

Updating Net Metering Policies Resolution

WHEREAS, The U.S. electric grid delivers a product essential to all Americans; and

WHEREAS, Electricity runs our economy—it powers our homes, businesses, industries, and the smart technologies and innovations that enhance our quality of life; and

WHEREAS, The electric power industry is leading the transformation to make the grid more flexible and more resilient to meet the growing demands of our digital society; and

WHEREAS, The electric power industry directly employs more than 500,000 American workers and is the nation’s most capital-intensive industry, investing more than \$90 billion per year, on average, in capital expenditures, including investments in transmission and distribution infrastructure; and

WHEREAS, ALEC’s Electricity Transmission Principles assert that the electricity transmission system must be “coordinated in a manner that satisfies current needs and future growth, and that provides energy consumers with the necessary levels of system security, overall reliability, and access to the most economic and diverse sources of electricity”; and

WHEREAS, there is growing interest among customers to self-serve with on-site rooftop solar panels; and

WHEREAS, there is growing interest among renewable energy service providers in installing rooftop solar panels and other small-scale, on-site distributed generation (DG) systems; and

WHEREAS, It is recognized that when these rooftop solar and other DG systems first came to market years ago, many states approved a billing plan called net metering that provided a subsidy to distributed generators to encourage their introduction; and

WHEREAS, Some states now have net metering policies that credit rooftop solar or other DG customers for any excess electricity that they generate and sell using the grid and require utilities to buy this power at the full retail rate; and

WHEREAS, The full retail rate of electricity often includes the fixed costs of the poles, wires, meters, advanced technologies, and other infrastructure that make the electric grid safe, reliable, and able to accommodate solar panels and other DG systems; and

WHEREAS, When net-metered customers are credited for the full retail cost of electricity, they effectively avoid paying the grid costs, and these costs for maintaining the grid then are shifted to those customers without rooftop solar or other DG systems through higher utility bills; and

WHEREAS, The use of rooftop solar and other DG systems now has become more widespread, and many states are reviewing their net metering policies; and

THEREFORE BE IT RESOLVED that the American Legislative Exchange Council encourages state policymakers to recognize the value the electric grid delivers to all and to:

1. Update net metering policies to require that everyone who uses the grid helps pay to maintain it and to keep it operating reliably at all times;
2. Create a fixed grid charge or other rate mechanisms that recover grid costs from DG systems to ensure that costs are transparent to the customer; and
3. Ensure electric rates are fair and affordable for all customers and that all customers have safe and reliable electricity.

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