

### Ohio Net Metering Update Limits System Size but Opens Doors to Energy Marketers

Expanding Consumer Choice and Improving Price Signals Key to Future Net Metering Policies

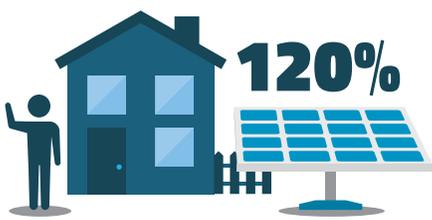
November 14, 2017

#### NOVEMBER 8 OH PUCO NEM UPDATE

On November 8, 2017, the Public Utilities Commission of Ohio (OH PUCO) revised (12-2050-EL-ORD) its net metering rules, **limiting the size of net-metered facilities to 120 percent of a customer's average annual usage** at the time of interconnection. Under the new rules, regulated electric utilities will offer a standard tariff to standard service offer customers, while competitive **retail electric service providers can offer diverse net metering products** and service to shopping customers.

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#### Ohio NEM Update in Brief



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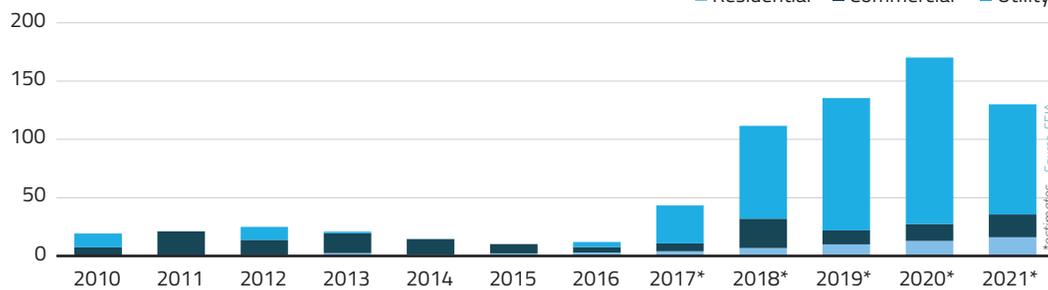


Utility customers will continue to be compensated for excess grid-exported energy in the form of a monthly bill credit at the utility's standard service offer rate for energy



Customers receiving service from a competitive provider may be credited at a rate agreed to in their contract terms. Competitive providers may offer net metering contracts to customer-generators at any price, rate, credit, or refund for excess generation.

Ohio Annual Solar Installations, MW



The commission said that stakeholders can provide additional feedback regarding net metering for Phase 3 of PowerForward, the state's grid modernization initiative announced in March. According to the Solar Energy Industries Association, Ohio non-residential solar market is expected to grow significantly over the next few years before slowing down in 2021.

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#### Recent Actions on NEM in Key States

As the net metering and DG landscape continues to change, regulators, industry, utilities, and consumers are working together to craft successor policies or reforms that will encourage DG growth while addressing issues such as cost sharing. Key policy actions on net metering in other states include:

CA

On November 1, the California Public Utilities Commission (CA PUC) extended (Docket No. R1512012) the grandfathering period for many distributed PV systems in old TOU rates by eliminating the requirement that projects eligible for TOU grandfathering must be complete by a certain date (previously set as July 31, 2017). The commission noted that systems that have met on-file interconnection requirements may be delayed by factors "outside of the customers' control" such as permitting or utility review. In January 2016, the CA PUC approved a net metering successor tariff, keeping the current retail rate in place through 2019, imposing additional charges, including a one-time interconnection for new customers, and requiring a shift to TOU rates. The new program was set to begin in July or after net metering caps are reached in the service areas of the state's three large investor-owned utilities.



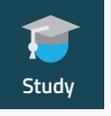
KS

On September 21, the Kansas Corporation Commission (16-GIME-403-GIE) issued an order in its distributed generation rate design proceeding, concluding that utilities may create a separate residential class or sub-class for DG customers to appropriately recover the fixed cost of providing service. The commission found that the current two-part residential rate design was problematic as DG customers use the electric grid as a backup system resulting in less energy consumption compared to non-DG customers and are not paying the same proportion of fixed costs as non-DG customers.



NJ

On September 22, the New Jersey Board of Public Utilities initiated a review of the state's solar market directing the staff to solicit input from stakeholders across all industry segments on how to manage the market in the future. The proceeding will examine multiple issues including the cost differential between residential and utility-scale projects. It will seek to minimize the impact of grid projects on the residential and commercial market place by exploring the potential to create different incentives for grid projects. The proceeding will also review rate impacts on customers, environmental benefits of solar generation, and impacts of large net-metered installations on ecosystem benefits of open space, among others. The Board also directed the staff to scrutinize the state's solar incentive policies for cost-effectiveness, equity, and efficiency.



HI

On October 20, the Hawaii Public Utilities Commission issued an order in its distributed generation proceeding (2014-0192), establishing new programs for customers installing rooftop solar and energy storage. Under the Smart Export program, a customer's storage system will recharge during the daytime with energy captured from their solar panels, and then power their home in the evening with an option to export electricity back to the grid during non-daytime hours for a monetary credit on their electricity bill. The Controllable Customer Grid Supply program allows solar PV-only systems to utilize advanced equipment for utilities to control exported power. Existing net metering customers can add such equipment to their systems if they meet certain technical requirements. Hawaii ended retail rate net metering in October 2015.



#### BOTTOM LINE

##### Marketers Ahoy

The Ohio rule comes after months of review and seeks to address the interests of DG customers, electric utilities, and competitive providers. Importantly, the ruling opens doors to energy marketers, some of which might be able to offer better rates than the utilities.

##### The Signal and the Choice

With changing consumption patterns, utilities want rate structures that address cross-subsidies and facilitate fixed cost recovery. As states consider DG valuation, stakeholder discussions are important to create compensation methods that support customer choice and improve price signals for the market.

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