

COUNCIL ACTION FORM

SUBJECT: RENEWABLE ENERGY BUYBACK PROGRAM CHANGES

BACKGROUND:

Following the adoption of the Climate Action Plan by City Council, and in light of the recent Cost of Service Study for the Electric Utility, the Electric Utility Operations Review Advisory Board (EUORAB) was asked to review the existing Retail Solar program. Based on the analysis and recommendations from the Cost of Service Study, staff developed several alternatives or adaptations of the existing Retail Service program which are consistent with the Cost of Service Study results.

After discussion at several EUORAB meetings, EUORAB held a public workshop on October 24, 2024, requesting feedback from the public (minutes attached). After reviewing the comments from the public meeting, EUORAB recommended the following changes:

1. **Increase the rebate level for new solar installations from \$100/kW-installed to \$500/kW-installed.** This will lower the amount a customer needs to borrow for an installation. Funding for this increase will come from the Electric Services Demand Side Management (DSM) budget. For a typical installation of 7 kW, the rebate would change from \$700 to \$3,500.
2. **Adjust the excess energy buyback rate formula for new solar installation by using the MISO on-peak energy prices for all customer classes (3-year average of on-peak MISO energy costs is approximately 3.5 cents/kWh).** This allows all customers to receive the same rate, and links excess energy production to the alternative costs the utility would otherwise pay to purchase the energy.
3. **Grandfather existing customers under the program terms they joined under.** Following a date to be determined, new solar projects would be subject to the updated terms and conditions.
4. **Raise the existing program cap from 2,000 kW to 4,000 kW.** The existing program is capped at 2,000 kW of installed solar. With 1,658 kW already installed, the program is nearly full. This change will allow additional projects to be added to the system.

In order to codify these changes, amendments to the *Municipal Code* and the Electric Utility Tariff are necessary. Draft amendments have been drafted and are attached to this report for the Council's consideration.

ALTERNATIVES:

1. Make changes to the Renewable Energy Buyback Program by approving:
 - a. First reading of an ordinance amending Chapter 28 of *Municipal Code*
 - b. A resolution amending Appendix H, Ames Municipal Electric Utility Tariff No. 5
2. Do not approve changes to the retail Renewable Energy Buyback program.
3. Refer this item back to EUORAB or staff for further information.

CITY MANAGER'S RECOMMENDED ACTION:

Adopting the proposed changes to the Renewable Energy Buyback program will better align buyback rates with the recently completed Cost-of-Service study results. The proposed program changes provide more money to customers upfront, align the energy cost with market value, and create a common energy buyback rate across all customer classes. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative 1, as noted above.

ATTACHMENT(S):

[Resolution Appendix H - Net Metering \(Sec.2.7\).PDF](#)

[Ordinance Renewable Energy Buyback Rates\(Sec.28.110\).PDF](#)