



**NETWORK FOR NEW ENERGY CHOICES**

*A new world of energy choices...is in our power!*

**FILED<sup>2</sup>**

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February 6, 2007

The Hon. Colleen M. Dale, Secretary  
Missouri Public Service Commission  
Governor Office Building  
200 Madison Street  
Jefferson City, MO 65102-0360

**Missouri Public  
Service Commission**

Re: Case No. EO-2006-0493 -- Order granting leave to withdraw motion and directing filing of additional pleadings

Dear Ms. Dale,

The Network for New Energy Choices (NNEC) wishes to file this pleading concerning the "threshold question on the applicability of the prior state action exemption to the adoption of the Net Metering Standard". Our interest in this case stems from our recent analysis of all statewide net metering programs, which culminated in the report, *Freeing the Grid: How Effective State Net Metering Laws Can Revolutionize U.S. Energy Policy* (available at: [www.newenergychoices.org](http://www.newenergychoices.org)). We hope the Commission and all interested parties will benefit from this pleading.

Sincerely,

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Research Director  
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Enclosure

+ 8 copies

[www.newenergychoices.org](http://www.newenergychoices.org)

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Consideration of Adoption     )  
of the PURPA Section 111(d)(11) Net Metering     )     **Case No. EO-2006-0493**  
Standard as Required by Section 1251 of the     )  
Energy Policy Act of 2005.     )

Re: Order granting leave to withdraw motion and directing filing of additional pleadings

The Network for New Energy Choices (NNEC) is a New York-based non-profit organization committed to providing state and local governments with ideas and information to help finance community-based clean energy, dispel misinformation about renewable resources and advocate utility policy reforms that create new energy choices for all Americans.

NNEC wishes to file this pleading concerning the "threshold question on the applicability of the prior state action exemption to the adoption of the Net Metering Standard".<sup>1</sup> Missouri's existing statute, 4 CSR 240-20.065, with the misleading title, "Net Metering", fails to meet prior state action. The new standards put forth in the Energy Policy Act of 2005 states:

(11) NET METERING- Each electric utility shall make available upon request net metering service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term 'net metering service' means 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

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<sup>1</sup> ORDER GRANTING LEAVE TO WITHDRAW MOTION AND DIRECTING FILING OF ADDITIONAL PLEADINGS. Public Service Commission of the State of Missouri. Case No. EO-2006-0493. December 26, 2006. <http://www.psc.mo.gov/orders/2006/122606493.htm>

local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.<sup>2</sup>

Missouri's "net metering" statute does not allow electric consumer-generators to use their on-site generating facility to "offset electric energy provided by the electric utility to the electric consumer during the applicable billing period".<sup>3</sup> The Missouri Code of State Regulations' "net metering" provision calls for a dual metering arrangement. This arrangement requires a separate meter, installed at the customer's expense, to record the output of the eligible on-site generating facility. The utility is only required to compensate the customer-generator at the avoided, or wholesale, cost for electricity produced on-site. However, the customer generator still has to buy electricity at the retail rate on top of standard customer charges. This arrangement is in no way an "offset" or one-to-one exchange of energy.

36 U.S. states and Washington D.C. have net metering rules that offset electric energy provided by the electric utility in a one-to-one ratio.<sup>4, 5</sup> In a recent article in the peer reviewed journal *Energy Policy*, Larry Hughes and Jeff Bell lay out a taxonomy for methods for compensating customer-generators for offsetting

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<sup>2</sup> Energy Policy Act of 2005. Section 1251. Net Metering and Additional Standards. <http://thomas.loc.gov/cgi-bin/query/F?c109:5:./temp/~c109y2AYcl:e1084244>:

<sup>3</sup> Ibid.

<sup>4</sup> West Virginia is finalizing rules for its upcoming net metering program and four other states have voluntary programs available. All programs offer a one-to-one offset for on-site electricity production.

<sup>5</sup> The details of state and voluntary net metering programs are found on the Database of State Incentives for Renewables and Efficiency: <http://www.dsireusa.org/>

electricity produced on-site. The article defines the offset provided under true net metering as being "valued at the customer-generator's retail rate".<sup>6</sup>

Compared to the rules established in the majority of U.S. states, voluntary utility programs, and the previously mentioned article, Missouri's "net metering" law is not net metering. At best, Missouri offers "net billing with rolling credit and buy back: below retail", commonly referred to as 'dual metering'.<sup>7</sup>

One final point worth mentioning is the Database of State Incentives for Renewables and Efficiency's (DSIRE) omission of a net metering program under the heading 'Missouri Incentives for Renewable Energy'.<sup>8</sup> The forty states (and District of Columbia) that offer some form of net metering have an entry for net metering. Missouri does not. The entry referring to 4 CSR 240-20.065 is under the title "Interconnection Standards" and reads:

Under a dual-metering arrangement, Missouri provides for the interconnection of wind, biomass, fuel cell and photovoltaic (PV) systems up to 100 kilowatts (kW) in capacity. Although the relevant statute refers to this arrangement as "net metering," it is actually dual metering. Under Missouri's "net-metering" law, any electricity fed by a generator into the grid is credited on the customer's next bill at the utility's avoided-cost rate, not the utility's retail rate. (In a "true" net-metering arrangement, all

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<sup>6</sup> Hughes, Larry and Bell, Jeff. (2006) Compensating customer-generators: a taxonomy describing methods of compensating customer-generators for electricity supplied to the grid. *Energy Policy*. Vol. 34. No. 13. pg. 1532 – 1539.

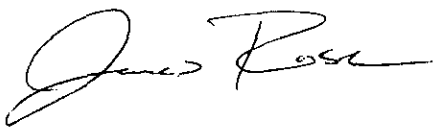
<sup>7</sup> Ibid.

<sup>8</sup> "DSIRE is an ongoing project of the Interstate Renewable Energy Council (IREC), funded by the U.S. Department of Energy and managed by the North Carolina Solar Center."  
[http://www.ncsc.ncsu.edu/information\\_resources/renewable\\_energy\\_incentives.cfm](http://www.ncsc.ncsu.edu/information_resources/renewable_energy_incentives.cfm)

electricity generated by a customer during a given billing period is credited at the utility's retail rate.)<sup>9</sup>

With the clear absence of a net metering program and, therefore, no prior state action, NNEC urges the Commission to initiate rulemaking for the purposes of adopting a true net metering standard.

Respectfully submitted,



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<sup>9</sup> Database of State Incentives for Renewables and Efficiency (DSIRE). Missouri Incentives for Renewables and Efficiency. Interconnection Standards. July 30, 2006.  
[http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive\\_Code=MO03R&state=MO&CurrentPageID=1&RE=1&EE=1](http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive_Code=MO03R&state=MO&CurrentPageID=1&RE=1&EE=1)