



Understanding Your Net Metering Rights

If you have installed or are thinking of installing a small-scale clean energy system such as a **solar system, farm digester or even landfill gas, Pennsylvania's net metering regulations can help shorten the payback of that system as you reduce your monthly electric bill. It's important to know your net metering rights in order to make sure you are receiving the full benefits.**

Overview of net metering

For the average customer, electric meters measure the electricity consumed at a home or business. As a customer takes electricity from the electric grid to meet their power needs, the meter runs forward, counting all of the kilowatt-hours (kWh) consumed.

Net metering comes into play for customers that install an on-site clean energy system such as solar that is tied into the electric grid. Net metering works by using one or more meters that record both the amount of electricity the customer takes from the grid and the amount of electricity the clean energy system delivers to the grid. When a customer consumes more electricity than they generate, the meter spins forward; if a customer produces more electricity than they consume, the meter spins backward. At the end of the month, the customer is only **billed for the "net" amount of electricity consumed.**

Pennsylvania has specific regulations pertaining to net metering that set standards for how electric utilities meter and compensate customers who generate their own electricity. These regulations allow customers to reduce their monthly electricity bill by selling excess power generated at their homes or businesses back to the utility.

By adopting forward-thinking net metering regulations, Pennsylvania is encouraging the installation and use of clean energy systems. This will reduce our carbon footprint, increase the reliability of our electric grid and diversify our power supply.

Know your rights

Eligible systems: solar, landfill gas, wind, biomass, fuel cells, municipal solid waste, combined heat and power/co-generation, and others.

Size limits:

- Residential **customer \geq 50 kilowatts (KW)**
- Non-residential **customer \geq 3 megawatts (MW)**
- If a non-residential customer is willing to operate its system in parallel with the electric grid during emergencies they can net meter up to 5 MW.

Monthly credit: When your clean energy system produces more electricity than you consume, the excess is delivered back to the grid for others to use. Every month, your utility must credit you for each kilowatt-hour (kWh) of excess electricity delivered to the grid. This credit must be given at the full retail rate – meaning it is equal to the charges you currently pay for generation, transmission and distribution. Your monthly electric bill, in turn, will be reduced by these

credits. In a given month, if you produce more electricity than you consume, the extra credits **will be rolled over to the next month's bill.**

Excess generation: If there are still carryover credits at the end of the year – meaning over the course of the year you have produced more electricity than you consumed – the utility must **pay you for that excess generation at a rate equal to the utility's price-to-compare** (transmission and generation charges). See exception in shopping section below.

Virtual and physical meter aggregation: Some customers, like farmers, may have a wide variety of structures on their lands: barns, buildings, shops and residences. Each of these structures has its own electric meter and associated rate class - some commercial, others residential. Current net metering regulations allow for customers to either physically (hard wire) or virtually (through billing) aggregate these meters of varying rate classes with a clean energy system to help offset the electricity usage at each structure.

For a customer to be able to participate in meter aggregation they must meet the following criteria: the customer must own or lease the property where the clean energy system is installed; the meters must be within two miles of the property; and the meters must all be in **the same utility's service territory. The utility is required to provide** the necessary equipment and billing changes to accommodate physical or virtual meter aggregation and net metering. However, you may be asked to cover those costs.

Renewable/Solar Energy Credits: Net metering does not affect the renewable energy credits (RECs) or solar renewable energy credits (SRECs) produced by your clean energy system.

Shopping: Once you switch to a competitive supplier, your electric utility is no longer required to credit you at the full retail rate (which includes distribution, transmission and generation) or pay for any excess generation at the end of the year. The utility is only obligated to credit you at the distribution rate for the power you produce.

Competitive suppliers are not required to offer net metering but many are doing so voluntarily. Before signing a contract, make sure it specifies that the supplier will credit you at the full retail rate and pay for any excess generation at the end of the year.

Sample net metering financial benefits

Home solar system: 3 kilowatt (KW) solar system generating 250 to 340 kilowatt-hours (kWh) each month (3,000 to 4,000 kWh per year) would receive a credit for power produced at the residential full retail rate (an average of \$0.12 per kWh). This equals a savings of \$30-\$40 per month, or as much as \$360-\$480 per year.

Farm digester: 100 KW anaerobic digester generating 700,000 kWh per year would receive a credit for power produced at the full commercial retail rate (average of \$0.097 per kWh). This equals a savings of \$67,900 per year.

To report an issue: If you run into issues with net metering your clean energy system, please contact Courtney Lane at lane@pennfuture.org. You can also contact the Public Utility Commission's Energy Line at (717) 425-7584 ra-aeps@state.pa.us.

