

**ORDINANCE AMENDING CHAPTER 32, ARTICLE V
OF THE ROCK FALLS MUNICIPAL CODE
RELATING TO INTERCONNECTION WITH THE CITY'S
ELECTRIC DISTRIBUTION SYSTEM**

WHEREAS, Section 11-117-1 of the Illinois Municipal Code (65 ILCS 5/1-1-1 et. seq.) authorizes any municipality to acquire, construct, own and operate within the corporate limits of the municipality any public utility the product of which is to be supplied to its inhabitants, including but not limited to electric power; and

WHEREAS, pursuant to the foregoing, the City of Rock Falls (the "City") owns and operates its own electrical distribution system for the purpose of providing electrical power to the residents and businesses of the City; and

WHEREAS, on September 15, 2021, the general assembly of the State of Illinois adopted The Climate and Equitable Jobs Act, 220 ILCS 5/17-900 (the "Act"), which addresses customer rights for self-generation with regard to municipal electric systems; and

WHEREAS, the Act requires the City to update its policies for the interconnection and fair crediting of customer self-generation and storage by March 14, 2022; and

WHEREAS, the Mayor and City Council (collectively, the "Corporate Authorities") of the City have determined it in the best interests of the City and its residents to amend the provisions of the City Code as it relates to interconnection with the City's electric distribution system in order to comply with the Act, all as more specifically set forth herein.

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and City Council of the City of Rock Falls, Whiteside County, Illinois as follows:

SECTION 1: The City hereby finds that all of the recitals contained in the preambles to this Ordinance are true and correct and does incorporate them into this Ordinance by this reference.

SECTION 2: Chapter 32, Article V, Section 32-351 of the Rock Falls Municipal Code, as amended, is hereby amended and restated in its entirety to read as follows:

"Sec. 32-351. – Interconnection with city electric distribution system; customer self-generation policy.

- (a) The City of Rock Falls Electric Department shall make available, upon request and application, interconnection and net metering service to any customer taking service or establishing service from the city electric distribution system who meets the requirements set forth in this section.

- (b) The following terms when used in this section shall have the following meanings ascribed to them:
- (1) “Interconnection services” refers to eligible on-site generating facilities connected to the city’s electric distribution system in a manner that will allow excess electricity generated by the eligible on-site generating facility to be safely delivered onto the city’s electric distribution system.
 - (2) “Net metering” means service to a customer under which electric energy generated by that customer from an eligible on-site generating facility owned by that customer and, under some circumstances, delivered to the local distribution facilities, may be used to offset electric energy provided by the city’s electric distribution system to the customer as provided for in this section. “Net metering” is not used as a limiting term, but rather is used in its general sense to include the full range of methods for valuing customer self-generation and implementing fair credits for excess energy delivered to the city’s electric distribution system by the customer.
 - (3) An “eligible on-site generating facility” means a renewable generating facility with a capacity of 25kW or less, such as a photovoltaic facility or small wind turbine, and may include technology to store renewable energy at the customer’s premises. Other forms of renewable generation shall be considered on a case-by-case basis. In all cases, facilities interconnected to the city’s electric distribution system must be deemed by the City of Rock Falls Electric Department to be renewable to qualify as an eligible on-site generating facility under this section. Renewable generating facilities with a capacity of greater than 25kW may be approved by the utility committee in their sole and absolute discretion on a case-by-case basis.
 - (4) Multi-unit residential and commercial customers qualify as a single “customer” if all units are on the same account. If individual units are separately metered and individual tenants have individual accounts, then the term “customer” only refers to the building owner and any usage by the owner. The city will not allocate renewable generation facilities to individual accounts in a multi-unit residential or commercial building. If individual units within a building are separately metered and individual tenants have individual separate accounts, the term “customer” only refers to the building owner and any usage by the owner.

