



Issue Snapshot: Net Metering

Background: Net metering allows electric utility customers who install certain energy systems on their property (solar, wind, CHP, etc.) to receive a credit for both energy supply and delivery charges at retail rates for excess power provided to the utility when their systems produce more electricity than they need. Net metering customers, or customer-generators, remain connected to the grid in order to deliver the excess power back to the utility to supplement their power needs and to take power from the grid when their generating systems are not producing energy.

Since the state first enacted the net metering law in 1997, there has been a proliferation of proposals seeking to expand net metering programs. Remote Net Metering has been the most extensive expansion to date. Under regular net metering, credits are allocated only to the site where the excess electricity is generated. Remote net metering, however, allows excess electricity to be generated at one location, and any excess credits attributed to a separate location's account, as long as the account holder is the same for both.

Legislation is pending in both Houses of the Legislature that would permit "community net metering", expanding the remote net metering program even further. The legislation would remove the requirement that both accounts be owned by the same customer. This would essentially allow customer-generators to sell net metering credits to non-net metering customers.

Company Position: Con Edison strongly supports the deployment of renewable energy resources in a fiscally responsible manner. The company is concerned with the cost shifting inequities that net metering creates. Customer-generators should be required to cover the fixed costs associated with retaining the benefits of the grid.

Remote net metering diffuses the benefits that net metering creates for the grid. Customers who generate their own electricity alleviate some of the strain on the system, especially during times of peak demand in high load areas. However, allocating credits to accounts that do not self-generate simply offsets the costs of customers who are completely dependent on the grid, without providing any relief to the system, and resulting in higher rates for non-net metered customers.

Community net metering also creates several consumer protection concerns. Because customer-generators are not typically regulated by entities such as the Public Service Commission or the Federal Energy Regulatory Commission, customers purchasing net metering credits are not afforded the same protections they receive when purchasing electricity from their utility or other regulated entity.

The company believes any additional expansions to net metering should take place in the context of the Reforming the Energy Vision (REV) proceeding before the Public Service Commission, and the Commission has recently established a collaborative stakeholder process specifically to consider community net metering. Among other issues, REV is reviewing the efficacy of subsidies like net metering. It is the appropriate context to determine the impacts net metering expansions would have on the system as a whole.