

A BILL FOR AN ACT

To amend 37 PNCA, Public Utilities, to include a Palau Net Metering Act that will facilitate a system of customer based renewable energy generation to produce energy for the customer's own use, with excess electricity running to the provider, and for other related purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIII ERA KELULAU DO ENACT AS FOLLOWS:

1 **Section 1. General Purpose.**

2 This Act requires electric service providers to make a net metering program available
3 to customers by which customers may establish a renewable energy-powered customer
4 generation system to produce electricity for their own use and to supply excess electricity to
5 the electric service provider. The Act requires the electric service provider to offset charges
6 for electricity by the amount of electricity supplied by the customer from the customer
7 generation system and requires the electric service provider to give the customer credit for
8 electricity generated by the customer that exceeds the amount supplied by the electric service
9 provider. The Act requires the customer to meet certain safety requirements with respect to
10 the customer generating system. The Act prohibits the electric service provider from imposing
11 additional charges or fees to customers participating in a net metering program unless
12 specifically authorized herein.

13 **Section 2. Legislative Findings.**

14 The Legislature finds that allowing net energy metering for eligible customer-
15 generators is in the public interest in order to:

- 16 (a) Encourage investment in renewable energy resources;
- 17 (b) Stimulate economic growth;
- 18 (c) Reduce demand for electricity when alternative energy is available.
- 19 (d) Enhance the continued diversification of the energy resources used in Palau;
- 20 (e) Reduce fossil fuel imports for electricity generation and increase energy
21 independence; and
- 22 (f) Reduce carbon emissions and benefit Palau's environment.

1 **Section 3. Short Title.**

2 This Act shall be known as the “Palau Net Metering Act of 2009.”

3 **Section 4. Definitions.**

4 As used in this Act:

5 (a) "Net energy metering" means measuring the difference between the electricity
6 supplied to a customer through the electricity grid and the electricity generated by an eligible
7 customer-generator and fed back to the electric grid over a 12-month period. Net energy
8 metering shall be accomplished using a single meter or a set of meters capable of registering
9 the flow of electricity both into and out of the electricity grid from the customer's premises.

10 (b) "Net metering time period" is defined as the designated 12 month period during
11 which the PPUC measures the net amount of kilowatt-hours to be billed or credited at a
12 customer's premises. The time period is to be designated by the PPUC and shall be the same
13 for all customers.

14 (c) "Net-metering amount" is defined as the difference between the electrical energy
15 flowing from the PPUC grid into a customer's premises and the electrical energy flowing from
16 the customer's premises into the PPUC grid over a 12 month net metering time period.
17 According to the conditions that prevail at the premises, the net metering amount may
18 represent a net energy flow from the grid to the premises in which case a charge is made to
19 the customer for that energy or a net energy flow from the premises to the grid in which case
20 a credit is provided to the customer for that energy.

21 (d) "Average fuel cost for energy delivery" is defined as the average cost of the fuel
22 and lubricating oil used to generate one kilowatt-hour of electricity during the net metering
23 time period. That is determined by dividing the total cost of fuel and lubricating oil used by
24 the PPUC during the net metering time period by the total kilowatt-hours sold to all customers
25 during that same net metering time period. For customers who are classed as net metering
26 customers but who are not connected for net metering for a full 12 month net metering time
27 period, the average fuel cost for energy delivery for those customers shall be that of the 12
28 month net metering time period within which the partial year of connection falls.

1 (e) "Eligible customer-generator" means a residential, commercial, government or
2 industrial customer of the PPUC, who uses renewable energy sources for generation of
3 electricity that are connected to the PPUC grid and may at some time send electricity into the
4 PPUC grid.

5 (f) "Net metering system" means a facility for generation of electricity that:

6 (1) Is connected to the PPUC electric distribution system;

7 (2) Is intended primarily to offset the customer's own electricity requirements;

8 (3) Is located on the premises owned or operated by the customer; and

9 (4) Employs a renewable energy source as defined in subsection (h) of this
10 section.

11 (5) The facility is smaller than 5 kW maximum generation for a residential
12 installation unless a larger size is specially approved by the PPUC for connection.

13 (6) For a commercial or industrial installation, the facility cannot generate in
14 excess of the maximum kilowatt demand for the site unless a larger size is specially
15 approved by the PPUC for connection.

16 (g) "Renewable energy source" is specifically defined within this Act to include energy
17 derived from solar power, water power or wind power. Other forms of renewable energy may
18 be allowed by the PPUC on a case by case basis upon application by a customer, through
19 Executive Order or through amendment of this Act.

