

Net Metering

Net metering is the process by which customers with renewable generation capacity are able to deduct energy outflows from metered energy inflows. Under net metering, a system owner receives credit by running their meter in reverse for the electricity they generate and place back onto the grid. In essence, the utility and the customer generator trade kilowatt hours at a retail exchange rate. Net metering allows customers owning renewable generation to avoid paying the costs associated with the poles, wires, substations and transformers necessary to transmit electricity.

The Energy Policy Act of 2005 requires utilities that sell more than 500 million kilowatt hours of energy annually to formally consider net metering and hold a public hearing on the issue. There is no requirement to net meter at any level. The federal Public Utilities Regulatory Policy Act, however, requires a utility to interconnect and buy excess energy produced by the individual customer generator at the avoided cost rate¹.

While the NREA supports a 25 kW standard for net metering legislation, further expanding the size of generation for net metering, or requiring the distribution utility to cover all costs of interconnection for a net metering system, has the potential to increase electric rates for consumers. Mandating payment of a retail rate for excess generation is not appropriate, and rates paid for excess energy from customer generators should be equal to wholesale rates.

In 2009, the Unicameral passed into law LB 436 which established a net metering law for Nebraska. The law sets a 25 kw size limit on generation, requires the generator to pay interconnection costs, the utility to pay for the cost of the meter, and assigns a monetary value to excess generation which accurately reflects the value of the energy as it is generated.

- Net metering laws should provide for the safety of the public and utility employees and ensure the integrity and reliability of the distribution system.
- NREA supports net metering for small customer-owned renewable energy generation that has a generating capacity of 25 kw or less, that will allow a customer to offset their energy use with their own generation at a one-to-one ratio, and allows for excess generation to be purchased by the utility at a rate comparable to what the utility would pay for energy from their wholesale supplier.
- The NREA believes that any net metering policy should recognize the value of energy produced, but opposes any requirement that utilities pay fully bundled retail rates for excess generation.
- NREA members are committed to supporting the economical development of new renewable and distributed generation resources without burdening ratepayers.

¹ Avoided costs under PURPA are the cost the utility would have incurred to produce energy at the generation level.