

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 2027

5 By: Representative Sabin
6

For An Act To Be Entitled

8 AN ACT TO CREATE THE ARKANSAS DISTRIBUTED GENERATION
9 ACT OF 2017; TO INCREASE THE USE OF RENEWABLE ENERGY
10 RESOURCES IN THE STATE; TO REGULATE THE USE OF
11 DISTRIBUTED GENERATION CONTRACTS; AND FOR OTHER
12 PURPOSES.
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Subtitle

15 TO CREATE THE ARKANSAS DISTRIBUTED
16 GENERATION ACT OF 2017.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code Title 23, Chapter 18, is amended to add an
23 additional subchapter to read as follows:

24 Subchapter 11 – Arkansas Distributed Generation Act of 2017

25
26 23-18-1101. Title.

27 This subchapter shall be known and may be cited as the "Arkansas
28 Distributed Generation Act of 2017".
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30 23-18-1102. Findings – Purpose.

31 (a) The General Assembly finds that it is in the public interest to:

32 (1) Promote and encourage the development and use of this
33 state's renewable energy resources;

34 (2) Foster investment in emerging renewable energy technologies
35 using the renewable energy resources found within this state; and

36 (3) Require electric utilities to include renewable energy



1 resources as an integral part of their energy portfolios.

2 (b) The purpose of this subchapter is to:

3 (1) Ensure that each electric utility includes renewable energy
4 resources as an integral part of its energy resource plan; and

5 (2) Enable the increased use of renewable energy resources.

6
7 23-18-1103. Definitions.

8 As used in this subchapter:

9 (1) "Distributed generation contract" means a contract,
10 including rules and procedures, approved by the Arkansas Public Service
11 Commission, that governs the purchase of electric energy and capacity from a
12 renewable electric generation facility;

13 (2) "Electric utility" means a public utility as defined in §
14 23-1-101 or a municipal utility that is engaged in the business of supplying
15 electricity to an end user in this state;

16 (3) "Renewable electric generation facility" means a facility
17 for the generation of electric energy that:

18 (A) Is owned or leased and is operated by one (1) or more
19 persons or corporations;

20 (B) Is located in this state;

21 (C) Is connected to an electric utility grid;

22 (D) Is fueled by a renewable energy resource; and

23 (E) Has an effective alternating current capacity of not
24 more than twenty megawatts (20 MW) nameplate value;

25 (4) "Renewable energy generation credit" means the monetary,
26 statutory, or regulatory value per kilowatt-hour of the added value and
27 environmental benefits; and

28 (5) "Renewable energy resource" means a solar, wind, water, or
29 geothermal resource, including without limitation biomass, agricultural
30 waste, and landfill waste that is converted into electrical energy and is
31 located in the state.

32
33 23-18-1104. Distributed generation contracts – Requirements.

34 (a) Each electric utility shall:

35 (1) Consider distributed generation contracts as part of any
36 resource plan developed under § 23-18-106; and

1 (2) Include distributed generation contracts in its resource
2 plans consistent with the requirements of this subchapter.

3 (b)(1)(A) The Arkansas Public Service Commission shall direct each
4 electric utility in its jurisdiction to develop and maintain a standardized
5 distributed generation contract for the purchase of electric energy and
6 capacity from renewable electric generation facilities in the state.

7 (B) The commission may approve a nonstandard contract
8 between an electric utility and a renewable electric generation facility that
9 meets the requirements of this subchapter.

10 (2) A distributed generation contract required under subdivision
11 (b)(1)(A) of this section shall:

12 (A) Contain terms and conditions that:

13 (i) Enable the interconnection and use of renewable
14 energy resources;

15 (ii) Protect the integrity and reliability of each
16 electric utility's system; and

17 (iii) Protect the health, safety, and welfare of the
18 public;

19 (B) Incorporate the terms and other conditions, determined
20 by the commission for renewable electric generation facilities, that consider
21 and may be differentiated by:

22 (i) The type of renewable energy generation
23 technology being used;

24 (ii) The location and generation capacity of the
25 renewable electric generation facility; and

26 (iii) The electric utility's ability to schedule and
27 control the delivery of electric energy from the renewable energy generated
28 by a renewable electric generation facility; and

29 (C) Not include an indemnity and liability provision
30 applicable to the state, an entity of the state, a local government, an
31 entity of a local government, or a federal agency.

