

NET METERING



Net metering is a policy that applies to small distributed generation systems, such as renewable technologies and small combined heat and power (CHP) systems, which allows system owners to receive credit for excess electricity produced on-site. Under net metering rules, the customer installs a bi-directional meter that spins backwards when electricity is being sent back to the grid, offsetting the electricity purchased at another time.

Distributed generation system owners are often compensated for excess generation either at the utility's avoided cost, or, less often, at higher retail rates. The latter is preferable, as it equally values the kilowatt-hours bought from the grid and the kilowatt-hours that distributed generation system owners sell back to it.

Compensation at retail rates also decreases payback times for installed systems.

Net metering fees add to the economic burden of distributed generation system owners, and are often unjustified. Limits on individual and aggregate system capacities can prevent system owners from installing the most efficient or cost-effective systems, and sometimes even prevent them from meeting on-site load requirements. Any size limits should be based only on objective engineering standards and facility load requirements.

Best practices for net-metering include:

- Eligibility for all distributed generation technologies, including CHP
- Eligibility for all customer classes
- System size limits that exceed 2 MW
- No limit on aggregate capacity of net-metered systems as a percentage of utility peak demand
- Indefinite net excess generation carryover at the utility's retail rate
- Prohibition of special fees for net metering
- Third-party ownership and meter aggregation

Source: <http://aceee.org/topics/net-metering>