



Sangre de Cristo Electric Association, Inc.

Your Touchstone Energy® Cooperative 

NET METER FAQ

Background: A notice was sent 11/14/17 to Sangre de Cristo Net Meter accounts regarding two changes.

- 1. Net Meter members may increase the capacity of their system.**

That may sound like a good idea, but:

- 2. The True-Up payment or amount paid at the end of the year for generating more energy than what each account consumes is going to decrease. True-Up will stay the same for this year, 2017 – which will be settled in January, 2018.**

This change will take effect for the calendar year 2018 and the decreased payout will be seen at the end of 2018 – in January 2019. Under current rates, the payout will decrease from approx. 7 cents to approx. 2.5 cents per kilowatt hour.

I want to increase my production capacity to make more money and/or

How do I increase my production capacity?

See points 1 & 2. Then, if questions are more technical in nature, or you would like to learn more about the potential costs and benefits of expanding your system, please call our meter department, 719-395-0640.

What is a true-up payment?

At the end of the calendar year, if your system generates more power than you used, SDCEA will pay you the value of the difference.

I'm on Time of Use. How does my bank of kilowatt hours work?

On Peak (4 p.m. to 10 p.m. daily) and off-peak hours are considered separately.

On-peak generation will be banked for on-peak use. It will not be used for off-peak use.

Off-peak generation will be exchanged for off-peak use. It will not be used for on-peak use.

How can I tell what generation capacity my system has?

Contact your installer or a licensed electrician.

What are renewable attributes?

A renewable attribute is proof that 1 kWh of renewable power was generated and put onto the electric grid.

Renewable attributes assigned to electric utilities by net meter producers can be used by utilities to meet their Renewable Portfolio Standard in Colorado. The Renewable Portfolio Standard is originally the result of a 2004 ballot initiative, and then subsequent legislation requiring that a percentage of an electric utility's power supply comes from certain renewable resources such as wind and solar.

If SDCEA does not meet that standard, it must purchase the difference. That cost is reflected in our rates charged to all members. You, our member, help keep SDCEA costs down by assigning Renewable Attributes over to SDCEA.

Have I signed my renewable attributes over to SDCEA?

Most people have. If you are receiving a production statement, you have. If you have questions, give SDCEA a call or send us an email and we'll check on that for you.

Why do I have to sign my Renewable Attributes over to SDCEA to get a production statement?

It costs us time and money to retrieve and measure data, and produce a production statement. This is why, as far as we know, we are the only electric utility in Colorado with such a program.

When renewable attributes aren't signed over to SDCEA, we have to pay Tri-State for the same amount of renewable attributes in order to comply with the law. When you sign the renewable attributes over to SDCEA, it helps satisfy our obligation to meet state law - that a certain portion of our power supply comes from renewable energy.

How do I assign my Renewable Attributes over to SDCEA?

There's a form to sign. We'll send it to you. Please contact our office and we'll get that to you.

What if I don't sign my Renewable Attributes over? Where do they go?

They don't go anywhere unless you become a registered Account Holder, pay any applicable annual and volumetric fees and meet all the requirements of Western Renewable Energy Generation Information System (WREGIS). At that time you would be eligible to sell your renewable attributes if you are able to find a buyer. If you would like additional information about WREGIS, please go to this link: <https://www.wecc.biz/WREGIS/Pages/default.aspx>

Please keep in mind, if your attributes are not signed over to SDCEA, and SDCEA does not meet its renewable attributes standard, it must purchase the difference. That cost is reflected in our rates charged to all members.

So, you will incur additional costs through the rates you pay SDCEA and, if you elect to become a registered Account Holder through WREGIS, you will incur significant additional costs to maintain the account.

You, our member, help keep SDCEA costs and your costs down by assigning Renewable Attributes over to SDCEA.

If I do not want to sign my Renewable Attributes over to SDCEA do I need a production meter/disconnect switch?

Yes. If you do not sign over your Renewable Attributes, you will not benefit from a production meter. However, SDCEA needs the ability to measure the energy output on our lines, which is provided through the production meter.

Yes, per SDCEA Policy C-20 Net Metering, you are required to have an external disconnect switch whether you sign over your Renewable Attributes or not.

(Relevant excerpt from SDCEA Policy C-20):

- A. Disconnect requirements - In order to provide adequate safety to the Association's employees when performing certain operation and maintenance on the Association's system, the following two requirements will be met:
 - i. The Generating System shall be designed and operated to automatically disconnect or shut down during Association scheduled or unscheduled outages to insure that it will not back-feed any part of the Association's distribution system.

- ii. A means shall be available to positively disconnect the Generating System from the Association's system so that there is no possibility that the Generating System could back-feed through the service transformer and energize the primary system. This requirement shall be met with an Underwriter's Laboratory (UL) listed manual disconnect switch that will be furnished by the Association and installed by the Consumer. The location of the switch shall meet all code requirements and be approved by the Association. The disconnect switch shall be located so that it is accessible to Association employees at all times. The Consumer shall not be permitted to enclose the disconnect switch in a way that denies access to Association employees.

This year, true-up rates stay the same?

Yes for excess power generated in 2017, to be paid out in January 2018.

Next year?

No. For 2018, the rates will change. You will see this difference in the true-up payment in January 2019 for the 2018 calendar year.

Avoided cost of energy – what is that?

Avoided cost is the cost SDCEA would have incurred had it obtained power from our power supplier, Tri-State. The cost we are avoiding is what SDCEA pays Tri-State because you are generating that power.

If you did not create electricity through your net meter program participation and our power supplier Tri-State had to buy it for us, that amount is the avoided cost of energy.

So what will that mean to my true-up payment next year?

Costs will vary periodically, based on Tri-State's (Tri-State is SDCEA's power supplier) current avoided cost of energy. Currently, that payment would be roughly 2.5- 3 cents a kilowatt hour.

At this time, SDCEA pays net meter providers roughly 7-8 cents a kilowatt hour at true-up. The 7 cents figure includes many operating costs such as paying for transmission lines; a back-up supply when renewable energy is not available such as at night; substations; transformers and

office support needed to supply power to our members – basically the entire cost to operate and maintain Tri-State.

The 2.5 cents amount reflects the value of an electron on our system only. The Net Meter consumer is not providing operational assets such as paying for transmission lines; a back-up supply when renewable energy is not available such as at night; substations; transformers and office support needed to supply power to our members, so the cost has been adjusted to reflect that.

True-up payments are made at a blanket rate. There is not a distinction whether energy was produced on or off-peak at true-up.

I am very unhappy about this change.

Under the current system, SDCEA pays more in true-up costs to our net-meter members than our avoided costs or the costs to SDCEA if we go out on the open market and pay for energy.

This causes us to spend more money to buy your energy, which is subsidized by all our members in the form of higher rates to all of our members.

SDCEA wants to provide the lowest-cost, safest, most-reliable power supply as possible. We are constantly reviewing our rates and business practices to do so.

If you would like to review any of our rates or member policies, they can be found on our website under the members only section (you must create an account to view that information if you do not already have one).