32 (c) The price for the electric energy and capacity purchased from a
33 renewable electric generating facility under a distributed generation
34 contract shall consider and may be differentiated by:

35 (1) The type of renewable energy generation technology being
36 used;

1 (2) The quantifiable benefits associated with the renewable
 2 electric generating facility, including without limitation benefits to the
 3 electric utility’s capacity, reliability, distribution system, or
 4 transmission system;

5 (3) The location and generation capacity of the renewable
 6 electric generation facility;

7 (4) The electric utility’s ability to schedule and control the
 8 delivery of the electric energy from the renewable energy generated by a
 9 renewable electric generation facility;

10 (5) The applicable electric utility’s avoided cost;

11 (6) The value of a renewable energy generation credit; and

12 (7) The term of the distributed generation contract.

13 (d) After providing notice and a hearing, the commission may approve a
 14 distributed generation contract developed under this section if the
 15 commission determines that:

16 (1) The distributed generation contract satisfies the
 17 requirements of this subchapter;

18 (2) The cost of the distributed generation contract is
 19 reasonable and prudent;

20 (3) The distributed generation contract is required by the
 21 public convenience and necessity;

22 (4) The distributed generation contract enables the electric
 23 utility to supplement or replace its existing generation resources; and

24 (5) Approval of the distributed generation contract is in the
 25 public interest.

26
 27 23-18-1105. Net-metering facilities.

28 (a) A net-metering facility installed or interconnected under the
 29 Arkansas Renewable Energy Development Act of 2001, § 23-18-601 et seq.,
 30 qualifies as a renewable electric generation facility under this subchapter.

31 (b) A net-metering customer may elect to convert a net-metering
 32 facility to a renewable electric generation facility and may apply for a
 33 distributed generation contract under this subchapter.

34
 35 23-18-1106. Renewable energy generation credits.

36 A renewable energy generation credit shall:

1 (1) Be conveyed to the electric utility under the distributed
2 generation contract; and

3 (2) Qualify in helping an electric utility to meet applicable
4 standards established by the state or federal government.

5
6 23-18-1107. Interconnection.

7 (a) A distributed generation contract shall specify the terms of
8 interconnection and shall include specific provisions to:

9 (1) Enable the interconnection and use of renewable energy
10 resources;

11 (2) Protect the integrity and reliability of each electric
12 utility's system; and

13 (3) Protect the health, safety, and welfare of the public.

14 (b) All costs of interconnection, including an addition or
15 modification to an electric utility's system that is made beyond the point at
16 which a renewable electric generation facility interconnects with an electric
17 utility's system for the sole purpose of receiving electricity from a
18 renewable electric generation facility, are the exclusive responsibility of
19 the renewable electric generation facility.

20 (c) The cost of interconnection shall include without limitation any
21 quantifiable additional cost associated with the renewable electric
22 generation facility's use of the electric utility's distribution system and
23 transmission system, and any effect on reliability.

24 (d) A necessary metering upgrade for a renewable electric generation
25 facility that has executed a distributed generation contract under this
26 subchapter is the exclusive responsibility of the renewable electric
27 generation facility.

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29 23-18-1108. Cost recovery.

30 The Arkansas Public Service Commission shall allow an electric utility
31 to recover the reasonable and prudent costs associated with a distributed
32 generation contract approved by the commission under § 23-18-1104.

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34 23-18-1109. Rules.

35 The Arkansas Public Service Commission shall adopt rules necessary to
36 implement and administer this subchapter.

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SECTION 2. DO NOT CODIFY. Within ninety (90) days after the effective date of this act, each electric utility shall file its standard distributed generation contract required under § 23-18-1104 with the Arkansas Public Service Commission for approval by the commission.