

The Need for Reform in Pricing Rooftop Solar

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Retail Net Metering – The History

- Relic of Yesterday's Market
 - Dumb Meters
 - Primitive Solar Technology
 - Low Market Penetration
- Lone Policy Rationale
 - Support for Embryonic Industry

Critical Characteristics of Distributed Solar

- No Emissions in Producing Energy
(Full business cycle is not carbon neutral)
- Two-fold Intermittency
(On-site Usage and Presence of Sun)
- Mostly Off-Peak (Low Capacity Value)

Critical Characteristics of Distributed Solar

- Highest Price Commonly Utilized for Renewable Resource
- Very Difficult to Do Locational Planning
- Inefficient in Reducing Emissions

Effects of Retail Net Metering

- Solar Hosts Avoid Paying Fair Share of Fixed and Capacity Costs
- Heavy Revenue Burden Passed on to Non-Solar Customers
- Socially Regressive
- Non-Solar Customers Compelled to Pay Retail Price for Wholesale Product

Effects of Retail Net Metering

- No Incentives for Productivity Gains (e.g. western exposure, smart inverters)
- Drives Up Price for Rooftop Solar (Compare Price trends with Large Scale Solar)
- Increases Profitability for Solar Companies but Bodes Ill for Future of Solar

Value of Solar Issues

- Displaces Alternative Energy, Although Not Necessarily “Dirtier” Energy
- Does Not Avoid the Need for new Generation or Transmission Capacity
- Transmission Congestion Reduction Theoretically Possible but Entirely Dependent on Time and Location

Value of Solar Issues

- Distribution Benefits Theoretically Possible, but Entirely Dependent on Time and Location
- No Hedge Value
- Uncertain Environmental Benefits If Obtained, Only at High Cost

Better Options for Solar DG

- Time Sensitive Pricing (Optimally LMP)
- Three Part Tariff: Fixed, Demand, Energy for Solar Customers