

# Net Metering And Renewable Energy

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Net Energy Metering (NEM) is a policy that allows consumers who own renewable energy sources, such as rooftop solar panels or wind turbines, the ability to receive a credit against their energy bills for at least a portion of the energy that their systems (referred to as “distributed generation” or “DG”) send to the power grid.

NEM is required for all electric utilities under the [Energy Policy Act of 2005](#) which defines “net metering service” as:

“ . . . service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.”

Paving the way for long-term growth of distributed generation in California, the California Public Utilities Commission (CPUC) unanimously approved a plan on May 24, 2012 that will increase the cap on (NEM) within the State.

While NEM has been in place for some time, a cap effectively limits the amount of credit that customers with DG systems can receive. The CPUC decision redefines the method by which the cap is calculated and, according to investor owned utilities, like PG&E and San Diego Gas & Electric, is likely to “[more than double the number of customers currently enrolled in the net metering program.](#)”

The CPUC decision should be instrumental in helping California’s renewable energy businesses grow and prosper. Meanwhile, more consumers are likely to seek benefits under NEM as the cost of renewable energy technology continues to tumble.

Tharpe & Howell can help companies and others maximize their opportunities and protect their interests in connection with NEM, distributed generation and the recent CPUC decision.

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