International Council of Shopping Centers

ISSUE PAPER

Net Metering

- National energy policy should encourage electricity consumers to generate “green power.”
- On-site renewable power reduces foreign oil imports and creates local jobs.
- Solar power reduces related greenhouse gas emissions by 90% when it replaces coal-fired electricity.

Position: ICSC supports financial incentives to encourage commercial property owners to produce on-site renewable power. Existing obstacles to transmission and sale of customer generated green power should be reduced or eliminated. A national net metering standard could unleash the market forces needed to solve the energy crisis.

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Background: For many years, some states have required that electric utilities offer customers the option of “running the meter backwards” if they generate their own power. Under this regime, known as “net metering,” a small renewable power-generating unit (often consisting of solar panels on the roof of a building) is allowed to feed electricity through the utility company’s meter back onto the transmission grid. The customer only pays for the “net” amount of electricity used each month.

In most jurisdictions, “net metering” has significant limits on annual power generation and burdensome interconnection requirements. Additionally, most public utilities only pay a fraction of retail electric rates for customer generated power and then resell this electricity to other customers at full price. Utilities have also used “safety concerns” to promote the adoption of onerous interconnection standards, making installations expensive and time consuming to prevent customers from becoming competitors.

Current Activity: Congress passed the Energy Policy Act of 2005 and amended Section 111(d) of the Public Utility Regulatory Policies Act (PURPA) to require that utilities with greater than 500,000 megawatt hours of annual retail sales examine their standards for interconnection and net metering and report back by August 2008. However, there was no requirement that these entities actually adopt net metering or alter pre-existing approaches to net metering. As a result, few states have improved their net metering rules in response to this federal law.

Rationale: Across the country, commercial property owners are encouraged and even mandated to reduce their electricity consumption, primarily due to concerns over climate change and greenhouse gases (GHG). While energy efficiency has economic benefits, the ability to generate “carbon free” electricity on-site would dramatically reduce the nation’s overall GHG emissions and provide a reliable and secure source of electricity. Yet, without a national policy supporting full retail-priced net metering of electricity, property owners lack the financial incentive to develop excess capacity on-site power installations.

Many states are beginning to require utilities to comply with Renewable Portfolio Standards (RPS) of as much as 40%, forcing utilities to provide a minimum percentage of their electricity from renewable sources like wind, biomass or solar. Without net metering incentives and distributed generation installations, many utilities will be required to import renewable energy from other states and from Canada to meet their RPS requirements.

Summary: Sound national energy policy should allow – even encourage – customers to generate more “green power.” Stronger incentives for consumer-generated “green” power would enhance National Security, reduce importation of foreign oil, create local jobs and reduce the risk of blackouts and brownouts. As a result, ICSC supports efforts to net-metering practices to encourage production of on-site renewable power.