

Agenda Report

TO: City Council
Through: Municipal Services Committee

DATE: October 13, 2003

FROM: City Manager

SUBJECT: Adopt a Resolution Adding Regulation 23, Distributed Generation Interconnection Requirements, to the Water and Power Department's Electric Service Requirements; and Authorize the City Manager or Designee to Enter into Electric Service Interconnection Agreements.

RECOMMENDATION:

It is recommended that City Council:

- i) Adopt a resolution adding Regulation 23, which sets forth the service requirements and conditions for Distributed Generation (DG) Interconnection and Metering, where such generation may be interconnected for parallel operation with the electric system, to the Water and Power Department's Electric Service Requirements and,
- ii) Authorize the City Manager or Designee to enter into electric service interconnection agreements as called for under Section 13.04.178 of the Pasadena Municipal Code, and under Public Utilities Code Section 2827.

BACKGROUND:

The Pasadena Municipal Code provides that the General Manager of the Water and Power Department shall, from time to time, submit service regulations relating to conditions of service, including rates, charges, and various special services not otherwise provided for. Such Regulations and Schedule of Charges become effective upon adoption by Resolution of the City Council pursuant to Pasadena Municipal Code Section 13.04.100.

In accordance with the Public Utilities Code Section 2827, Pasadena Water and Power Department is required to enter into interconnection agreements with eligible solar or wind electrical generating facilities, or a hybrid system of both, with capacity limited to 1 megawatt. Regulation 23 sets the guideline, standards, terms and conditions by which these interconnection agreements would be executed.

Water and Power expects to receive customer requests to interconnect and operate their DG systems in parallel with the Department's electric distribution system. Customers with DG systems connected with PWP's system will be able to reduce their demand on Pasadena's system. In addition, based on the generating capacity of these customers, they will be able to deliver their system's surplus energy to the grid to offset the energy portion of their bill. Any surplus energy will be carried forward up to a maximum of one year. Since this credit is not related to the distribution portion of the bill, the customer will continue to pay the normal distribution charge based on their new lower usage levels.

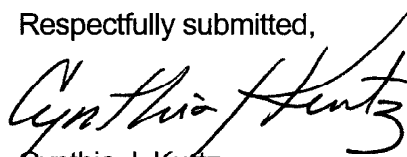
The SG electric rate schedule of the Light and Power Rate Ordinance, Pasadena Municipal Code Section 13.04.178 specifically addresses the terms and conditions for service for self-generation customers. This schedule also requires that customers in the Residential and Small Commercial and Industrial Groups be billed for Customer and Distribution Charges at the Medium Commercial and Industrial secondary rate. However, the Public Utilities Code Section 2827 overrides and governs the terms and conditions of service for customers with eligible solar or wind electrical generating facilities, or a hybrid system of both, with capacity limited to 1 megawatt.

Residential or small commercial customers with solar photovoltaic electric systems represent the majority of the installations on the Department's electric grid. Customers with DG systems that elect to connect to, and operate in parallel with, the electric system can potentially cause a whole range of operational concerns to the Department in the area of safety and system reliability. Regulation 23 has been specifically developed to establish the Department's interconnection and metering standards by which safe and reliable parallel operation can be accomplished. Customers will be required to comply with Regulation 23 by entering into a Net Energy Interconnection and Metering Agreement.

FISCAL IMPACT:


This proposal is expected to be revenue neutral on the energy portion of the bill. However, there will be a reduction in Distribution and Customer Charge revenues as residential customers drop to lower distribution usage levels. The impact of this recommendation is expected to range from approximately \$2,000 annually at low usage levels to approximately \$9,000 annually for high usage levels, for the approximately 30 residential customers with DG systems currently awaiting to sign up for service under Schedule SG.

Respectfully submitted,



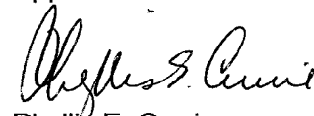
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Attachments:

1. Regulation 23
2. Resolution
3. Interconnection Agreement