

## RENEW Issue Brief: Regulatory Environment of Renewable Energy

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# 3B

## Improved Net Energy Billing Policy

**DEFINITION:** Net energy billing (or net metering) is an arrangement that allows utility customers to install and operate renewable generating systems for their own use, and receive full retail value for electricity not consumed on site (up to 100% of their internal usage).

**PROBLEM:** Wisconsin's net energy billing policy is not the product of legislation, but rather state agency interpretations of federal law and regulatory rulings. Legislatures in many other states have adopted expansive policies setting forth the most important parameters of a net metering policy, such as maximum eligibility generator size, proper sizing relative to load, treatment of renewable energy credits, terms for trueing up generation and load, and virtual net metering. In Wisconsin, where net energy billing lacks a statutory framework, the only venues for addressing policy changes are individual utility rate cases. This piecemeal approach has two drawbacks: (1) it leaves system owners at the mercy of utilities that are hostile to net energy billing; and (2) it accentuates disparities in customer treatment from one utility to the next.

**POLICY NEED - LEGISLATION:** Legislation is needed to:

- Institute uniformity of service across utility boundaries;
- Expand participation; and
- Protect generation owners from abrupt and unanticipated policy changes.

**POLICY NEED - REGULATION:** Until a legislative framework is adopted, interventions in utility rate cases are essential to protect current and future customer-generators from service rollbacks and retroactive application of tariff changes that would diminish return on investment.

**BENEFICIARIES:** Current and prospective net energy billing customers, as well as renewable energy system manufacturers, designers and installers.

**OUTLOOK FOR 2012:** This is another initiative that can expand the renewable energy marketplace without creating new taxpayer or ratepayer incentives. Net energy billing is also a proven pathway toward energy self-sufficiency. However, pursuing legislation will be challenging, because utilities will regard customer generation as a rising threat to their rate base.

**NEEDED ACTIONS:**

- Expressions of support from Republican-leaning constituencies
- Legislative visits by installers, prospective owners and system hosts
- Aggregation of renewable energy credits produced via net energy billing