

# SMUD News Release

Sacramento Municipal Utility District

•

News Media Services

•

916•732•5111

For immediate release

July 17, 2009

## **SMUD establishes feed-in tariff for customer-sited distributed generation**

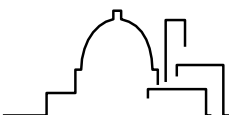
*First muni to do so sees move as bold step that other utilities will follow*

The Sacramento Municipal Utility District (SMUD), a leader in utilizing renewable energy to meet its customers' power needs, has established a feed-in tariff (FIT) effective next January that streamlines buying electricity fed into its distribution system from eligible generation units at customer sites. The FIT is a huge step forward for the utility industry as it removes barriers to interconnection by reducing regulation, making it easier for SMUD and its power-generating customers to do business. It will also benefit the region by increasing energy efficiency, protecting the environment, saving money and reducing climate impacts of electricity generation.

The FIT minimizes the usual time and effort required to contract with power generators by standardizing the price SMUD pays. It is currently aimed at systems up to five megawatts connected to SMUD's local distribution system, and is capped at 100 megawatts systemwide. SMUD sees the FIT as a way to provide a new opportunity for customers to own or host efficient small-scale generation plants and be able to sell power from those units at a fair market price. The FIT also helps SMUD meet its renewable portfolio standard (RPS) and greenhouse gas reduction goals.

The SMUD FIT applies to both renewable and fossil-fuel generation technologies. It sets higher prices for power produced from renewable sources like solar and biogas, but also applies to so-called Combined Heat and Power (CHP) generators. CHP generators use fuels like natural gas but boost the plant's overall efficiency by utilizing the waste heat for on-site purposes, reducing overall fuel use and improving local air quality. CHP units may also reduce the amount of peak capacity SMUD would otherwise purchase, thus improving reliability.

--more--



## **2-2-2-2 SMUD establishes feed-in tariff for customer-sited distributed generation**

Because the FIT idea already enjoys support at the state level, SMUD continues its leadership in developing distributed generation and renewable resources. The California Public Utility Commission and the California Energy Commission are encouraging this kind of mechanism. The CPUC is looking to expand the feed-in tariff concept for investor-owned utilities and has approved such a tariff for eligible renewable generation systems up to 1.5 megawatts. The CEC recommends a feed-in tariff for all eligible renewable generation up to 20 megawatts. With regard to CHP, the Waste Heat and Carbon Emissions Reduction Act requires SMUD and other utilities to provide a market for purchasing CHP generators' excess electricity at a "just and reasonable rate." The SMUD FIT satisfies this requirement.

The SMUD FIT is part of the utility's recent General Manager's Report and Recommendation on Rates and Services, which the SMUD Board of Directors approved last month. The report also eliminates separate agreements for net-metering and interconnection by putting the provisions directly into the SMUD rate schedule. It also resets the demand charge for both solar and energy efficiency. Previously, the customer was charged for peak demand over the year and realized no benefit by waiting. Now it is automatic.

As the nation's sixth largest publicly owned utility, SMUD has been providing low-cost, reliable electricity for more than 60 years to Sacramento County (and a small portion of Placer County). SMUD is a recognized industry leader and award winner for its innovative energy efficiency programs, renewable power technologies, and for its sustainable solutions for a healthier environment. For more information visit [smud.org](http://smud.org).

###

