

## Micro Power Producers Act of 2007

### *Enhancing energy security through net metering*

#### Objective

To stimulate investment and innovation in renewable energy and energy-efficient systems and to promote energy conservation through minimum federal standards for grid interconnection.

#### Description

Net metering allows customers to produce power for their own needs and to make available to the grid any excess power at fair market value. Today's confusing and inconsistent patchwork of net metering laws in over 40 states inhibits market investment and reduces customer participation.

The *Micro Power Producers Act of 2007 (MPPA)* will standardize the compensation process for excess electricity production, making it easier for American homes and businesses to deploy renewable power systems that will lower monthly utility costs and provide emergency power during system outages. Excess power generated by customers will be valued fairly and consistently. Utilities will be required to provide net meters to "electrical entrepreneurs"—homeowners, small businesses, farmers, and nonprofits that have a utility account and generate some or all of their own electricity from certifiably renewable sources. Entrepreneurs will be debited for electricity they use and credited for electricity they produce. A negative balance at the end of the month will be billed; a positive balance will be paid at the end of any month if it exceeds \$500 or at the end of the calendar year if no monthly balance exceeds \$500.

Retail rates may not be based on participation in net metering but may be based on time of day, instantaneous balance of supply and demand, or other factors. Utilities will credit all electricity less than the entrepreneur's own usage within a given billing period at 100% of the retail rate. Each month they will buy the first megawatt-hour (MWh) of an entrepreneur's excess electricity at 10% below the retail rate for customers, the second MWh at 20% below, the third at 30% below, etc. The lowest price shall not be less than either (a) the average wholesale rate for the month or (b) 50% of the retail rate, whichever is higher. Grid capacity may restrict the amount of power that entrepreneurs can sell.

Utilities may use green attributes (such as renewable energy credits) generated by the entrepreneur to fulfill state or federal requirements, with the entrepreneur's written permission, but may not impose any sanction or penalty on entrepreneurs who decline. A utility must offer the same contract and fee schedule to all entrepreneurs but may elect to offer additional payments to those who grant permission.

The MPPA will set safety, interoperability, and other standards for net meters and for net meters that also function as smart meters. Utilities may not penalize entrepreneurs for installing qualifying meters. Utilities may share aggregated, non-personally

identifiable information collected by these meters but may not share data revealing individual usage patterns or other personally identifiable information.

## Benefits

1. **Saves utilities money** by
  - Allowing them to buy less electricity from their most expensive sources and more from entrepreneurs (who will be paid at lesser rates)
  - Reducing costs of long-distance transmission and repeated transformation
  - Permitting them, as the only allowed purchasers, to acquire green credits from entrepreneurs at below-market rates
2. **Increases personal energy freedom** by making it easier for individuals to generate their own electricity and sell any extra they produce
3. **Encourages innovation and diversifies energy sources**
4. **Reduces fossil fuel use** by encouraging renewable sources like solar, wind, hydroelectric, and biomass
5. **Increases grid resiliency** through a decentralized architecture
6. **Reduces reliance on the grid** by increasing the number of users who can generate some or all of their own electricity in emergencies
7. **Reduces blackouts and brownouts** by increasing generation via solar power when demand peaks
8. **Allows electricity supply to keep up with demand growth** by removing obstacles to innovation in power generation
9. Facilitates the introduction of smart meters, which have been shown to **promote energy conservation** and thus **reduce electric bills**

## Investment

The primary cost of the MPPA will be for oversight within the DoE, and will be offset by additional tax revenues on income generated by entrepreneurs.

## Key Messages

1. **Decentralizes and diversifies energy sources** for greater reliability and security
2. **Increases personal energy freedom**
3. **Encourages innovation** in power generation
4. **Deregulates** to create a free and fair electricity market
5. **Rewards utilities** for supporting green electricity generation
6. **Reduces brownouts and blackouts**
7. Establishes minimum federal **standards for net meters**
8. **Promotes conservation** by standardizing smart meters