20 **Section 5. Metering.**

21 Consistent with the other provisions of this Act, electric energy measurement for net
22 metering systems shall be calculated in the following manner:

23 (a) The PPUC shall measure the net electricity produced or consumed during the
24 customer's billing period using multiple meters or a single meter designed for net metering
25 use;

26 (b) If the electricity supplied by the electric company exceeds the electricity generated
27 by the customer's renewable energy system that is fed into the electric distribution system
28 during the billing period then the customer shall be billed for the net electricity supplied by

1 the electric company, in accordance with normal metering practices;

2 (c) If electricity generated by the customer exceeds the electricity supplied by the
3 electric company:

4 (1) The customer shall be credited for the excess kilowatt-hours generated
5 during the billing, period, with this kilowatt-hour credit shown on the following
6 month's bill as an offset for kilowatt-hours supplied from the grid for that month;

7 (2) At the beginning of the 12 month time period designated for net metering
8 calculation, any remaining unused kilowatt-hour credit accumulated during the
9 previous year shall revert to the customer-generator in the form of monetary
10 compensation at the average fuel cost for the generation of the credited kilowatt-hours
11 during the time period designated for net metering calculation; and

12 (3) When a customer leaves the PPUC system, that customer's unused credits
13 for excess kilowatt-hours generated shall be paid to the customer at the rate required
14 above.

15 **Section 6. Implementation.** The PPUC:

16 (a) Shall develop a standard contract providing for net energy metering, and shall
17 make this contract available to eligible customer-generators, upon request;

18 (b) Shall prepare appropriate technical standards for grid connection of
19 renewable energy systems and shall inspect and provide a license for those
20 renewable energy installations that meet those technical standards and the other
21 provisions of this legislation. Issuance of a license will be solely to show that the
22 PPUC has approved the interconnection of the customer's renewable energy system
23 and the PPUC grid and will not in any way imply liability or approval by the PPUC
24 for any part of the renewable energy system, its design or its method of
25 implementation. Technical standards imposed will be based solely on those
26 necessary to ensure safety of PPUC personnel and for maintenance of PPUC power
27 quality. Standards and technical requirements shall be consistent with existing
28 technical practices for similar types of installations in the United States, Australia

1 or the European Union. The licensee will be required to inform the PPUC of any
2 proposed technical changes to the renewable energy system that affects either the
3 maximum power output or the components that provide the interconnection between
4 the renewable energy system and the PPUC grid and will, under the licensing
5 agreement, not make those changes without PPUC approval.

6 (c) Shall, at its own-expense; make available to each of its eligible customer
7 generators who have installed a net metering system the meter (or set of meters) that is needed
8 to determine the net flow of electricity both into and out of the electricity grid;

9 (d) Shall, at its own expense, annually inspect grid-connected renewable energy
10 installations to ensure that unauthorized changes have not been made and to ensure that the
11 grid interconnection arrangements remain adequate for maintaining safety and power quality.

12 (e) May, at its own expense, and with the written consent of the customer, install one
13 or more additional meters to monitor the flow of electricity in each direction. The additional
14 metering shall be used only to provide the information necessary to accurately bill or credit
15 the customer generator or to collect renewable energy generating system performance
16 information for research purposes; and

17 (f) Shall not charge the customer any additional standby, capacity, interconnection,
18 or other fee or charge that is greater than such fees charged to all members of that customer
19 class.

20 **Section 7. Total Capacity.**

21 The PPUC may establish a maximum limit for the installed capacity of renewable
22 energy systems connected to the PPUC grid for each technology of renewable energy system.
23 The limit shall be reviewed annually and adjusted in accordance with changes in renewable
24 energy technologies and in accordance with the current operating conditions of the PPUC.

25 **Section 8. Credits.** 37 PNC §415 is hereby amended as follows:

26 “§ 415. Credits from P.U.C. for privately purchased electrical transformers
27 and cables.

28 The Public Utilities Corporation shall credit from future electric utility charges the

1 actual cost, including freight and insurance, incurred by any non-governmental electric utility
2 customer, or incurred by any state government customer prior to the transfer of the Aimeliik
3 power plant to P.U.C., to purchase transformer(s), cables and meter bases necessary to
4 connect such customer to the electric power distribution poles; provided that the customer is
5 not entitled to such credit unless he has obtained written confirmation from the P.U.C. that
6 the types of transformer(s), cables and meter bases are suitable to connect the customer to
7 the electric power distribution system and that the proposed cost therefor is reasonable. This
8 credit does not apply to the purchase of net metering equipment. A state government may
9 only receive credits pursuant to this section after the governor of that state, the Minister of
10 Resources and Development and a P.U.C. representative meet, and if the Minister and P.U.C.
11 representative agree in writing, together with proper documentation of the purchase, that the
12 requested credit is appropriate.”

13 **Section 9. Regulations.**

14 Within 90 days of the effective date of this Act, the Board of the PPUC shall
15 promulgate rules and regulations necessary or appropriate to effectuate the provisions of this
16 Act. Such regulations shall be exempt from the notice and hearing requirements set forth in
17 37 PNC §413(a), and shall be promulgated in accordance with the Administrative Procedures
18 Act, 6 PNC Chapter 1. Such rules and regulations shall have the force and effect of law.

19 **Section 10. Effective Date.**

20 This Act shall take effect upon its approval by the President of the Republic of Palau,
21 or upon it becoming law without such approval.

Date: 1-28-09

Introduced by: /s/
Regis Akitaya, Senator

/s/
Adalbert Eledui, Senator