

MEMORANDUM

TO: Ohio Manufacturers' Association Energy Group
FROM: Kim Bojko, Carpenter Lipps & Leland LLP
DATE: November 13, 2017
SUBJECT: PUCO Adoption of New Net Metering Rules

I. INTRODUCTION

On July 11, 2012, the Public Utilities Commission of Ohio (PUCO) conducted a review of Rule 4901:1-10, Ohio Administrative Code (O.A.C.), and issued an order regarding that review on January 15, 2014.¹ Rule 4901:1-10-28, O.A.C., which covers the PUCO's rules for net metering, was later withdrawn for further consideration. After conducting a workshop and receiving comments from a number of parties, including OMAEG, the Commission issued an order adopting new net metering rules on November 8, 2017.²

II. KEY POINTS OF THE NEW RULES

- **Definition:** A net metering system is a generation facility that uses an appropriate fuel type, is located on the customer-generator's premises, operates in parallel with the electric utility's transmission and distribution facilities, and is intended primarily to offset part or all of the customer-generator's requirements for electricity. Permissible fuel types for net metering are: solar, wind, biomass, landfill gas, or hydropower.
- **Location:** Net metering facilities must be located on a customer-generator's premises, which include areas owned, operated, or leased by the customer-generator with the metering point for the customer-generator's account. A contiguous lot to the area with the customer-generator's metering point may also be considered part of the customer-generator's premises, as long as doing so does not create an unsafe or hazardous condition.
- **Qualifications:** To qualify for net metering, customer-generators must intend primarily to offset all or part of their requirements for electricity. Customer-generators must size their facilities so that they do not generate in excess of 120% of

¹ See *In the Matter of the Commission's Review of Chapter 4901:1-10 of the Ohio Administrative Code*, Case No. 12-2050-EL-ORD, Finding and Order (January 15, 2014) (Initial Order).

² *In the Matter of the Commission's Review of Chapter 4901:1-10 of the Ohio Administrative Code*, Case No. 12-2050-EL-ORD, Finding and Order at 3 (November 8, 2017) (Net Metering Order).

the customer-generator's requirements for electricity. Utilities are required to provide consumption data or estimates to customers to assist in the planning process.

- **Compensation:**
 - Shopping customers: The rules allow Competitive Retail Electric Service (CRES) providers to enter into net metering contracts with customer-generators at any price, rate, credit, or refund for excess generation from a customer-generator.
 - Non-shopping customers: The metering credit that customer-generators receive for excess generation when taking service from the utility's standard net metering tariff is calculated based on the energy-only component of the electric utility's standard service offer (SSO) and applied to the customer-generator's total bill. Customer-generators who use advanced meters will receive the benefit of their peak load contributions in the form of lower bills for electric service.
 - The Commission disagreed with OMAEG's argument that shopping customer-generators should receive the same compensation as SSO customer-generators, instead adopting the belief that compensation for excess generation is a factor that customer-generators should consider when choosing a CRES provider. Utilities can move customer-generators to bill-ready billing as long as a customer-generator and its CRES provider have not already agreed to dual billing.
- **Meter Cost:** Customer-generators must pay the costs of installing new meters to enable net metering, but customer-generators in certain territories may be able to have those costs paid for them through the utility's smart grid rider.
- **Utility Cost Recovery:** The Commission rejected the utilities' arguments that the net metering rules should explicitly allow recovery of costs associated with net metering. Utilities can apply for deferral of costs but the Commission did not establish a cost recovery mechanism through the rules.
- **Additional Charges:** Electric utilities are prohibited from imposing any charges on customer-generators that relate to the electricity that the customer-generator supplies back to the system.

III. NEXT STEPS

The Commission ordered that the amendments to the net metering rules be filed with the Joint Committee on Agency Rule Review (JCARR). The Rules will become effective if JCARR adopts them. At the earliest, the rules could become effective 65 days from the date the PUCO final files the rules with JCARR.

IV. CONCLUSION

These new rules may impact the net metering activities of OMAEG members across the state that have on-site generation, both in terms of the amount that can be generated and the compensation for excess generation. For those who are interested, the complete order, including a copy of the rule that reflects the changes from the previous rule, can be found [here](#).