State of Connecticut

Office of Consumer Counsel

Mary J. Healey
Consumer Counsel

The Energy and Technology Committee
March 12, 2009

S.B. 1104, AAC NET-METERING

Testimony of Mary J. Healey, Consumer Counsel
Presented by Victoria Hackett

The Office of Consumer Counsel (OCC) has carefully reviewed S.B. 1104, AAC Net-Metering, which amends Section 16-243h by providing alternative methods of compensation for customers who provide excess wind and solar power back to the grid. Net metering is a means to measure the excess power generated on a customer site and sold back to the grid; it also provides methods to compensate customers for providing this power.

OCC is concerned about the cost and uncertainty involved with these proposed alternatives, but looks forward to hearing the testimony of other parties on this issue.

Under Section 16-243h as currently worded and implemented by the Department of Public Utility Control, customers who generate using Class I renewable or hydropower resources (which include wind and solar) receive credits for their excess generation, credits which are applied equally against each kilowatt hour of their bill. Excess credits are carried over month to month. Thus, these customers essentially receive the avoided cost of retail power in the form of a bill credit. At the end of a year, any remaining excess credits are purchased by the utilities from the customer at the cost of wholesale power.

Since solar and wind power necessarily are intermittent sources of energy, customers who own such resources must be hooked up to the grid to receive power during down times in their production. Thus, the cost of transmission and distribution for which they are credited essentially is a subsidy supported by other ratepayers. OCC is not opposed to this subsidy, as it promotes renewables in a reasonable manner.

This bill would expand the existing paradigm. It would allow customers either to remain with the current paradigm (referenced just above), or to receive additional credit at the avoided cost of retail power by any of three methods:

(1) transferring those credits to another customer in the same load zone;
(2) transferring credits to another location owned by the same customer in the same load zone; or
(3) carrying over the credits indefinitely.

OCC has reservations about these proposed changes. One issue is that the costs of transmission and distribution are not actually avoided at the sites to which the credits would be transferred; thus, this part of the credit represents an additional subsidy. Also, allowing customers to carry the credits over indefinitely creates substantial uncertainty, as it is difficult to predict what the value of this subsidy would be in the future. Given concerns such as these, OCC recommends that the bill be re-worked to provide for a DPUC docket, in which these and other appropriate approaches to implementing net metering could be carefully considered.