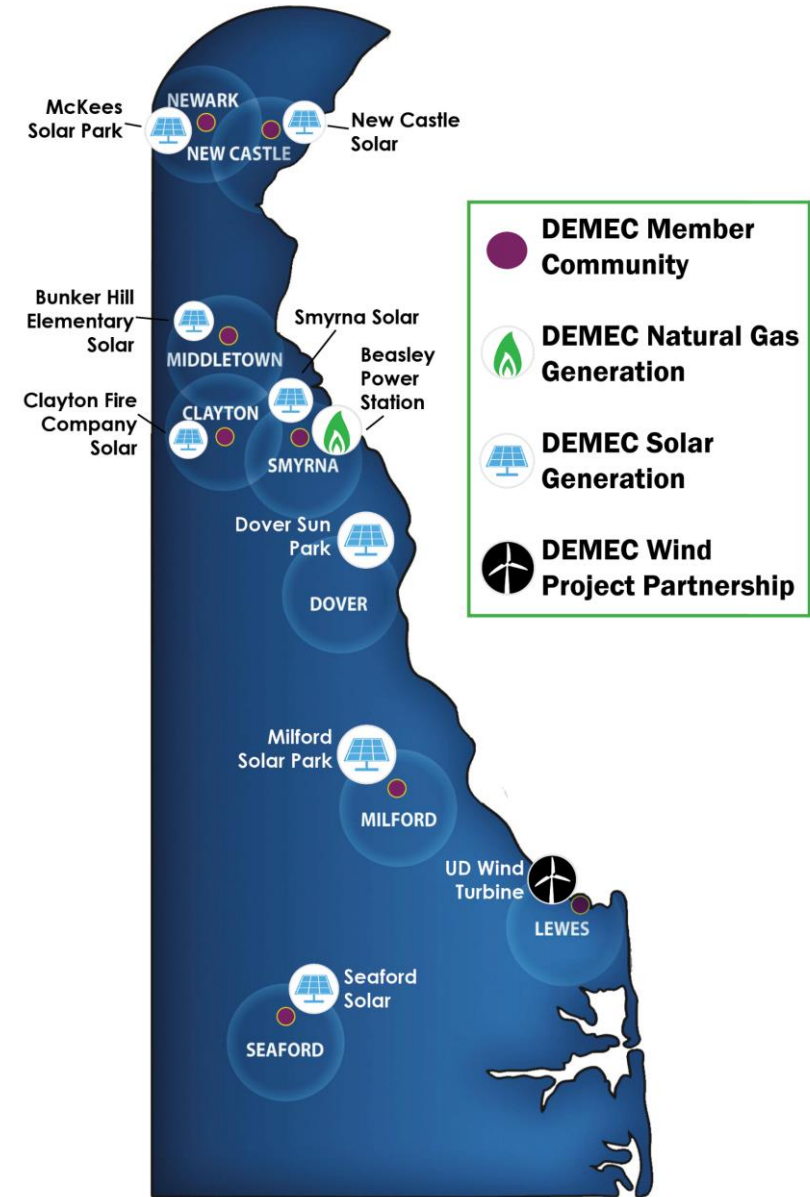
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# Discussion Points

1. Member-Requested Net-Metering Changes
2. Updates to Delaware State Code on Net-Metering (SB 298)
3. Recommended Best Practices
4. Implementation Lessons Learned



# Net-Metering Policy History

- **2007** – State legislation passed that **included municipal electric utilities into net-metering policy** requirements
  - Designed to meet only existing customer demand with unused credits reverting back to the utility after a 12-month period
  - DE Energy Office was supposed to establish rules to allow DEC and munis a way to assess net-metering customers a fee for direct costs to avoid allocating costs across the entire customer base
  - Net-metering cap was set to 1%
- **2009** – net metering legislation removed excess credits going back to the utility and customers could ask for monetary credit at the end of the year
  - Net-metering cap increased to 5%
- **2010** – net-metering legislation allowed for aggregating individual meters to allocate credits toward accounts that are not the host of the energy generating facility
- **DEMEC noticed technical corrections** that needed to be made to net-metering as the new policies were implemented
  - Former Senator McDowell (*Chaired both the Senate Energy and Joint Finance Committees*) would not bring DEMEC legislation forward
    - He did not feel there was an immediate issue to fix, and it was too soon to introduce new net-metering legislation
- **2022 - DEMEC introduced technical corrections** to Senator Hansen (*current Chair of the Senate Energy Committee*) and after a year-long discussion with the Energy Stakeholder Panel, SB 298 passed and was signed into law
  - The legislation included **getting all four of DEMEC's member-requested changes addressed** among a few items the solar/environmental community requested
  - Allowed for growth of customer-sited solar generation while mitigating reliability and cost impact concerns of the utilities

# Member-Requested Net-Metering Changes

## 1. Remove utility payment to customers for over-production from over-sized solar facilities

- Customers only receive credit for 100% of their annual usage and are not incentivized to over-size
- Removes concern of abandoned properties
- Utility still credits net metering customers month to month in kWh – acting like a battery – until the end of an annualized billing period where excess credits revert to the utility

## 2. Eliminate carryover of monetary credits year to year

- Avoid the utility acting as a savings account that can be called upon at any time (*municipal budget liability*)

## 3. Developer/customer pays for the meter instead of the utility

- Similar to other meter requests from developers
- Avoids one-off purchases that the utility cannot plan for in advance
- Customers will pay up to \$200 for residential and full cost for non-residential systems

## 4. Enhance utility access to solar facility data

- Includes reliability in reasons for access to help the utility forecast and plan for customer energy load requirements

