

Senate Bill 2295

Presented by: Brian Kroshus, Commissioner
Public Service Commission

Before: Senate Industry, Business and Labor Committee
The Honorable Jerry Klein, Chairman

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TESTIMONY

Mr. Chairman and committee members, I am Commissioner Brian Kroshus. I am here on behalf of the North Dakota Public Service Commission to provide some background information on SB 2295 so the committee can better understand the status of net billing in the State of North Dakota, and issues to consider.

In the early 80s, the Public Service Commission promulgated rules that addressed qualifying facilities and cogeneration for investor-owned utilities (IOUs). These administrative rules have been a structure with which the commission have implemented utility power purchases and net energy billing. Currently, all three of North Dakota's regulated electric utilities have an approved net energy billing tariff.

SB 2295 establishes a statutory framework for net-metering that, in many ways, is consistent with what is already occurring in admin rules with our state's investor-owned utilities. However, there are some notable differences that I will point out:

SB 2295 requires the PSC to determine cost benefit of an electric provider's net metering program. In large part, the Commission already considers the cost and benefits, and ratemaking structure as it applies to IOUs when it evaluates tariffs, but this would extend its evaluation to rural electrical cooperatives as well.

Although the Commission's jurisdiction does result in some ancillary regulation of cooperatives in areas such as siting and electrical safety, this would require the Commission to delve deeper into areas in which the Commission does not currently have jurisdiction.

In administrative rule, an IOU pays the avoided cost for energy production in excess of consumption on a monthly basis. SB 2295 allows the producer to get kWh credits at the retail rate.

SB 2295 provides that metering costs if other than a standard kWh meter must be determined by the PSC after notice and opportunity for hearing. The customer pays a maximum of 25% of metering equipment cost. The language also appears to provide that an electric provider may not require an interconnection agreement that results in additional burden to the generating customer. This may result in costs being passed on to other customers.

This is not the case under the Commission's administrative rules. The Commission's administrative rules provide that the customer should pay for the meter and interconnection costs and these costs should not be borne by other ratepayers.

For just a couple clean-up items, 49-20.2-05(5) provides a confusing explanation regarding carbon credits and renewable energy credits (RECs) and how they are associated with distributed power generation and retained by interconnected power generators. This terminology is confusing and should be clarified as to the intent of the attributes of any carbon credits and RECs. Also, throughout the bill, it is stated that the Commission shall provide notice of its

proposed action and an opportunity for public comment. This confuses procedures and it may be beneficial to change the terminology to “notice of opportunity for hearing and comment.”

Mr. Chairman, this concludes my testimony. Thank you for the opportunity to present this information. I will be happy to answer any questions.