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Net metering: What's all the fuss?

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If you are interested in installing a solar PV or wind generating system in Massachusetts, you need to be interested in net metering.

Why net metering? Per federal laws and regulations, all wind and solar renewable energy systems have the right to install on-site generation and to interconnect to the utility distribution grid. If electricity is not physically consumed on-site in real-time, then the local utility must reimburse the owner at wholesale rates for the excess. What varies state-by-state, and many times utility-by-utility, is the option to reimburse the excess generation pushed to the grid at higher rates. In Mass., the higher reimbursement of nearly full retail rates (~ twice as much as wholesale rates) is prescribed for solar and wind projects under 2MWs in peak capacity served by an investor owned electric utility (i.e., NSTAR, National Grid, etc.).

What makes the Mass. net metering rules particularly appealing is the ability to "virtually" net meter. In most other states, any net metering credits must be assigned to the electric account meter "behind" which (from the utility's perspective) the renewable generation project is interconnected. In Mass., net metered credits may be assigned to other utility accounts to which the owner of that account has agreed to accept the credits. Thus, a wind turbine owned by a private entity could assign credits to a public school across town or even in a different town. The value of the net metered credits associated with energy exported to the distribution grid is set by formula. How much the school pays the private entity for the credits assigned to it is negotiable.

There are many caveats and details to net metering, including:

- * There is a cap on the aggregate peak production of systems that can receive credits. Overall, it is 3% of the utility's historic peak demand (2% for public and 1% for private projects). There is pending legislation to double the cap to 6%.
- * While the cap has not yet been reached, it will likely be met soon in some regions.
- * The value of net metering credits varies by system size, electric rate class, and cost of electricity.
- * Various restrictions apply to the assignment of net metering credits.

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