

PSC Oversees Consensus on Net Metering

By PAM KASEY

pkasey@statejournal.com

On a windy day, the electric meter at a small office in Franklin runs backward.

Most of the electricity used by **Future Generations**, a community change educational institution, comes from a 10-kilowatt wind turbine out back. Through a special arrangement with **Allegheny Power**, any electricity the office doesn't use flows into the grid as a credit toward the company's needs on a still day.

The concept is called "net metering," because it enables an electric utility to bill its customers for net usage — what they use minus what they put back.

"Connecting to the grid is such a huge advantage, because if something happens to your system or you're not producing as much, you know that the traditional system is there as a backup," said **Traci Hickson**, director of development and communications for Future Generations.

Forty states already have net metering rules in place. This week, following a mandate in the federal Energy Policy Act of 2005, the state **Public Service Commission** hosted a hearing to consider net metering rules for West Virginia.

Net Metering Issues

To smooth the process, the PSC staff in September gathered interested parties — electric utilities, people interested in promoting alternative energy — to reach consensus on the details.

Here's some of what the parties agreed to:

First, according to the consensus, the net metering rules would apply only to



Photo courtesy of Future Generations

Excess electricity produced during the windy months of February, March and April by Future Generations' 10-kilowatt wind turbine is banked with Allegheny Power for future use. Staff put the smiley face on with electrical tape before they hoisted the turbine.

residential and small commercial "customer-generators." Other users could negotiate their own agreements with the utilities.

Customer-generators would be limited to 25 kilowatts each — much more than enough to power a home and plenty for many small businesses — and to renewable sources of energy.

Also, according to the consensus, every electric utility in West Virginia would be required to make net metering available to its customers.

However, the amount of net metering capacity a utility would have to allow

FASTfacts

Documents relating to the Public Service Commission's consideration of net metering and related rules may be found on the PSC Web site, www.psc.state.wv.us, under case number 06-0708-E-GI.

on its system would be limited to 0.1 percent of the utility's peak West Virginia demand in the previous year, on a first-come, first-served basis.

According to a PSC staff analysis of the state's four largest electric utilities, that proposal would have limited net generation facilities this year of 3,046 kilowatts among **Appalachian Power** users, 1,719 kilowatts for **Monongahela Power**, 591 kilowatts for **Potomac Edison** and 370 kilowatts for **Wheeling Power**.

Accounting could be handled in a number of ways. The consensus model is similar to what Future Generations worked out with Allegheny Power — excess generation would be carried forward to offset future consumption.

Future Installations

A net metering framework for West Virginia will make small generation systems more accessible, according to **Matt Sherald**. Sherald designs and installs small wind and solar systems through his Thomas-based business, **Power In My Back Yard**.

"I think having net metering is going to increase my business," Sherald said. "People want to make green electricity, want to feel good when their lights come on, that they're not polluting the environment."

Net metering has advantages for the owner of a small generator: the ability to

recover costs as well as the ability to rely on the grid for backup power.

It also makes a small generator installation less expensive, Sherald pointed out.

A 1-kilowatt wind turbine that might generate one-third of a home's electricity in a good wind regime costs around \$13,000, he said. A 10-kilowatt system might cost \$56,000. Solar is relatively less expensive on a smaller scale and more expensive as the generation capacity goes up.

But, he said, with net metering, "people can eliminate one of the most expensive components of the system — the battery bank."

That shaves about 8 percent off the up-front cost of the 10-kilowatt wind system, he said. Sherald would like to see the 0.1 percent limitation removed from the final rules.

Although it would allow the installation of several hundred systems across the state, "This stuff is going to be limited already by the nature of the investment capital needed to put in a system," he said. "As more of these ... systems go in, that potential's going to be reached and then it's going to take a room full of lawyers to be changed."

Still, he's happy to see rules coming. "If you look at our surrounding states, our neighbors all have it," he said. "West Virginia sits like a hole out here in the eastern United States, so we're playing catch-up."

A final rule on net metering is not mandated by the Energy Policy Act until August 2008 but could come earlier, as related matters under consideration by the PSC are to be finalized by February 2007.

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