

**COUNCIL ACTION FORM**

**SUBJECT:**           **FIRST PASSAGE OF ORDINANCE CHANGING  
ELECTRIC NET METERING**

**BACKGROUND:**

On March 1, 2017, Section 28.109 in the Municipal Code for the City of Ames, Iowa went into effect. This section is titled “Renewable Energy Buyback Rates” and outlines the rates a customer will receive if excess energy is produced by the customer’s solar panel; this is known as Net Metering.

Net metering applies to a customer-owned generating system that primarily offsets part or all of the customer’s electric service energy requirements provided by the City’s Electric Services. Net Metering is available to any retail customer receiving electric service under a City of Ames Electric Services rate schedule who owns and operates an approved on-site generating system powered by a renewable resource capable of producing not more than 500 kW of power, and who interconnects with the City’s electric system.

Following the mailing of the first electric bills to customers with Section 28.109 in effect, staff identified an error in the original Municipal Code language. The Residential Service rate for non-summer months was correctly written as:

40% of \$0.0966 per kWh, plus \$0.025

However, the answer to the formula was **incorrectly** stated as:

40% of \$0.0966 per kWh, plus \$0.025 = \$0.0525

Whereas the **correct** answer is:

40% of \$0.0966 per kWh, plus \$0.025 = \$0.0636

As a result of this error, participating residential customers were under-credited for the excess energy they produced by using the \$0.0525/kilowatt-hour instead of \$0.0636/kilowatt-hour. Based on calculations by the Finance Department, the underpayments to date total less than \$300.

Council is being asked to approve three recommendations.

1. Approve the attached ordinance to change the Municipal Code to correct this mathematical mistake.

2. Make the correction retroactive to March 1, 2017 billing so that the Finance Department may refund the underpayment for this energy to the customers.
3. Waive the second and third readings so that we can prevent continued delay in correctly paying the City's Net Metering customers for excess energy produced.

**ALTERNATIVES:**

1.
  - a. Approve first passage of the attached ordinance to change Chapter 28 of the City of Ames Municipal Code pertaining to Net Metering as outlined above.
  - b. Approve the effective date of the correction to March 1, 2017 and authorize the refund of any underpayment.
  - c. Waive the second and third readings and adopt the code change immediately.
2. Retain the existing language regarding Net Metering.

**MANAGER'S RECOMMENDED ACTION:**

The proposed code changes implemented on March 1, 2017 reflected the direction Council gave to staff on November 15, 2016. However, a mathematical mistake has caused the City to under pay residential Net Metering customers for excess energy. This change corrects that error back to the start of the program.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1.

**ORDINANCE NO.**

**AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY REPEALING SECTION 28.109(1)(b) AND ENACTING A NEW SECTION 28.109(1)(b) THEREOF, FOR THE PURPOSE OF ESTABLISHING RESIDENTIAL, COMMERCIAL AND INDUSTRIAL RENEWABLE BUYBACK RATES; REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; AND ESTABLISHING AN EFFECTIVE DATE.**

**BE IT ENACTED**, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by enacting a New Section 28.109(1)(b) as follows:

**“Sec. 28.109. Renewable Energy Buyback Rates.**

Renewable electrical energy produced by an Ames Electric Utility customer and delivered to the City's electric system (in accordance with the conditions of service specified in Section 2.7 of Appendix H of the Ames Municipal Code) shall receive a credit to their utility account as follows:

(1) **Residential service.** A residential rate customer's account shall be credited:

...

(b) 40% of \$0.0966 per kWh, plus \$0.025 = \$0.0636 per kWh of delivered energy for bills mailed on or between November 1 and June 30 (winter period).”

...

Section Two. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Three. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Diane R. Voss, City Clerk

\_\_\_\_\_  
Ann H. Campbell, Mayor