

community renewables programs. Under a community renewables program, customers are allowed to invest in an off-site renewable energy system and still participate in net metering and other state-level incentive programs. A well-designed community renewables program expands options for customer participation in renewables without weakening successful on-site renewable energy programs.

**SAFE HARBOR PROVISIONS, STANDBY CHARGES, OR OTHER FEES**

Points	Fee Treatment
+3	Safe harbor language protects customers from unspecified additional equipment, fees, requirements to change tariffs, etc.
0	Not addressed
-1	The utility imposes fees or decision on whether to add fees is left to the utility
-1	Minor additional fees for net metering are imposed
-5	Significant additional charges or fees are imposed
-5	Per A per-kWh fee on all production (in addition to other fees) is imposed <sup>6</sup>

Many utilities claim that, in the event that net-metered systems fail, the utility is required to meet the resulting increase in customer demand. As a result, many states allow utilities to impose a “standby charge” on net-metered customers.

Standby charges constitute poor public policy in the context of net metering, especially for owners of small, renewable energy systems. Some researchers have noted that they are “analogous to assigning standby fees to residential customers who purchase high efficiency air conditioning units,”<sup>7</sup> because, in theory, utilities would be required to meet increased demand should the air conditioners fail and need to be replaced by more conventional units. In some cases, standby charges are equal to—or even exceed—rates for full electrical service, in effect creating an economic disincentive for customers to install renewable energy systems.

Standby charges are particularly burdensome to small generators for whom utilities only need to provide a negligible amount of back-up power. These fees can be so costly that they diminish most, if

not all, of the economic incentive net metering was intended to offer smaller generators.

Safe harbor provisions ensure that net-metered customers are treated like any other customer. These provisions explicitly state that the utility may not charge a customer-sited generator any fee or charge, or require additional equipment, insurance or any other requirement—unless the fee or charge also applies to other customers that are not customer-sited generators.

**POLICY COVERAGE**

Points	Utilities Covered
+1	Rules apply to all utilities
0	Rules apply to investor-owned utilities only

Net metering policies generally arise from either a statute passed by a legislative body or from a commission decision. Depending on its origin, a policy may cover all utilities in the state (usually those embodied in a statute) or just investor-owned utilities (IOU) (usually those issued by a commission decision). For example, Colorado’s Public Utilities Commission adopted net metering rules that only applied to the state’s IOU. This helped open solar markets in the more densely populated IOU territories, but did little for the windy rural areas that were operated by electric cooperatives (co-ops) or municipal utilities (munis). However, in early 2008, House Bill 08-1160 was enacted, offering net metering to customers of co-ops and munis. This was welcome news to rural customers who want to take advantage of small wind systems.

**THIRD-PARTY MODEL**

Points	Third-Party Power Purchase Agreement Treatment
+1	Presumed allowed to net meter
0	Not specified
-1	Presumed not allowed to net meter

Over the past couple of years, the third-party ownership model has emerged as a useful financing solution for solar installations. With this model,