

The Net Metering Cost Shift?

1. What is net metering?

Net metering is the process through which solar owners are compensated for every KWh of electricity they deliver back to the grid. Net metering is NOT a subsidy. Net metering is designed to accurately value the solar electricity that solar owners deliver to the grid.

2. Why do the utilities argue that net metering imposes costs on those who don't own solar?

Because the DPU process for recouping costs associated with net metering fails to quantify its benefits. Here's the DPU formula with actual costs from National Grid's latest filing:

Cost of supplying retail rate net metering credits (\$60 million)

MINUS

Revenue gained from selling solar electricity at wholesale rates to ISO-NE from facilities greater than 60kw (\$10 million)

= 50 million dollar cost

Using this formula, net metering adds roughly \$1.50 to ratepayers' monthly bills.

3. What about the savings that solar offers all ratepayers that advocates always mention?

The savings that solar provides all ratepayers exist. It's just that the DPU formula doesn't attempt to quantify them. **In other words, the DPU formula doesn't accurately value the solar electricity sold back to the grid. This makes it impossible for ratepayers and policymakers to identify the savings attributable to solar.**

4. What benefits does an accurate valuation of net metered solar energy include?

See the graphic below for an accurate accounting of the costs and benefits of solar to ratepayers. We've adapted the formula from a utility sponsored study of the benefits of energy efficiency. Solar energy and energy efficiency offer roughly the same set of benefits to ratepayers.

Cost of supplying retail rate net metering credits (\$60 million dollars)

MINUS

Revenue gained from selling solar electricity at wholesale rates to ISO-NE from facilities > 60kw (\$10 million)

MINUS

Value of solar electricity sold to grid from facilities <60kw (\$?)

MINUS

Value of avoided capacity costs due to solar FCM bidding (\$?)

MINUS

Value of price suppression effects on electric energy market (\$?)

MINUS

Value of price suppression effects on capacity market (\$?)

MINUS

Value of price suppression effects on natural gas prices (\$?)

MINUS

Value of deferred transmission system capacity upgrade (\$?)

MINUS

Value of deferred distribution system capacity upgrade (\$?)

= ?*

* No one has done a complete value of solar study in Massachusetts to determine exactly what the valuation of all its benefits come out to be. That's why we support such a study. However, the Net Metering Task Force consultant analysis, while less rigorous than a full value of solar study, led the consultant to conclude that it is likely that **retail rate net metering savings offset its costs for all ratepayers.**