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Future of U.S. Solar at Risk in Net-Metering Suppression

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Nichola Groom for Reuters:

In California, regulators voted in January to preserve so-called net metering, which requires utilities to purchase surplus power generated by customers with rooftop solar panels. But neighboring Nevada scrapped the policy – prompting solar companies to flee the state.

The decisions foreshadow an intensifying national debate over public support that the rooftop solar industry says it can't live without.

"Without net metering, it just doesn't work," said Lyndon Rive, chief executive of top U.S. residential solar installer SolarCity Corp.

More than 25 of the 40 U.S. states with net metering policies are reconsidering them, according to the North Carolina Clean Energy Technology Center at North Carolina State University.

Opponents raise fairness concerns and argue that the industry no longer needs generous incentives, citing its rapid growth and solar panel prices that have fallen about 40 percent in five years.

Net metering credits solar users – at full retail rates – for any surplus power their panels generate above household usage. That means many customers pay no monthly utility bill or even rack up excess credits, which they can redeem later in months when their systems produce less power than their home uses.

For most customers, net metering and other incentives are essential to make solar power worth the steep upfront investment – between $17,000 and $24,000 for a typical system, according to data from research firm GTM Research. For systems that are leased, as most are, net metering creates a monthly savings over typical power costs.

Solar providers understand those consumer economics, which explains why SolarCity last month shed more than 550 jobs in Nevada after the public utilities commission in December voted to end net metering at retail rates. The commission plans to reduce credits and raise service charges for solar customers gradually over 12 years.