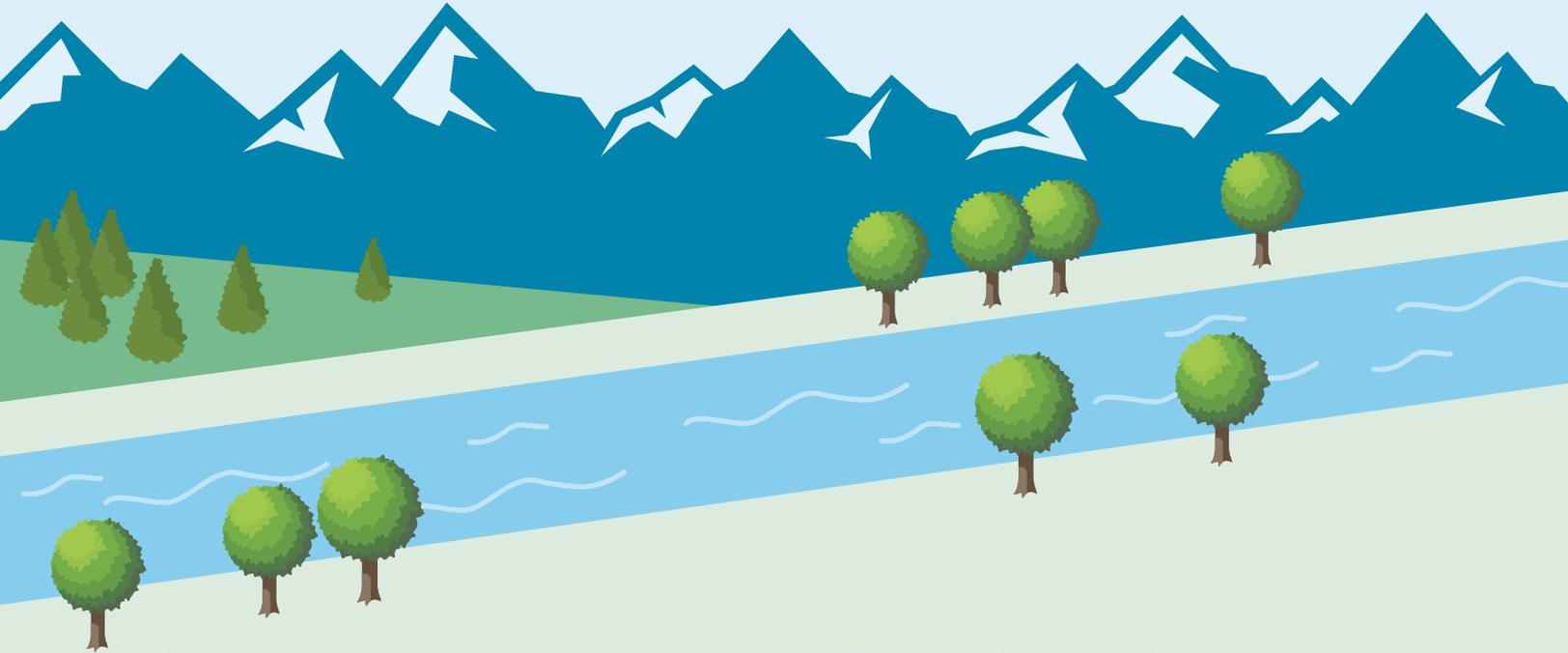




FACT SHEET | Small Hydropower— Utility Interconnection and Power Sales



When starting a small hydropower project, call the local utility to clarify interconnection requirements and determine whether electricity generated can yield a payment rate which is high enough to justify project construction.

Interconnection agreement. The interconnection agreement specifies the terms under which a utility is willing to accept electrical interconnection, including power quality requirements. For small projects, the interconnection agreement may be the same as the net metering agreement. Larger projects may require an interconnection study to determine if there are any potential grid impacts of concern related to the project.

Net metering agreement. Typically, the most economically advantageous power sales option is a net metering agreement, which allows the generator to receive full retail value for energy

generated that offsets onsite load. This requires having an existing on-site electricity load which can be offset with hydropower. Larger projects will usually utilize a power purchase agreement, which does not require an on-site load.

State electrical inspection and utility verification. Once a project has completed construction, it needs to be inspected by a state electrical inspector to verify compliance with state electrical code. If the generation equipment is not UL listed (UL is a standards research firm), the Colorado State Electrical Board has a simple one-page form which can be signed by a Colorado-registered Professional Engineer who

verifies that the project meets applicable electrical standards. A representative from the local utility will also need to inspect the project to verify compliance with the interconnection agreement, including a demonstration of how the generator shut-down occurs automatically in case of system faults, including grid power outages.

Additional Information

Utilities typically have information available on their website explaining their net metering and interconnection requirements.

See the Colorado Energy Office Energy Small Hydropower webpage at www.colorado.gov/energyoffice/hydropower

