**STANDBY & FIXED COST CHARGES AND NET ENERGY METERING DEBATES: CURRENT STATUS (AUGUST 2014)**

**NOTE:** The table below summarizes the current discussions around net metering and its implications and impacts. It is meant to illustrate the variance across states without being comprehensive.

<table>
<thead>
<tr>
<th>State</th>
<th>Net Energy Metering and Tariff Proceedings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>As of January 2014, new net-metered rooftop solar systems are charged $.70/kW, or approximately $4.90 per month for most residential solar customers to account for fixed cost recovery. The policy will be in effect until the next Arizona Public Service rate case in 2016.</td>
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<tr>
<td>California</td>
<td>In 2013, California extended the state’s net metering policy to offer net metering until programs reach net metering program limits or July 1, 2017. After the net metering program limits are exceeded, distributed generators must receive a standard tariff determined by the Public Utility Commission. A discussion concerning new rates and policies began in April.</td>
</tr>
<tr>
<td>Colorado</td>
<td>The Colorado Public Utilities Commission created a separate docket for the discussion of net metering, due to Xcel's energy claim that the current net metering rate was far above the value solar added to the grid. Xcel calculated the value of solar at $.046/kWh, and pays $.105/kWh for net metering credits.</td>
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<tr>
<td>Connecticut</td>
<td>In July 2014, due to a legislative error, Connecticut disqualified customers who received solar rebates from participating in net metering in House Bill 5115. After alarm from customers and the solar industry, the decision was quickly reversed.</td>
</tr>
<tr>
<td>Florida</td>
<td>Florida established net metering for all of its utilities in 2009. Florida Power and Light currently has in place a standby charge for both residential and commercial DG customers.</td>
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<tr>
<td>Georgia</td>
<td>In 2013, Georgia Power proposed an average fee of $22/month for distributed solar users to recover fixed costs. The Georgia Public Service Commission denied the request.</td>
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<tr>
<td>Hawaii</td>
<td>In 2014, Hawaii's House Bill 1943 called for grid modernization and a revision of the current net metering policy to reflect the value provided by solar to utilities and the grid services provided to DG customers. This legislation was passed due to increasing penetrations of solar on the Hawaiian grid.</td>
</tr>
<tr>
<td>Idaho</td>
<td>In 2013, Idaho Power sought to raise the service charge for residential and commercial net-metering customers from $5.00/month to $20.92 and $22.49/month, respectively to help</td>
</tr>
</tbody>
</table>
recover fixed costs and distribution expenses. The request was denied by the Idaho Public Utilities Commission, and said the utility’s concerns should be discussed in future rate cases.\(^6\)

**Kansas**

In 2014, House Bill 2101 revised the net metering rules for systems installed after July 1\(^{st}\). The regulations set capacity limits for net metering for residential and small commercial systems. The legislation also allowed the utility to propose time-differentiated rates, minimum bills and other rate structures for DG customers. Utilities were restricted from accessing standby rates or tariffs on systems installed prior to July 1\(^{st}\). The existing net metering system is set to expire in 2030.\(^7\)

**Louisiana**

In 2013, the Louisiana Public Service Commission rejected a proposal to decrease net metering payments, and change the state’s policies.\(^8\)

**Maine**

The Maine Solar Energy Act set state targets for solar energy development and required the Public Utilities Commission to quantify and develop a methodology for calculating the value of solar and release a report by January 15, 2015.\(^9\)

**Massachusetts**

Massachusetts House Bill 4185, or the Solar Compromise Bill, proposed eliminating the cap on net metering. However, the bill engendered significant controversy related to the elimination of the SREC program, and thus died in committee July 31\(^{st}\). A different bill, which temporarily lifted the NEM cap, passed the Massachusetts House the same day.\(^10\)

**Minnesota**

In 2013, the Minnesota legislature asked the Minnesota Department of Commerce to develop a value of solar tariff methodology as an alternative to net-metering. The Public Utilities Commission accepted the tariff in April 2014 (See Section 2.3)

**Nevada**

Nevada Assembly Bill 428 called for a study of the impacts on net metering on ratepayers. A 2014 analysis for the Public Utilities Commission discusses that net energy metering is likely to have a minor impact on all rate classes, be it positive or negative. The Public Utilities Commission plans to use this analysis to investigate if DG systems should be a separate rate class.\(^11\)

**North Carolina**

Duke Energy is interested in reducing the net metering buyback price in order to cover the cost of service for DG. The proposal has not yet gone before the North Carolina Utilities Commission.\(^12\)

**Oklahoma**

Senate Bill 1456 authorizes utilities to charge DG systems interconnected after November 1\(^{st}\), 2014 to reflect their full cost of service and prevent impacts on non-participating ratepayers. The law also allows utilities to create a new rate class for DG, and all new tariffs to be

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7 State of Kansas. AN ACT Concerning Utilities; Relating to Renewable Energy Resources; Amending K.S.A. 2013, n.d.


considered in a transparent manner by the Oklahoma Corporation Commission by December 2015.13

**Pennsylvania**
The Pennsylvania Public Utilities Commission is currently proposing regulatory changes which would tighten the definition of customer generator to ensure that net metered systems are primarily serving on-site loads. The changes also require systems over 500 kW to receive approval from the PUC to net meter.14

**South Carolina**
House Bill 1189 introduced South Carolina’s Distributed Energy Resource program, which established net metering, set program caps and capacity limits. The South Carolina Public Utilities Commission is tasked with establishing rates which account for the benefits of DG. The bill also authorizes utilities to recover their costs from participating customers.15

**Utah**
In May 2014, the Utah State Senate revised the Utah net metering law, and called upon utilities and cooperatives to convene a public process to discuss the benefits and costs of net energy metering, and determine a fair process for any needed rate adjustments.16

**Vermont**
The Washington Electric Cooperative filed an application with the Vermont Public Services Board to modify its net metering program to include a monthly grid-service charge based on the production of a net-metering system. The proposed fee would be calculated by multiplying a customer’s gross kWh by .0463 less the remaining consumption charge. The application notes that the fees would be revised every 10 years. The Washington Electric Cooperative is also proposing a fixed customer charge.17

**Virginia**
Dominion Power in Virginia’s monthly standby fee for large residential customers was approved by the Virginia Corporation Commission. The charge is for $2.79/kW for distribution related costs and $1.41/kW for transmission. (See Section 4.3)

**Washington**
Three pieces of legislation which would have limited third-party leases and levied additional fees on customers in net metering programs were rejected by the state legislature.18

**Wisconsin**
Madison Gas and Electric, We Energies and the Wisconsin Public Service Corp. are all proposing rate changes for net energy metering customers with increases in fixed monthly charges ranging from $16-$25. We Energies and Alliant Energy Corp are also proposing to lower the buyback price for energy from net-metered systems.19

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