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Our Turn: The truth about net metering

By KATE EPSEN and DICK NORMAN

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It is time to set the record straight on net energy metering.

The New Hampshire CleanTech Council and the Granite State Hydropower Association, which represents hundreds of businesses and thousands of employees across New Hampshire, want to explain what net metering is and why it is creating jobs and putting dollars in the pockets of Granite State families and businesses.

What is net metering? Net metering is either a billing arrangement or a reimbursement arrangement for electricity generated by solar, wind, hydropower or cogeneration that is used to meet the needs of a residence, a municipality, a group of people or a business.

How much does a net metered solar system cost and what does it produce? A typical home solar system costs about \$20,000. Even if you don't have cash up front, you can take out a loan or sign a lease, usually at no up-front cost if you choose. Incentives and tax credits are available.

If you put a solar system on your home's roof, it will generate power for about 8 or 9 hours each day in the summer and for about five hours each day in the winter. Net metering allows you to build a bank of energy credit on your monthly electric bill that you spend in some months and save during others. There is no payment made or exchanged for small systems. Net metering allows your neighbor to reap the benefits of the excess clean renewable power your home solar panels generated while you save money on your electric bill. Everyone wins.

Larger net metered hydropower or solar systems are harnessed particularly well by municipal, commercial and industrial customers to meet their power needs. Large users pay huge amounts for electricity, and net metering helps them stabilize their operational costs and stay competitive. Keeping

businesses profitable, especially manufacturers, is essential to New Hampshire's economic future. Municipally net-metered systems benefit every taxpayer as schools, wastewater treatment facilities and town buildings reduce their operational costs through the use of local, small hydro or solar power.

Why is net metering suddenly controversial? The credit to your home or small business bill is equivalent to the full retail rate that you pay for electricity. Herein lies the controversy. Those larger systems mentioned above actually invest in our grid and receive payment only for the energy charge, not for transmission or distribution.

So what should the credit or payment rate be? Some reasons for using a full retail equivalent credit are because the utility did not need to buy that power from the wholesale energy market run by the ISO-NE (or generate it from burning coal), they did not need to transmit it across high voltage transmission lines, particularly at the most expensive times of the year, and we all save on public health costs from fewer toxic air and water pollutants.

But how can we all pay fairly for a service provided?

Most all of us do use the poles and wires, some of us more than others. Rates for that use have always been messy and difficult to set fairly. A person living in a one-bedroom apartment in Franklin pays the same fixed customer charge and the same rates as a person living in a six-bedroom house on a 30-acre lot in Bedford. Large commercial users pay high demand charges but lower energy rates than homeowners. Arguments about who subsidizes whom are unsettled and can only be resolved with evidence and transparency. This brings us to the really interesting issue, the one that goes well beyond net metering.

The issue is actually not about net metering at all. It is about an outdated utility business model and those who cling to the old economy and outdated bureaucracies. Net metering allows small businesses to enter the energy market, and unlike utilities, which have a guaranteed profit, they face competition and real risk. We have compensated utilities (who face zero competition) for nearly a century, securing profits for their prudent stewardship of our critical electric system, but the times are changing. Net metering enables technological change: Utilities unfortunately resist that change.

Accusations about net metering subsidies that are unsupported by data and arbitrary suggestions on price-setting by those who have never worked in the energy industry are unhelpful and a disservice to all ratepayers. This is why we have legislation before us to require a serious study on these very issues while we conservatively lift the arbitrary cap on how much generation we can net meter. We need to have a civil discussion about not only net metering, but also how investor-owned utilities earn revenue, how well century-old monopoly practices serve all ratepayers today, and ultimately, how we transition to a better economy. New Hampshire cannot stay mired in the old economy while all those around us capture the benefits of a new one.

Controlling energy costs, being free to make our own energy, harnessing the benefits of a modern economy, and protecting all ratepayers – residential, commercial and industrial – means embracing new technologies, creating new and competitive business models, and doing the hard work of deciding for

ourselves where the Granite State goes from here. Net metering is one of the few tools we have to do just that.

(Kate Epsen is the director of the NH CleanTech Council. Dick Norman is the president of the Granite State Hydropower Association.)

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