**DEMEC was successful in accomplishing all four of our members' requested net-metering changes.**

# Updates to Delaware State Code on Net-Metering

## SB 298 impact to DEMEC Member Electric Utilities:

### 1. Over-production of on-site solar generation

- At the end of the annualized billing period, the utility **no longer reimburses or credits** net-metering customers for any Excess kWh Credits
- Should a net-metering customer abandon the property where the energy generating equipment is located:
  - The equipment may remain connected to the electric distribution system
    - Unless the equipment presents a risk to the safety and reliability of the electric distribution system

### 2. Customer banking credits year-to-year

- **Excess kWh Credits shall revert to the utility** at the end of the annualized billing period

### 3. Cost of the net meter

- **Non-residential customers are responsible for paying the reasonable cost** of any new, replacement, or modified meter(s)
- **Residential customers are responsible for paying no more than \$200** toward the reasonable cost of any new, replacement, or modified meter(s)
- Non-residential and residential customers shall not own the meter(s), which shall remain the property of the electric supplier

### 4. Meter data for utilities

- To maintain system **safety and reliability** (*not just accurate billing/crediting*)
- **Consent may be waived** by the customer (*instructed to place consent waiver into interconnection agreement*)



# Updates to Delaware State Code on Net-Metering (cont.)

## SB 298 impact to DEMEC Member Electric Utilities:

### 5. Waiver authority for larger solar capacity (farms)

- Municipal electric utility is responsible for reviewing/approving solar requests for **farms** larger than maximum capacity

### 6. Considerations granted to utility when reviewing applications

- Utilities can consider the **reliability, safety, and capacity of the electric distribution system** when reviewing interconnection applications and net-metering requests

### 7. Net-metering cap & calculation

- Net-metering cap **increased to 8%** (*expected to give 2-3 years for net-metering 2.0 discussions to occur*)
- Cap calculation is done the same way by all electric utilities in DE
  - Calculation for cap must be done in **megawatts (MW) of AC** (alternating current)
  - Denominator is determined by the **utility's average Delaware transmission peak for the preceding 3 years**
    - *DEMEC staff will continue to provide members with cap calculations and data on AC capacity with the 8% cap in mind*

# Recommended Best Practices



- **Annualized billing period that begins/ends in the spring**
  - Allows net-metering customers greater opportunity to use up their credits from the summer through the entire winter
  - Consistent with most electric utilities in DE (Coop, Newark, Middletown, Smyrna, and Lewes – DPL allows customers to choose their date)
- **Credit net-metering customers for the most recent annualized billing period (*legislation signed on July 2022*)**
  - If your annualized billing period is Jan. – Dec., your customers will have gone Jan. – July thinking that they were going to get a credit
- **Sending a letter to net-metering customers informing them of changes in future billing cycles**
  - Avoid surprising the customer at the end of the year by not paying out
  - Increased transparency – appreciated by customers
  - Offering a contact for customers to call with further questions that can explain the details

Members should work with their respective solicitors, councils/boards, and DEMEC staff to **update net-metering policies** to ensure both newly updated language and that which remained in state code are addressed. Members are encouraged to update their **interconnection agreements**, as well.

# Implementation Lessons Learned

## Delaware Electric Coop Letter

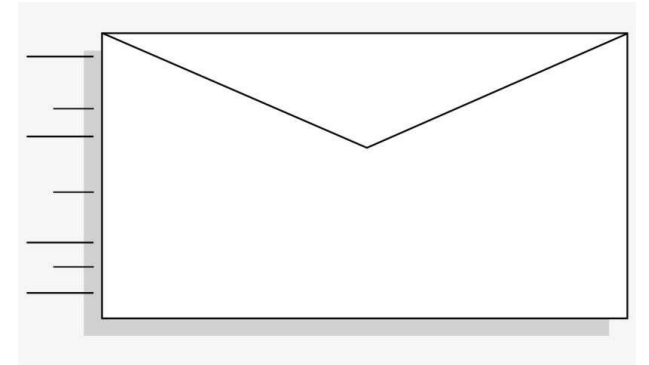
### Background

- DEC began implementing new policies relating to SB 298 (Aug 2022)
- DEC annualized billing period set to end in December
- DEC was not going to give final pay out of credits to customers
- Some farm customers that received large payouts were very upset and called their legislators

### Results

*After a lot of outcry from customers and their legislators, DEC:*

- Switched to an annualized period ending in March
- Decided to give billing credit to net-metering customers at the end of this year, but not going forward
- Working with individual farmers that were receiving large payouts (*may end up with a legislative amendment next session for farmers*)





# Suggested Language for Customers

## Key Points to Include in Customer Messaging:

- A few changes are being made to comply with new legislation that **encourages growth** of customer-sited renewable energy – such as solar
- This legislation also ensures that the **reliability and safety** of the electric system remains intact and that **all** customers do not pay for energy produced beyond an **individual** customer's usage
- **What is the impact to current net-metering customers?**
  - Net-metering customers can carryover excess energy credits month-to-month for 12 months **at full value** (*credit in kWh on next month's bill*)
  - Any excess credits left (**above 100%** of the customer's total energy usage) at the end of the annual billing period will **revert back** to the utility going forward
    - Net-metering customers **received final payout** for the annual billing period ending April 1, 2022 (*if your community ended the annual billing period already*)
    - Current unused credits as of December 31, 2022, will show as a **bill credit** on your January 2023 utility bill (*if the annualized billing period was Jan. – Dec. for your community*)
      - The annual billing period will now end in March (*first year will be Jan. 1, 2023 – March 31, 2024, after that it will be April 1 of the current year to March 31 of the following year*)
    - Net-metering credits usually add up during the summer months and get used the most during the winter months. Ending the annual billing period at the end of March **allows for more credits to be used** through the winter

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# Thank You!

If you have questions or need further information:

[PublicPowerDE.com](http://PublicPowerDE.com)

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