

# NET METERING: WHAT'S IT ALL ABOUT?

***By Jim Kotcon***

Net metering is a term used for a policy to encourage diversification of energy generation sources by requiring utilities to “buy back” excess electricity. In essence, the home-owner or small business installs equipment to generate electricity from solar or wind power. When the wind does not blow, or the sun does not shine, they get electricity from the local utility through the grid, like anyone else, and the utility bills them for the amount indicated by the electric meter.

Under a net-metering program, any excess electricity they generate but do not use is returned to the grid. In effect, they “run the meter backwards” during periods of excess generation. The bill they pay to their utility is for the “net” amount used as indicated by their meter.

The effect of this program is to encourage the installation of small renewable energy sources, sized to optimize the generation capacity they need. To meet needs in winter when the sun is low, more solar panels would be required than in summer when the sun is high and days are long. The excess electricity generated in summer will help pay for the installation cost of the solar panels.

Net metering is especially important for harvesting “dispersed” forms of energy such as solar or wind. But utilities often object, claiming that they should not have to pay someone else for electricity when they are trying to pay off their own power plants. Utilities often insist on burdensome “safety precautions” and “interconnection” standards and equipment that makes renewable sources un-economic. What utilities do not admit is that they can turn around and sell the excess “green” electricity at premium prices in many states.

Net metering was initiated in some states after the oil embargoes of the 1970s. It was added in many more states during the utility deregulation process. West Virginia retains a regulated utility industry, so net metering would need to be accomplished through the state Public Service Commission.

Although the PSC could implement net metering through rule-making they have not done so. New legislation may be needed to encourage the maximum possible use of renewable energy, and to implement net metering in West Virginia.

For more information, contact Jim Kotcon at 594-3322.