

Net Metering Reform

for cooperative and municipal owned utilities



State law mandates that utilities buy net metered energy at about double wholesale energy prices.

Net Metering is Inequitable



Payments to homeowners who install solar are paid for by everyone else with an electric bill.

The average household income level of those installing solar is high and increasing in Minnesota.

Minnesota is a National Outlier

Minnesota is the only state that allows individuals to install oversized solar arrays that produce excess energy for profit in cooperative territory.



Minnesota's Net Metering model is outdated in today's energy landscape.



Solar installation costs have decreased 90% in the last decade.



The efficiency of solar panels has increased 300% in the last decade.



Rooftop solar is 2x more expensive than utility scale for the same carbon reduction.

Our proposed changes will

- ✓ Preserve the current payoff period for the average home installation
- ✓ Eliminate excessive incentives to overbuild systems for passive income
- ✓ Ensure utility investments in the most cost effective clean energy solutions
- ✓ Reduce the attractiveness of Minnesota as a lucrative market for predatory out-of-state solar developers

Cooperative Territory is Different

Oversized systems built for profit are a unique risk to cooperatives where there is abundant land and most of our sales are residential.

93% of co-op members are residences

85% of the geographical area of Minnesota is in cooperative territory

17% is the cooperative share of kWh sales in Minnesota

Sized to Offset Use v. Sized to Profit

Sizing solar arrays to offset household energy use promotes widespread solar adoption while minimizing the transfer of income from all members to solar owners.

System size	7.5 kW	40 kW
Lifetime kWh earnings at retail rate	\$60,000	\$328,000

Who is MREA?

The Minnesota Rural Electric Association (MREA) is the statewide organization representing electric cooperatives serving the state of Minnesota. We foster unity among and provide service to all of Minnesota's 50 electric cooperatives. Our mission is serving our members through collaborative leadership and expertise.



Net Metering Reform Needed



With the carbon free by 2040 legislation, it is time to reform the state's costly and regressive solar subsidy.

▶ Outdated

- **All Electricity Carbon Free:** Minnesota law now requires that by 2040 all electricity purchased in Minnesota will be carbon free. There is no longer an environmental incentive for supporting a costly policy that hurts those most who can least afford it.
- **Reform is Needed:** Minnesota's net metering policy was designed when solar technology was in its infancy and fails to address the modern energy landscape.
- **Net Metering is Antiquated:** Minnesota was the first state in the union to implement net metering policies in 1983 — for the purpose of helping a new industry get off the ground. Today, there is more solar being installed than any other form of generation — it's time for updating this policy.
- **Technological Advancements:** The rapid advancement in solar and energy storage technologies calls for updated policies that reflect current capabilities and market conditions.
- **Grid Stability and Reliability:** Reforming net metering can help ensure grid stability and reliability, accommodating both traditional and renewable energy sources.

▶ Expensive

- **Raising Energy Costs:** Co-ops are forced to pay retail rate for energy they can purchase at wholesale rate. That is not a sustainable business model and increases costs for member-owners of the co-op.
- **Less Carbon Reduction:** It costs about twice as much to get the same amount of electricity from small distributed solar systems as it does from larger utility connected solar systems. Half the carbon reduction at the same price.
- **Slow Method for Decarbonization:** Net metering is a slow and expensive tool for decarbonizing the electrical grid.¹

▶ Inequitable

- **Cost-Shifting:** Those who can least afford it subsidize the costs for solar panels installed on the homes of wealthier individuals. Low-income households don't benefit from the net metering incentives but bear the costs passed down from those who can afford solar.
- **Wealthier Households Benefit:** Studies² consistently show those who install solar systems and reap the benefits are wealthier than those who don't install the systems. Also, in Minnesota, the data shows the gap widening.
- **Equitable Cost Distribution:** Co-ops are for providing the most cost-effective power supply for our members possible. We must distribute the cost burden more equitably.

Balanced Approach

A balanced approach to net metering reform can support the growth of renewable energy while protecting the interests of all cooperative members, ensuring that everyone contributes fairly to the grid's upkeep and reliability.

Minnesota Can Be Leaders

Minnesota has the potential to be a national leader in renewable energy policies by updating its net metering policies and facilitating the connection of solar sized to load for those that want it.

¹ "Utility-scale solar is significantly cheaper than rooftop..." Utility Dive, July 2015

² Berkeley Lab, 2020; Stanford Report, 2022

