

Net Metering Incentive Payment Pilot Program Overview

Program Purpose

The Net Metering Incentive Payment Pilot Program (hereafter “NMIPP” or “Program”) is established as a pilot effort to:

- I. Provide economic and financial incentive for utility members and/or customers (hereafter interchangeably referred to as ‘members’) to enroll in those net metering programs as offered through their local Program-participating utility, via an accelerated rate of return on their net-metering investments through potential offsets to their monthly electric utility bills through credits/payments earned under their net metering program; and
- II. Increase the nameplate capacity of behind-the-meter, customer-owned, utility-grid-interconnected infrastructure through the enrollment of new net metering members or the augmenting of existing nameplate capacity by existing net metering members; and
- III. Offset the consumption of available natural gas supplies within the Cook Inlet basin, and
- IV. Provide for reduced volatility in utility load demand, including instances of short-duration, high-peak demand owing to increasing consumer adoption of power-intensive assets including electric vehicles, electric heat pumps, and electric boilers; and
- V. Gain greater understanding as to the long-term impacts to utility grid infrastructure owing to increased net metering program participation.

Program Summary

To achieve those purposes stated above, the Program is established as a pilot program for the issuance of Program Incentive Payments (“Payments”) directly to enrolled eligible entities, as defined below, hereafter referred to as “Participants”. The Payments are to provide increased compensation, on a dollar-per-kilowatt-hour basis, to those residential members of a Participant’s existing net-metering program, for the net energy, on a kilowatt-hour basis, which those residential members provide to the Participant, in excess of the energy received by those same members from the Participant, for each monthly billing period as required under Alaska Administrative Code (“AAC”) 3 AAC 50.930(a)(2).

Please see section entitled “Calculation of Payments” for more information as details concerning Program Payments.

Program Participation

Participation in the Program is on a voluntary basis. Enrollment in the Program is effectuated via the execution of a Program-Participant Agreement (“Agreement”) between the Alaska Energy Authority (“AEA” or “Authority”) and the Participant. The Participant may opt-out of the Program at any time by written notification to AEA stating Participant’s decision to withdraw from the Program. Should the Participant elect to withdraw from the Program and with the Participant having received one or more Payments under the Program, it is required that the Participant provide to the Authority any information requested relating to the Participant’s enrollment, however limited, in the Program.

Eligible Entities

All electric utilities operating under a Certificate of Public Convenience and Necessity (“CPCN”) as issued by the RCA, and that operate a net metering program as required under 3 AAC 50.900 – 3 AAC 50.949, are eligible to participate in the Program.

Calculation of Payments

Under the Program, Participants will submit a request for payment to AEA, on a monthly basis, via a request for payment form, a template for which is provided in the Participant's Agreement. Payments are to be issued by AEA directly to the Participant. Program funds shall be used exclusively for providing such Payments directly to the Participant, and for no other purpose.

Payments to Participants under the Program are calculated as the product of (a) and (b), as defined below:

- (a) the net difference between, on a dollars per kilowatt-hour basis, (i) the non-firm power purchase rate paid by the Participant to their Residential net metering program members, as required under 3 AAC 50.930(a)(2), generally referred to as the Small Facility Power Purchase Rate ('SFPPR'); and (ii) the Participant's Full Retail Residential Rate ("FRRR") as stated in its currently effective Regulatory Commission of Alaska ("RCA")-approved operating tariff; and
- (b) the energy, on a kilowatt-hour basis, which Residential members provide to the Participant, in excess of the energy received by those same Residential members from the Participant, for each monthly billing period, as required under Alaska Administrative Code ("AAC") 3 AAC 50.930(a)(2).

The Full Retail Residential Rate ("FRRR") for purposes of this Program is defined as: the sum of charges, applied on a dollars (\$) per kilowatt-hour basis, which are stated in the Participant's electric tariff, including, but not limited to energy/utility charges, fuel charges, purchased power charges, Regulatory Cost Charges, and Gross Revenue Tax (as applicable). Charges ineligible under a Participant's FRRR are those charges applied on a demand, or monthly fee, basis; including demand charges, customer charges, and/or facility charges.

