

# Study proves (again) that net metering can undervalue solar

At the behest of the Minnesota Public Utilities Commission, Minnesota Power submitted a Value of Solar Tariff plan – and proved (yet again) that as even the best net-metering plan can undervalue what solar means to the grid and ratepayers.

**MARCH 8, 2017** FRANK ANDORKA

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The eyes of solar advocates are on the Governor's Mansion in Minneapolis today, as Gov. Mark Dayton considers signing a bill critics say could strangle the solar industry in the state.

Minnesota has long tried to determine the true value of solar, even passing a law in 2013 demanding that its [Department of Commerce](#) develop a methodology for determining the good solar does beyond its physical value.

Study after study has shown that the resulting incentive – a Value of Solar Tariff (VOST) – is often far more generous than the more common net-metering plans prevalent in other states – and the latest study by [Minnesota Power](#) is no exception.

As part of its plan to start a community-solar pilot program, the [Minnesota Public Utilities Commission \(PUC\)](#) asked the utility to create a VOST study so it could compare the compensation rates of net-metering and the VOST, and the results were clear – solar customers would be compensated for excess energy they sell back to the grid at a significantly higher rate under a VOST than under the retail net-metering plan as it exists in the state now.

Under net metering, solar customers get compensated by the utility for the excess energy they export back to the grid at the retail rate for electricity. Under a VOST system, it's not a strictly one-to-one payment because a VOST takes into account other benefits of solar energy, such as its environmental, employment and other benefits. As a result, imposing a VOST system more often than not values solar more highly than a typical net-metering program does.

David Shaffer, development director for the [Minnesota Solar Energy Industries Association](#), said the PUC request is now included in all applications to create solar programs so it can view the pricing comparison. He does not believe that this finding will have any effect on Minnesota Power's plans to start the community-solar pilot program. "The PUC is going to keep the non-Value-of-Solar rate," Shaffer said.

John Farrell, director of [democratic energy](#) at the [Institute for Local Self-Reliance](#), believes the PUC's request merely reflected its desire to get a number from Minnesota Power that it could compare to the number it received from the state's largest utility, [Xcel Energy](#). The PUC recently decided to test the VOST system for the Xcel Energy community-solar program – as required under 2013 legislation- to see how it will work in practice instead of theory.

"I suspect that MN Power, like Xcel, has no interest in using value of solar given that it results in higher payments to solar producers," Farrell said. "In the long run, the value of solar will be a fair market price for community solar if the PUC decides to mandate

its use – but I doubt they will do so with Minnesota Power until they've tested it out more with Xcel."

In its filing, Minnesota Power requested that the PUC allow it to launch its community-solar pilot program under traditional net-metering laws. The commission has yet to make a decision.

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Frank Andorka has been writing professionally for nearly 29 years and spent nearly 20 years in trade publications. He was the founding editor of Solar Power World and has covered all aspects of the solar industry from policy to panels and everything in between.

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