(5) The term “avoided cost of energy” means: (x) for eligible on-site generating facilities that were approved and in service on or prior to February 15, 2022, the average cost in cents/kWh billed to the city by its wholesale power supplier for the previous year until April 30, 2032; and (y) for eligible on-site generating facilities that are placed in service after February 15, 2022, and after April 30, 2032 for those eligible on-site generating facilities referenced in the immediately preceding sentence, “avoided cost of energy” shall be equal to the sum of subsections (i) and (ii) below:

- i. the rate in cents per kWh as published and approved annually by the city based on the calculations and recommendation from the city’s electric wholesale supplier. Such rate shall be approved annually in a public meeting. The rate shall take into consideration the following factors:
 - a. historic real time pricing of prior calendar year of energy in the wholesale market as valued at the locational marginal pricing (LMP) for that location as defined by the appropriately located Regional Transmission Organization (RTO);
 - b. the simple average of the LMP weighted using solar weighting;
 - c. the appropriate RTO capacity price with solar factors applied for average system peak times; and
 - d. the appropriate RTO transmission cost recovery with solar factor applied for average peak times.
- ii. The rate in cents per kWh as calculated by the city for the avoidance of distribution system losses.

Example:

Solar Weighted LMP	Capacity	Transmission	Losses	Total Credit
\$0.0410	\$0.0004	\$0.0108	6%	\$0.0553/kWhr

- (6) “Solar weighting” means the expected production of each hour of a typical solar installation as determined using the National Renewable Energy Laboratory (NREL) System Advisory Model (SAM), as the same may be amended from time to time.
- (c) Before any project construction commences, the customer must submit an application to the city, in such form or forms as may be maintained by the city from time to time, and receive approval from the electric director and building inspector. Before the project in-service date, the responsible contractor must complete and deliver a certification of completion to the electric director and building inspector.
- (d) Requirements for interconnection services to the city’s electric distribution system:
- (1) only eligible on-site generating facilities that have been approved by the electric director or utility committee, as applicable, shall be interconnected with the city’s electric distribution system;
 - (2) all interconnections shall comply with the applicable codes and regulations established by the National Electrical Code (NEC), National Electrical Safety Code (NESC), Institute of Electrical and Electronics Engineers (IEEE), and Underwriters Laboratories (UL), as they may be amended from time to time;
 - (3) construction and development must comply with the city’s applicable building codes, permitting processes, and zoning rules;
 - (4) the customer shall enter into an interconnection agreement with the city in such form and containing such terms and conditions as may be approved by the city from time to time; and
 - (5) payment by the customer of any application fees associated with the request for interconnection services as may be required by the city from time to time.
 - (6) all on-site generating facilities shall be mounted on the roof or building of the principal structure situated on the property, provided, however, that a request for variance of this restriction may be submitted to the utility committee if the property is larger than two (2) acres and such proposed

ground-mounted on-site generating facilities will not interfere with any other existing city utilities or easements, as determined by the electric director in his or her sole discretion.

- (e) Net metering service requirements:
 - (1) upon application, net metering shall be made available to any residential or small commercial electric customer with an eligible on-site generating facility. The determination as to whether a customer is a residential or small commercial customer is based on the rate classification under which the customer takes electric service;
 - (2) the eligible on-site generating facility shall be located on the customer's premises and on the customer's side of the billing meter;
 - (3) the eligible on-site generating facility shall be sized to primarily produce only enough electricity to offset the customer's own electrical requirements, as determined pursuant to subsection (h);
 - (4) any customer that is not a residential or small commercial customer shall be considered on a case by case basis and shall not be approved absent the consent of the electrical director and utility committee, which consent may be withheld in their sole and absolute discretion; and
 - (5) notwithstanding anything to the contrary herein, any customer that does not qualify for net metering services hereunder shall be permitted to interconnect and self-generate if required by the Federal Energy Regulatory Commission's rules under the Public Utility Regulatory Policies Act. Any such allowance shall be processed under paragraph (4) above.
- (f) The city reserves the authority to withhold, deny or delay approval of the interconnection of any proposed eligible on-site generating facility and of net metering services pursuant to this section if the operation of the facility would be unsafe or pose a risk of adverse impact to the city's electric distribution system, or portions thereof, or to the property of other customers of the same. In addition, the city may require a customer with an approved eligible on-site generating facility that has been installed and begun to operate to suspend operations of the facility, or disconnect from the city's electric distribution system, if it becomes

