

Fact Sheet

Renewable Energy And Net Metering

Net Metering is a policy allowing utility customers with small electricity-generating facilities based on renewable energy sources to sell their excess electricity back to the utility. When a customer's generating equipment is producing more electricity than is being used, the excess electricity is sent onto the grid. The customer pays the difference between electricity used and electricity generated – thus the term “net metering.”

Berea's trial net metering program will end on September 30, 2006. It is our hope that the city will continue this important service to our community.

Berea's net metering program applies to utility customers who have small scale systems capable of generating electricity from one of three renewable sources: solar, wind, or water. There are three residential net metering systems in Berea in which photovoltaic panels produce electricity from sunlight. Although these systems could function using a standard electrical meter (which would run backwards when the house produces excess electricity), Berea Utilities requires the installation of two meters: one that measures the electricity generated by the solar installations and a second meter that measures electricity used from the grid.

Good reasons to support a net metering program.

1. States endorse net metering programs
 - a. At least 35 states have statutes and/or policies requiring some form of net metering from renewable energy sources.
 - b. In 2004, Kentucky passed a net metering bill that applies to electrical utilities regulated by the Public Service Commission. The net metering bill does not apply to Berea; the city municipality owns the electric utilities.
2. Net metering systems are safe for utility workers
 - a. Some have speculated that a lineman could be shocked by working on a “down” line if the customer's system was operating and feeding electricity to the grid. This is impossible when the “conditions of interconnection” specified in Section (i) of the current net metering program are satisfied.
 - b. In the 35 states with net metering activity, more than 23,000 small renewable energy systems connect to the grid and there are no documented cases of utility workers being injured by “feedback” or any other issues related to small renewable systems.

3. Net Metering will help the City's utility revenues.
 - a. Berea pays a monthly rate for wholesale electricity based on a peak-demand charge as well as the total number of kilowatt hours used.
 - b. Solar electric systems produce the most electricity during daylight hours in the summer when the grid faces peak demand due to air conditioning. Renewable energy systems can reduce the peak demand, allowing the city to pay a lower peak-demand charge.
4. Net metering will not threaten the City's utility revenues.
 - a. Berea's net metering program currently is limited:
 - i. Participation includes only solar, wind or water systems
 - ii. Systems cannot exceed 10 kilowatts for residential or 25 kilowatts for non-residential.
 - iii. Participation is limited to the first 25 customers who apply.
 - b. Research shows that Berea's current net metering program will produce well under 1 % of the city's peak load. Studies reported to the General assembly that no economic issues of significance arise until net metering systems begin to supply 5% of the utility's peak load.
 - c. When the 25 customer limit is reached, the City can decide if a larger number of participants in net metering would be economically beneficial to the City.
5. Net metering will not add additional equipment costs to the City.
 - a. Section (h) (1) of the current program states that the customer must own, install and maintain the renewable energy system on the customer's premises.
 - b. Berea's standard meters can record outflow of electricity to the grid as well as inflow, making it unnecessary to install a second meter.
 - c. However, if Berea Utilities decides to install a second meter to gain additional information, then Berea Utilities, not the customer, should bear the cost of the additional meter.
6. Is our electricity really "cheap?"
 - a. Costs for electricity in Kentucky are rising.
 - b. Costs to the environment, health and welfare of citizens living with the effects of coal mining will continue to add up with additional mining.
7. Why Net Metering in Berea?
 - a. A net metering program can help create new business opportunities. Already several solar businesses have taken root in Madison County.
 - b. Net metering will reduce the amount of money leaving the city to pay for electricity from Kentucky Utilities. These are savings that can be invested and spent in Berea.

We are requesting of the city:

1. A simple extension of the new metering program
2. Clarification that net metering customers are not responsible for the cost of any new or additional meters unless they are physically necessary for providing basic electrical service to the customer.

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