

POLICY POSITION OF THE SOUTHERN LEGISLATIVE CONFERENCE

3. REGARDING UPDATING NET METERING POLICIES

BACKGROUND

Across the country there is growing interest in rooftop solar panels and other small-scale, on-site distributed generation (DG) systems. When these rooftop solar and other DG systems first came to market years ago, many states approved a billing plan called net metering to encourage their introduction. Currently, 43 states and the District of Columbia have adopted net metering policies which allow electric customers to sell any excess electricity generated by their DG systems to their local electric utility.

While net metering policies vary by state, electric customers with DG systems generally are credited for any electricity they sell via the electric power grid and electric utilities are required to buy this power typically at the full retail electricity rate. The full retail rate of electricity includes the fixed costs of the poles, wires, meters, advanced technologies, and other infrastructure that make the electric grid safe, reliable, and able to accommodate solar panels and other DG systems.

When net-metered electric customers are credited at the full retail rate, they effectively avoid paying the grid costs, and these costs for maintaining the grid then are shifted to those customers without rooftop solar or other DG systems through higher utility bills.

As the use of rooftop solar and other DG systems now has become more widespread, many states are reviewing their net metering policies in order to enable the proliferation of DG systems and to eliminate the negative impact on non-DG customers.

RECOMMENDATIONS

The Southern Legislative Conference of The Council of State Governments urges state policymakers and state regulators in the South to recognize the value the electric grid delivers to all and to:

- Update net metering policies to require that everyone who uses the grid helps pay to maintain it and to keep it operating reliably;
- Create a fixed grid charge, or other rate mechanisms, that recovers grid costs from DG systems to ensure that costs are transparent to the customer; and
- Ensure electric rates are fair for all customers and that all customers have safe and reliable electricity.

The Southern Legislative Conference of The Council of State Governments requests that a copy of this policy position be forwarded to the governors, lieutenant governors, applicable state regulators and legislative presiding officers of the member states.