

metering to their customers. If a competitive suppliers' business strategy is to make a profit solely on selling kWh, then there is little reason for a competitive supplier to retain a customer that reduces purchases of kWh through net metering.

Because competitive supply contracts are so diverse and customizable, it may not be possible to determine what a supplier would have offered to that same customer under a non-netting arrangement. Offerings could also vary geographically, creating further problems in proving that net metering is not being offered on fair terms. If compelled to net meter at terms outlined in other contracts in the state, a supplier could simply cease to offer certain contracts of that type to any customer. The only possible proof of "discrimination" would seem to arise in a situation where a customer decides to renew a contract and is not allowed to under the same terms, while other customers are allowed to take service under that standard contract, assuming that some sort of "standard" contract exists.

### **Initial Recommendations for Net Metering Policies**

While competitive suppliers have generally had a limited experience so far with net metering, it will likely become an increasingly important issue for them in the future. States are trending toward removing net metering caps, allowing large energy consumers to meet larger percentages of their load through distributed renewable energy systems. We offer the following for net metering rule design that may promote the adoption of net metering among retail choice customers.

1. Administrative rules or utility tariffs should specifically address whether net metering is required and how it should operate for competitive supply customers. This may require clarifications to eligible customer definitions, crediting procedures, permitted meter arrangements, non-discrimination clauses, and other provisions in net metering regulations and tariffs.
2. Customers of competitive suppliers should have the opportunity to net meter on the same terms as default or SOS customers. Retail choice and net metering do not have to be mutually exclusive customer options, and there is no compelling reason that they should be. This is not to suggest that customers should be prevented from negotiating custom agreements with a supplier if they choose to do so. Rather, a standard, non-discriminatory, default option should be available but not compulsory
3. All parties (customer, utility, and competitive supplier) should be afforded the opportunity to be made "whole." As described above, competitive supply customers should be eligible for the same net metering benefits available to other customers. To the extent that offering net metering to competitive supply customers imposes *real* costs on either suppliers or utilities, every effort should be made to provide mechanisms for recovery of these costs.