A sample incentive payment calculation is provided in Table 1 below for purposes of clarification.

Table 1: Sample Program Payment Calculation for Participant, Month X

Item ID	Item Description	Formula	Amount
(A)	Net metered energy supplied to Participant by its enrolled Residential net metering members, in excess of the energy supplied by Participant to those same Residential members, for month X (kilowatt-hours, kWh), as stated in 3 AAC 50.930(a)(2).	-	15,000 kWh
(B)	Participant net metering non-firm power purchase rate under current operating tariff (\$ per kWh), as required under 3 AAC 50.930(a)(2).	-	\$0.05
(C)	Participant FRRR under current tariff (\$ per kWh)	-	\$0.25
(D)	Net difference in Participant's net-metering non-firm power purchase rate and its FRRR under its current tariff	(C) - (B)	\$0.20
(E)	Program Payment requested by / paid to Participant for Month X	(A) * (D)	\$3,000.00

Use of Payments

Payments received under this Agreement are to be used solely to provide increased compensation, on a dollar-per-kilowatt-hour basis, to those residential members of the Participant's net metering program, as calculated and issued per the Participant's request for payment. Payments issued by AEA will be issued directly to the Participant. It is the responsibility of the Participant to process and forward such Payments received onto their respective residential net metering members. Under this Agreement, AEA reserves the right to request verification of the forwarding of such payments onto the Participant's residential net metering members.

Residential members for purposes of this Program are defined as those which are classified under the Participant's residential class of service, and excludes those Participant's members enrolled in a community energy program.

Participant Requests for Payment

Participant requests for payment shall be limited to one request per month and must be made via the completion and submission of a request for payment form, which AEA will make available to the Participant. AEA shall issue Payments directly to the Participant as requested by the Participant, and as per the terms and conditions set forth in their Agreement. Participant must provide its completed request for payment form and all necessary and supporting documentation, as stated in its Agreement, in order to satisfy the terms and conditions for Payment.

Requests for payment are due to AEA by 5pm on the 20th day of month following the month for which the Participant is requesting payment for its monthly billing cycle. For example, if the Participant is submitting a request for payment for the net excess energy received from its residential net metering members for July 2025, the Participant's request for payment under the Program is due to AEA by August 20th, 2025. Requests for payment received after 5pm on the date due will be rejected.

A Participant cannot submit a request for payment to AEA under this Program for a net metering billing cycle which concluded prior to the effective date of its Agreement. For example, if the effective date of its Agreement is July 5th, 2025, the Participant shall not be allowed to submit a request for payment for a period that concluded prior to July 5th, 2025.

All applicable terms and conditions concerning the issuance of Payments can be found in the Participant's Agreement.

Participant Reporting Requirements

In order to measure the efficacy of the Program, certain supporting documentation and reporting will be required to be provided by the Participant to AEA when submitting requests for payment, for purposes of verifying the request for payment amount. All required supporting documentation will be stated in the Request for Payment form, as provided by AEA to the Participant. The supporting documentation requirements may be changed at AEA's sole discretion at any time during the term of this Agreement. Additional/Supplemental reporting may also be requested of Participants. All information/data collected under the Program will be retained by AEA, and may be published and made accessible to the general public.

Program Terms and Conditions

All applicable terms and conditions of the Program can be found in the Participant's Agreement.

Program Administration

The Program shall be administered by AEA.

Program Duration

Funds made available for payments under the program are limited. Agreements under the program shall be effective from the date of execution of the Agreement between the Participant and AEA, until the earlier of: (a) the date on which Program funds are exhausted; (b) the date on which AEA or the Participant unilaterally terminate this Agreement, and thereby discontinue participation in the Program, by providing written notice of such termination; or (c) June 30, 2028, notwithstanding the provision of those reporting requirements of the Program as stated in the Participant's Agreement.