



Office of the Ohio Consumers' Counsel

Your Residential Utility Consumer Advocate

CONSUMERS' FACT SHEET

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RENEWABLE ENERGY SOURCES NET METERING



Utilizing renewable energy resources is one way for consumers to reduce demand for fuels such as coal and natural gas used to generate electricity. Investing in renewable energy to meet a portion of your electricity requirements can reduce the need for traditionally produced electric power and the construction of costly power plants, while improving electric reliability during times of high usage.

For consumers who invest in renewable resources, such as solar or wind power, net metering programs serve as an important incentive which can provide an option to lower utility bills. The Office of the Ohio Consumers' Counsel offers the following information about net metering, what it is and how it works.

What is net metering?

- ▶ Net metering is a program offered by a utility company for customers who install renewable or advanced energy systems to generate their own electricity. These systems

can be used to offset a portion of the electric energy provided by the utility. Any excess energy generated by the customer during the monthly billing cycle would be sold to the utility company and credited to the customer.

- ▶ To utilize net metering, the customer's generation must be interconnected to the utility grid with a meter that can register the amount of electric energy that is used and produced during a billing cycle.

What is interconnection?

- ▶ Interconnection is the physical connection of the customer's generation source to a utility's distribution line.
- ▶ The interconnection required with net metering allows the electric utility to provide any extra electricity or back-up power that on-site generation does not provide. It also assures that safety protocols are adhered to for the protection of utility workers.

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The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts.

The state agency also educates consumers about electric, natural gas, telephone and water issues.

For more information, please visit the OCC website at www.pickocc.org.



The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.

- ▶ Interconnection standards vary from utility to utility. Check with your local utility company for the standards required to execute an interconnection agreement.



Who can use net metering?

- ▶ Any customer – residential, commercial or industrial – who owns a qualifying generator fueled by solar, wind, biomass, landfill gas or hydropower or uses a microturbine or fuel cell interconnected to the utility lines. It is primarily intended to offset part or all of the customer's electricity needs.
- ▶ Ohioans living in a region served by American Electric Power, Dayton Power & Light, Duke Energy Ohio or FirstEnergy have opportunities to establish agreements with their utility provider and receive credits on their bill for the extra energy that is fed back into the grid. Certified retail electric suppliers also may offer net metering contracts to their customers, although they are not required.

How does net metering work?

- ▶ Customers who have their own generating facility (i.e. solar panels, wind turbines and microturbines) who qualify to interconnect with an electric company's system have the potential to use net metering. When the customer's facility generates more electricity than the customer needs, the excess electricity turns the meter backward. The reverse metering results in a lower meter reading by the electric company and a lower bill paid by the customer.
- ▶ Any excess generation will be applied to the customer's next monthly bill. If there is still a credit remaining after 12 months, that amount will be refunded to the customer at the end of the calendar year. The refund will be sent to the customer without the need for a written request to receive the credit.

Net metering is required for all four major electric utilities in Ohio. Previously, a cap of 1 percent of a utility's peak demand prevented widespread adoption of onsite power generation (known as distributed generation). The cap has been removed, meaning any distributed generation customer will be eligible for net metering. Ohio has carefully crafted policies that govern the use and development of distributed generation, including net metering, interconnection and standby service so it can now be an effective option for the future of energy supplies in Ohio.