RATE DESIGN OPTIONS FOR DISTRIBUTED GENERATION

Net Energy Metering

- Excess generation from a customer's rooftop solar panels are credited back to the customer at the prevailing retail electric rate.
- Although common, this mechanism makes it difficult for the utility to recover its true costs in connecting the customer to the grid.

Net Billing

- Like net metering, except credit for excess generation is set at a rate other than the retail rate.

Demand Charges

- A charge based on the customer's peak consumption, in kilowatts, during a billing cycle.
- Can be established at the period of peak usage, or at a specific period of the day.
- Common for industrial and some commercial customers, but rarely used for residential customers, which might require education to help them understand this rate.

Higher Customer Charge

- A greater share of the utility's fixed costs could be recovered through the fixed monthly customer charge.
- This method is simpler and is a more accurate reflection of costs.

Time of Use Rates

- Rates are set to more accurately reflect cost of providing electricity at different times of the day.
- Incents customers to use during off-peak periods.
- Excess distributed generation credited at closer to actual value.

Buy-all, Sell-all

- Two-meter billing system: one for generation and one for consumption.
- All electricity consumed is metered at the retail rate, and all electricity generated by the customer is credited at avoided cost or some other pre-determined rate.

Learn more about rate design at PublicPower.org/Topic/Bills-and-Rates or contact the American Public Power Association at Policy@PublicPower.org.

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