

Net Metering

On November 15, 2012, the KEA Board of Directors adopted a new Net Metering policy for KEA's Rules and Regulations for Electric Service. This new policy lays out the procedure for KEA members interested in connecting their own eligible generation system to KEA's electric power grid. These new regulations are written in accordance with the State of Alaska's net metering guidelines. ***As KEA primarily generates your electricity with renewable energy, very little if any credit will be applied to your electric account for excess energy you generate.***

What is Net Metering?

Every KEA member has an electric meter that records how much electricity they used. The amount of kilowatt-hours recorded on the meter determines how much the member's electric bill will be that month.

Similar to the term *net income*, the term *net metering* refers to how much electricity is made versus how much is consumed. If a member were to generate their own power, then they would have less demand for KEA's power. If that member were to generate more power than they needed, then that excess power would be added to KEA's electric grid.

How does Net-Metering work?

For members interested in participating in this program, a new kind of meter would be installed at their home or business that can record how much electricity was taken from KEA's power grid, minus how much electricity their personal generation system put back onto KEA's grid. At the end of each month, the meter is read to determine the net usage of electricity - whether that be from KEA to the member, or from the member to KEA.

If a personal generator cannot keep up with personal demand, then KEA's power is right there as always. And just as before, the meter would record how much electricity is used from KEA's power grid and the member would pay their bill according to their current rate schedule. On the other hand, if a personal generator made so much electricity that it exceeded the member's personal use, and then the net meter would record how much excess electricity was put back on KEA's grid so KEA can credit the member's account accordingly. The amount of buy-back credit is determined by KEA's *avoided energy cost*, which is how much money KEA saved by using the member-supplied energy.

What is Avoided Energy Cost?

Avoided energy cost is the purchase price that KEA can credit to a member's account when their personal generator supplies excess electricity back onto the grid. This purchase price is determined by KEA's diesel usage because that is the only energy alternative in which buying supplemental power from a member is cost-effective.

KEA has a responsibility to our entire Cooperative membership to provide the most cost-effective, reliable source of power available. When the most cost-effective option for supplying electricity is

purchasing power from a member's eligible generation system, KEA is pleased to have that option because it helps keep costs down for the benefit of all KEA members. However, when the most cost-effective option for supplying electricity is with KEA's own renewable energy systems, then it would be in the best interest of the entire Cooperative to utilize those resources first.

During the times when KEA relies on diesel-based generation to keep the lights on, the *avoided energy cost* goes up and the buy-back rate for a net meter goes up. If KEA is able to provide all of our members' electrical needs with renewable energy instead of diesel-power, the *avoided energy costs* drops to zero and the buy-back rate for a net meter drops to zero. It is important to keep in mind that as KEA continues to enhance our renewable energy portfolio, diesel usage is expected to decline. Therefore, the buy-back rate for net metering is also expected to decline.

How does KEA's renewable energy vision affect Avoided Energy Cost?

The KEA Board of Directors set a vision for KEA to *"Endeavor to produce 95% of energy sales with cost-effective renewable power solutions by the year 2020."*

KEA cautions the membership on purchasing and installing a renewable generation facility under the idea that the sale of their excess generation would create profit. If KEA's renewable wind and water portfolio provides all the electric energy needs for our community and diesel engines are only run for routine maintenance purposes, then the avoided energy cost is zero. At an avoided energy cost of zero, KEA cannot reasonably provide a financial benefit to a member selling unnecessary, excess generation to our power grid.

What is an Eligible Member Generation System?

An eligible member generation system is an electric generator no greater than 25 kilowatts in capacity that produces electricity from renewable energy sources. Examples of renewable energy sources include solar, wind, biomass, hydroelectric, geothermal, and ocean energies. The electric generator must be located on a current KEA member's premises, and its primary use must be to offset a portion (if not all) of that member's electricity requirements.

How can I apply to interconnect my Renewable Generation Facility to the KEA Grid?

If you wish to install and operate your own electrical generation facility and interconnect your system to the KEA electric power system, please call KEA Member Services at 486-7700 or come by KEA's downtown office anytime between 9 a.m. and 5 p.m., Monday through Friday to pick up an informational packet and application. After you have reviewed the information and returned a completed application to the KEA Member Services Department, KEA's Operations and Engineering Department will review your application and contact you to discuss your specific generation system interconnection plan.