



NET METERING POSITION

Great River Energy is a not-for-profit electric cooperative that supplies electricity to 28 member-owned electric cooperatives across Minnesota and part of Wisconsin. Great River Energy has sufficient renewable resources in place to meet Minnesota's renewable energy standard through approximately 2025.

Minnesota's Net Metering Policy

Net metering is an energy policy, established by several states, which allows utility customers to offset some or all of their electricity use with a distributed generation system, typically small wind turbines or solar panels installed at their home or business. Utility customers of any size are allowed to generate electricity for their own use in Minnesota. However, Minnesota's net-metering law also requires utilities to pay the retail electric rate for excess electricity produced by distributed generators that are less than 40 kilowatts (kW) in capacity. There is no utility- or state-wide limit on the total amount of electricity that qualifies for these net metering payments.

Net metering works by utilizing a meter that is able to record energy flow in two directions every hour. The meter records when a customer is drawing power from the utility grid (i.e., using more energy than they are producing) and also when energy is being sent back to the grid (i.e., using less energy than they are producing). At the end of a given month, the customer is billed only for the net energy used and paid for any excess energy generated.

Minnesota's net-metering law, which was enacted in 1983, has successfully encouraged customers to invest in their own, private renewable energy resources. Not-for-profit electric cooperatives, which supply electricity in the state's less densely populated rural areas, have a significant number of customers on net metering programs. Distributed generation systems can be easier to locate in rural areas and, with just over seven customers per mile of line, Great River Energy's member cooperatives can purchase electricity from a disproportionate number of net metering customers, compared with other utilities.

Cost Neutral Option

Great River Energy believes that distributed generation should continue to be an option for individual customers and should be cost neutral to the remaining utility customers. Great River Energy supports efforts to de-monetize net metering by allowing kWh credits to roll over on a monthly basis. This approach to net metering would provide an incentive for customers to size distributed generation systems for their own use instead of for profit. Electric cooperatives vary greatly in terms of size, system capabilities, overall demand, load and financial resources. Rules for net metering and distributed generation should be flexible enough to recognize these differences.

In addition, Great River Energy opposes efforts to increase the current net metering caps. Today's cap of 40 kW is approximately four times the size of a typical residential customer's load. It helps protect customers from the potential costs of subsidizing large private generation projects and preserves a customer's ability to install their own distributed generation system in the future. Great River Energy also opposes changes that would allow aggregation or third-party ownership of net-metered systems. This concept would raise serious service area issues, as well as complicated technical, reliability and cost subsidization issues. Both a higher cap and aggregation could lead to significant loss of member sales for cooperatives, as well as significant tax losses for the state.