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Net metering is not a subsidy

Don't buy utility claim that ratepayers are ripped off by solar


EMILY ROCHON Nov 20, 2015

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CONTRARY TO UTILITY ASSERTIONS, net metering is not a subsidy. It's mechanism that allows solar owners to receive credit, similar to rollover minutes on a cell phone plan, for power they feed into the grid.

In Massachusetts, the Department of Public Utilities has determined the value of solar power to be near retail electricity rates. Such, solar owners receive net metering credits equal to that amount whenever they feed solar electricity into the grid. Solar power is often valued at a level that is higher than wholesale power because it is produced at or near the point of consumption and it produces the most power at times when the utility cost of electricity is higher than retail, for example, during times of peak demand. A study conducted by the Acadia Center estimates the value of solar electricity in Massachusetts to be 29 to 35 cents per kilowatt hour, an amount well above retail rates.

Without a doubt, net metering is an essential part of the financial formula that promotes the development and use of solar power. Net metering also benefits utilities and ratepayers because it encourages private capital to invest in new, clean, local energy capacity at no cost or risk to them. Solar owners bear all of the financing, operating, and insurance costs.

Concerns about whether net metering is providing appropriate compensation to solar panel owners can be addressed by conducting an independent value-of-solar study. Such a study would quantify the benefits and costs of solar to arrive at a figure for the solar power delivered to the grid. The arbitrary slashing of the value of net metering credits as proposed by the governor and several pieces of legislation this week on Beacon Hill is irrational.

The utilities have peddled a narrative that solar is expensive and developers are ripping off ratepayers. That's simply not the case. Utilities are focused on net metering because solar undermines their profits and shareholder return. Utilities earn a profit, for example, when they build things and solar can defer the need for distribution system upgrades. In this way, solar is a

threat to the monopoly utility business model.

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g an all-out war against solar to protect their bottom lines. But the utility position on solar runs counter to public policy, public opinion, and public interest. Solar is working for Massachusetts, creating clean energy, jobs, and economic growth. As such, MassSolar will continue to call on the Legislature to put people power before utility profits and make policy decisions based on fact rather than rhetoric.

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founding board member of MassSolar, a nonprofit working to establish a renewable energy economy and ensure fair compensation for solar owners. The group's website can be found at www.solarisworking.org.

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