

Net Metering Background Information for Florida Chambers of Commerce

Net Metering is a billing mechanism that allows residential and commercial customers who have rooftop solar installations to sell unused (or excess) energy they produce to their utility. Typically, this results in a credit on the customer's energy bill that helps offset future electricity expenses.

Legislation has been introduced in the 2022 Florida Legislative Session that would make significant, negative changes to net metering policy.

Here is important background information to know about net metering:

- **It is not a subsidy:** Net metering is a billing mechanism that simplifies the sale of excess energy from a customer to the utility at an agreed upon rate. Often that rate is at the retail electric rate but there are many cases throughout the country where the rate is higher than retail because of the value distributed energy generation (energy not generated at a single electric plant) brings to the grid, and sometimes it is lower than retail.
- **There are costs and benefits:** There are many factors that go into determining the value of energy which is also true for the value of solar energy generated on a rooftop. For that reason, it is important that if change is sought in a rate design, it is appropriate, and commonplace, to study the impact in a thorough costs and benefits study. Some of the benefits that should be considered in valuating rooftop solar energy sold to a utility include:
 - **Economic impact:** Rooftop solar creates jobs and attracts investment in Florida. According to a recent study by Conservatives for Clean Energy, rooftop solar:
 - Supports more than 40,000 jobs
 - Adds \$18.3 billion in economic value
 - Provides \$3.2 billion in household income
 - Generates \$3.3 billion in tax revenues
 - **Energy line loss:** When energy travels across transmission lines, a percentage of that energy is lost in transit. Utilities have to factor that loss into their rates. Excess energy from net metering customers goes directly to their neighbors so there is no loss, therefore that is a benefit and has a value.
 - **Resilience:** When the power goes out, solar can be utilized during the day to power parts of a home or business. Solar combined with battery storage, can be used to power appliances throughout the day and night.
 - **Reduce peak demand:** When the Sunshine state has sunny skies, rooftop solar generated energy reduces the amount of energy that a utility has to produce to meet peak demand (highest energy usage time frames in a day).

- **Fuel price hedge:** Rooftop solar provides a fuel cost price hedge benefit to utilities by reducing the reliance on other fuel sources that are susceptible to shortages and market price volatility.
- **Environmental:** Rooftop solar energy helps reduce harmful GHG emissions and, as an emission free energy source, does not harm the surrounding environment/area. It can also help limit costly regulatory utility upgrades.
- **Avoided capacity and T&D:** Distributed solar generation reduces transmission and distribution costs for utilities.
- **Learning from other states:** When other states have significantly changed net metering rates/policy, it has led to dramatic job losses. Examples include:
 - 2015: Nevada ~3,000 job lost
 - 2019-2020: Utah ~4,000 jobs lost

The myth of a solar cost shift in Florida

- FPL claims that net metering allows rooftop solar customers to lower their bills too much which would place undue burden on customers that do not have solar. FPL, however, has not performed a cost of service study, so even if that was true, FPL does not actually know what it costs to serve solar customers or whether non-solar customers are covering any potential shortfall.
- A national study by Lawrence Berkeley National Lab found that net metering programs have a negligible cost increase attributed to solar, and that the cost picture remains this way until solar penetration meets 10% of a state's generation portfolio. Only 0.42% of FPL's customers have rooftop solar ([2020 net metering reports](#)).
- FPL, themselves, have documented that solar customers still purchase an average amount of electricity compared to typical residential customers and still pay on average over \$80 a month. (See [FPL comments to PSC](#).)
- Florida's population is one of the top ten fastest growing states and, accordingly, FPL is gaining new customers at a higher rate than new solar customers. Therefore the 0.42% of FPL's customers with solar should decrease rather than increase, making the claimed cost shift even less so in the near future.