unsafe or causes adverse impacts to the city's electric distribution system, or portions thereof, or to the property of other customers of the same.

(g) Credits for excess energy:

- (1) Energy generated by an eligible on-site generator during the billing period may supply all or a portion of the energy required by the customer's load. The customer shall be credited for excess energy delivered by the customer to the city's electric distribution system at the meter from the approved eligible on-site generating facility.
- (2) For eligible on-site generating facilities that were approved and in service on or prior to February 15, 2022, the following credit method shall be used to determine excess energy credit until April 30, 2032:
 - i. for any energy generated by the customer in excess of the energy required by the customer's loads for a given billing period, if any, a credit shall be carried forward to the customer's next billing period.
- (3) For all other eligible on-site generating facilities, and after April 30, 2032 for the customers referenced in subsection (g)(2), the following credit method shall be used to determine excess energy credit:
 - i. for energy delivered by the city to the customer at the meter, as reflected in the meter reading, it shall be billed at the full retail energy rate as charged by the city; and
 - ii. for any excess energy generated by the customer from an eligible on-site generating facility and delivered by the customer to the city's electric distribution system at the meter, as reflected in the meter reading, a credit shall be created and applied to the customer's bill based upon the lesser of the full retail energy rate for the customer class and the avoided cost of energy.
- (4) The city shall install an appropriate meter to measure both the energy delivered by the city to the customer at the meter and the energy delivered by the customer to the city at the meter from the eligible on-site generating facility.

- (5) Credits from electric energy delivered to the city's electrical distribution system by the customer shall be used to offset usage based electric energy (kWh) charges only. No such credits shall be applied to, and the customer shall remain responsible for, (i) taxes, fees, and other charges that would otherwise be applicable to the net amount of electric energy (kWh) purchased by the customer from the city or consumed by the customer, and (ii) other charges to the customer under any other rules, regulations or rates that are not based on per kilowatt-hour (kWh) charges, including but not limited to, basic service charges, customer service charges, facilities charges, demand charges, kVAR charges, transformation charges, taxes and assessments billed on other than kWh basis, rental fees, and late fees.
- (6) The city shall carry over any unused credits earned and apply those credits to subsequent billing periods to offset usage based electric energy (kWh) charges only for electric energy supplied to the customer by the city until all credits are used or until the end of the annual period. The annual period shall end each year on April 30; provided however for new net metering customers with generating facilities installed during an annual period, the annual period shall end on April 30 of the following year. At the end of the annual period or in the event that the customer terminates service at the service location with the city prior to the end of annual period, any remaining credits in the customer's account shall expire and no credit or payment shall be due to the customer for such expired credits. In the event of termination of an account qualifying for net metering under this policy, any outstanding credits are surrendered. No credit or payment shall be due to the customer for such surrendered credits. Under no circumstance will credits for excess energy transfer to a new customer at the service location after the customer's service with the city terminates.
- (h) The maximum size in kilowatts of the eligible on-site generating facility for an individual customer service location in the rate categories identified in subsection (e) shall be determined as follows:
 - (1) As part of the interconnection application, the customer's energy usage will be analyzed using 36-months of historical energy usage (if available) in order to calculate the customer's expected annual usage. If a customer provides documentation specifying why the usage has increased over that time, such as home renovation/addition or installation of electric heating or an electric vehicle charging station on the premises, then the previous 12-month period shall be used to determine the average for the expected annual usage. If the applicable months of data are not available for an individual customer, the average usage amounts by other similar

customers of the city, as determined by the city, shall be used to set the expected annual usage. If facilities are allowed for customers in other rate classes, the right-sizing shall be determined on a case by case basis.

