

The Case for Net Metering: Value, Fairness, and the Future of the Grid

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Net Metering Compensates Real Services



Measurable Value

Delivers measurable, valuable energy directly to the local grid.



Peak Demand Reduction

Slashes expensive wholesale power purchases during peak demand.



Environmental Benefit

Reduces reliance on imported fossil fuels and eliminates costly transmission line losses.



Infrastructure Savings

Avoids billions in new power plant and transmission infrastructure costs.

The "Cost Shift" is a Rate Design Issue



Volumetric Energy Charges

Utilities rely on per-unit energy charges to recover fixed grid costs.



Revenue Reduction

Any reduction in consumer use (solar, insulation, efficient appliances) threatens utility revenue.



Energy Efficiency = Praised

Yet, energy efficiency is universally praised, not attacked as a "cost shift."



Outdated Pricing Structures

The core issue is an outdated utility pricing model, not a flaw in rooftop solar.

Incomplete Math: Revenue vs. Costs



The Utility's View:

Utilities calculate the 'cost shift' by measuring **foregone retail revenue only**, ignoring all grid benefits.



The Complete Picture:



Accurate accounting must include the massive **avoided costs** (fuel, market purchases, deferred grid upgrades) that solar provides.



Understanding Utility Incentives

Utility Profit Model:



Investor-owned utilities guarantee their profits by building massive new infrastructure.

Distributed Generation Impact:

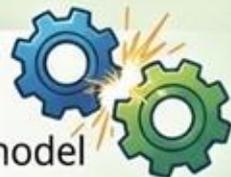
Reduces
Need for
Centralized
Projects



Local solar reduces the need for those centralized, capital-heavy projects.

The Natural Tension:

This creates a direct conflict between the utility's profit model and a consumer's right to generate their own power.



Understanding Cooperative Restrictions

Cooperative Incentive Model & Rigid Contracts



Focus on member benefit, not profit.
Bound by long-term (30-75 year),
"all-requirements" contracts with a
single supplier.

The Conflict: Solar & Minimum Thresholds

Reduced
Load



Member solar reduces total
load, threatening rigid
minimum-purchase thresholds
and causing disputes.

TENSION

Beyond the Single Line Item



Electric systems balance energy, capacity, reliability, environmental compliance, and long-term investment risk.



A narrow focus on retail rate comparisons overlooks environmental and public health benefits, fuel price hedging, resilience contributions, and peak demand reduction.



Rooftop solar affects all of these dimensions.



When all factors are considered, the picture is far more nuanced than a single line item labeled "lost revenue."

Modernization, Not Elimination



Evolutionary Rate Design

As distributed generation grows, thoughtful rate design evolution is required.



Avoiding Penalties

Reform must not mean dismantling Net Metering or punishing solar adopters with arbitrary fees.



Recommendation

Retain Net Metering, mandate comprehensive cost-of-service assessments, and protect consumer energy independence.