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## the facts about net metering

### **What is net metering?**

Net metering is a simple, inexpensive and easily-administered mechanism for encouraging the use of small-scale wind energy systems. With net metering, a utility customer that generates electric power on site is entitled to offset electricity that would otherwise have to be purchased at the utility's full retail rate.

### **How does net metering work?**

When a customer produces more electricity than is needed in a building via an on-site generation system such as the WindCube®, the existing electricity meter spins backward, yielding a credit to the electric bill. The meter spins forward (in the normal direction) when the customer needs more electricity than is being produced.

### **What are the benefits of this system?**

- The customer receives full retail value for all the electricity produced on site.
- No additional battery storage system or second energy meter needs to be installed.
- These have positive effects on the economics and payback period for the investment in the WindCube.

In states without net metering, a small wind system would require a second meter to measure the electricity that flows back to the utility, with the utility purchasing the power at a wholesale or "avoided cost" rate that is much lower than the retail rate.

### **How does net metering affect utilities?**

Utilities benefit by avoiding the administrative and accounting costs of separately metering and buying back the small amounts of excess electricity produced by small wind energy facilities. During peak use periods, net metering can also improve system load factor.

### **How are the savings calculated?**

The bill savings for the customer (and corresponding revenue loss to the utility) will depend on a variety of factors, particularly the amount of excess electricity produced. A user's electric rate is directly offset by the kWh rate paid to the utility. This is also known as the retail rate. For example, a customer that produces 150,000 kWh annually and has a 10-cent electric rate will save \$15,000 per year on their electric bill. Some states provide a production incentive bonus to the existing retail rate of several cents per kWh.

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**How widely is net metering available?**

Currently, all but a few states and U.S. territories require at least some utilities to offer net metering for small wind systems, although the requirements vary from state to state. Most state net metering rules were enacted by state utility regulators, and these rules apply only to investor-owned utilities whose rates and services are regulated at the state level, not municipal utilities or electric cooperatives. In other states, net metering was implemented legislatively. For the most current listing of net metering by jurisdiction, visit the Database of State Incentives for Renewables and Efficiency ([www.dsireusa.org](http://www.dsireusa.org)).