- (2) In addition to the foregoing historic usage, the city shall consider potential adverse impacts to the distribution system and to other customers of the city that will be caused by or expected to be caused by the installation of the new facility at the particular customer service location as part of the interconnection application review. The maximum size of the eligible on-site generating facility for an individual customer service location shall be reduced below the expected annual usage of the customer to mitigate the potential adverse impacts to the distribution system or portions thereof and to the other customers of the city unless the customer pays for any necessary upgrade to the system or portion thereof to avoid the potential adverse impact.
- (i) Any costs the city incurs associated with the interconnection of generating facilities by a customer, including but not limited to changes in metering (to include installation of a bi-directional meter), or other physical facilities, whether on the customer's premises or a reasonably necessary upgrade to the city's electrical distribution system, or a portion thereof, that is not on the customer's premises, shall be borne by the customer seeking to install or for whom the generating facility was installed; provided however that such costs shall be limited to a maximum of \$1,500 to each qualifying customer interconnecting facilities of 25 kW or less. For those facilities greater than 25 kW that are deemed to qualify under this policy, all costs associated with the interconnection of the generating facility shall be borne by the customer seeking to install or for whom the generating facility was installed. Costs assessed under this section shall be demonstrable and cost-based. Such costs shall not include or be based on reduced sales by or lost revenues to the city associated with net metering service.
- (j) The city may require periodic testing of any in-service eligible on-site generating facility upon reasonable advance notice to the owner of the same.
- (k) Any customer with an eligible on-site generating facility that was approved and in service on or prior to February 15, 2022, may elect to be treated as if it were placed in service after such date for purposes of the legacy netting and crediting provisions in subsections (b)(5) and (g). Upon such election, the customer shall request a re-inspection of the eligible on-site generating facility by the city and shall make any improvements or upgrades, at customer's expense, that are necessary to comply with the provisions of this section. The election by a customer for such treatment shall be irrevocable. Any customer desiring to make any such election shall do so prior to April 30, 2032.

- (1) Customer complaints, disputes or concerns, either generally with the requirements of this section or with respect to any decision made by the electric director or utility committee hereunder, shall be initially directed to the electrical director. If the matter cannot be resolved between the customer and electrical director, the issue shall be reduced to writing and forwarded to the utility committee to be placed on the agenda for discussion at the next regularly scheduled utility committee meeting. The customer may invite its contractor or other consultants, if any, to participate in the meeting. If the matter cannot be resolved with the utility committee, the matter will be referred to the city council for final determination at the next regularly scheduled city council meeting. The city council's decision shall be final and shall be binding upon the customer.”

SECTION 3: In all other respects, Chapter 32, Article V of the Rock Falls Municipal Code shall remain in full force and effect as previously adopted and/or amended.

SECTION 4: The provisions and sections of this Ordinance shall be deemed to be separable and the invalidity of any portion of this ordinance shall not affect the validity of the remainder.

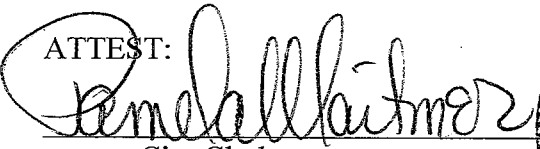
SECTION 5: The City Clerk is directed to publish this Ordinance in pamphlet form.

SECTION 6: This Ordinance shall be in full force and effect from and after its passage and approval and publication as required by law.

Approved this 15th day of February, 2022.



Mayor

ATTEST:


City Clerk



AYE

McKanna

Wangelin

Snow

Babel

Dowd

Devers

Doane

Sobottka

NAY

None
