

SB 1024 & HB 741- Renewable Energy Generation
Changes to Florida's Net Metering Policy

SB 1024 and HB 741 have been filed in the Florida Senate and House, respectively. As they are currently written, these two identical bills will, as we have seen in other states, lead to significant job losses, a dramatic decline in new rooftop solar installations, and lawsuits by current customers. Florida should be encouraging private investment in solar energy to enhance resilience efforts, decrease costly utility upgrades, and promote energy independence, not hindering such investment.

These bills, in one swoop, will decrease the amount a utility pays a rooftop solar customer for excess energy they've generated and sent to the grid by approximately 70%*. When that energy is sent to the grid, however, neighboring homes utilize it, for which the utility will charge those neighbors full retail rate with very little actual cost to the utility. On the other hand, the benefits a utility receives from rooftop solar generated energy often far outweighs any costs they may incur. Additional reasons these bills should be reconsidered and reworked over time, include:

- **Anti-competition:** A monopoly utility, by definition, operates within a system where it has no true competition. Competition, however, is an important characteristic of a free market economy. These bills represent a way for a utility to maintain its firm grip on a market and push out some of its only competition.
- **Non-collaborative:** These bills were written by a utility, to benefit a utility. In the case of rooftop solar, examples from all over the country show that when changes are actually needed for net metering, a collaborative stakeholder process leads to the best results. Florida regulators should convene a series of meetings that includes utilities, the rooftop solar industry, economists, ratepayer representatives, rooftop solar customers, and resilience professionals.
- **A Solution to an Unidentified, Unproven Problem:** FPL claims that net metering places undue burden on customers that do not have solar. FPL, however, has not performed a cost of service study or costs and benefits analysis, so even if that claim was true, FPL does not know what it actually costs to serve solar customers, whether non-solar customers are covering any potential shortfall, and whether or not rooftop solar customers provide greater benefits to the grid than costs.
- **Lack of Gradualism:** An important component of utility rate design is gradualism which is not represented in this bill. Rather than steadily decrease the rate paid to future rooftop solar customers for excess energy, these bills drop the rate instantly which would lead to a dramatic drop in new installations and lead to thousands of jobs eliminated in the first year it is enacted, which has been demonstrated in other states.
- **Inadequate Consumer Protection:** One perceived positive of these bills is that they seek to keep current net metering customers on the same rate schedule for an additional ten

years. That time frame, however, is simply too short. Grandfathering should be granted for twenty years, which represents the average number of years for financed solar installations. Undermining the cost savings estimates that customers utilized for loans could lead to future lawsuits.

- **Uncertainty for any Industry:** There is no certainty for an industry when a state legislature can make dramatic changes, abruptly and unilaterally, to the business model by which the industry is built around. Many businesses will not invest capital in Florida if such uncertainty exists. Further, this has the potential to be a slippery slope for any industry doing business in a regulated environment.
- **Uncertainty for customers:** The above also translates to great uncertainty for prospective rooftop solar customers when they cannot reliably estimate the ROI on a solar investment. Such uncertainty will significantly decrease future installations.
- **Costs and Benefits:** Another aspect of proper rate design is evaluating all of the costs and benefits involved in energy generation/distribution. No such study has been completed in Florida, so it is impossible to determine whether rooftop solar customers are a cost or a benefit to the utility grid. Such benefits for consideration include:
 - Economic impact
 - Energy line loss
 - Resilience
 - Reduce peak demand
 - Fuel price hedge
 - Environmental
 - Avoided capacity and transmission and distribution upgrades

Florida should learn from other state efforts, such as Nevada and Utah, where net metering was significantly altered and led to thousands of layoffs and many business closures. On the other hand, states like South Carolina and West Virginia have engaged in thorough, collaborative processes that produced stronger long-term policy changes that are a win, win, win outcome where the industry and utility come out good, but not perfect, and ratepayers are protected for decades to come.

*Please note that there are other unspecified mechanisms within the bills that could further reduce the return on investment for prospective solar customers.