

# Bill would kill residential solar, critics say

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September 20,  
2019



A legislative committee this week advanced a bill that would reduce benefits to small electricity generators — such as homeowners with rooftop solar panels — who also use the electrical grid, a move one critic said would kill the solar-power industry in Wyoming.

Committee members advanced amendments to the state's net-metering laws saying they would reduce "cost shifting" that unfairly burdens electricity consumers who don't have solar or other private power systems. The Joint Corporations, Elections and Political Subdivisions Committee agreed in a meeting in Jackson on Sept. 16 it would work on the bill at its next meeting set for November.

Utility consumers who generate some of their own power forego paying a fee to the utility for that energy, those involved in the debate explained. Some portion of that avoided fee would have covered costs for building power lines, plants, substations and so on.

As a result, those facility costs avoided by solar generators are shifted to other ratepayers, lawmakers said.

There is “some serious cost shifting” now taking place, said Rep. Danny Eyre (R-Lyman), who proposed amending the existing law. His bill would rectify the perceived problem “without killing the [solar] industry,” he said.

But the measures under consideration would have disastrous effects on Wyoming’s solar industry, said Scott Kane, co-founder and owner of Creative Energies. That three-state company has offices in Lander, Victor, Idaho and Salt Lake City.

“It will shut it down,” Kane said of the proposed amendments’ effects on his industry in Wyoming. “There’s no doubt about it.”

## Net metering

Lawmakers supporting the bill contend that solar power consumers don’t carry their fair share of fixed costs — the overhead costs an electric utility provider accrues erecting power lines, building substations, maintaining buildings, paying salaries and so forth.

Utilities recoup their energy costs — the price they pay for an electron — by billing a consumer for the number of kilowatt hours he or she uses each month. They recoup some of their fixed costs through a base charge imposed uniformly to all consumers in a class.



Power lines leading from Jim Bridger Plant at Point of Rocks. (Angus M. Thuermer Jr./WyoFile)

Most consumers see these two charges broken out in their utility bills.

But utilities also recoup some of their fixed costs through their energy charges, said Jim Webb, CEO of Lower Valley Energy, who testified at the hearing.

By generating their own electricity, net-metering customers typically consume fewer utility-generated electrons and have lower energy charges. In this way they avoid paying some of the fixed costs built into the energy charge.

Eyre and his bill supporters contend net-metering customers shift that portion of avoided fixed costs to regular consumers. Yet net-metering customers still take advantage of the fixed assets — power lines and so-on — when they call on the utility for power. That happens at night, using a solar-generating example, when the sun isn't shining.

To correct that shift, the amendment would first require solar-generating and other net-metering customers to pay the retail rate for all electricity they used — even the electricity generated by private solar systems at their residences.

The utility would then pay the customers back for self-generated electricity, but only at a lower wholesale or avoided-cost rate, not the higher, retail rate.

Retail rates are about three times wholesale rates, Kane and Sen. Cale Case, (R-Lander) explained. "In simple terms," Kane told WyoFile, "this could reduce by two thirds the financial return on solar."

The amendment likely means installing another meter between a solar system and a residence, Kane said. That system would show how much electricity a net-metering customer generated, a figure that is not collected by utilities today.

"They would be inserting themselves into your home," he said in an interview. "They would measure what your total energy consumption is in the house."

The monthly bill would be for that total consumption, including the owner-generated electricity — at the utility's retail rate that includes the portion dedicated to fixed costs.

"They would also meter how much energy your solar produced," Kane said, "and they would pay you a diminished [wholesale or avoided-cost] amount for that."

## **A rate-structure problem**

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The amendments "unfairly identify solar" as the cause of cost shifting, Kane told the committee. "Solar is not necessarily the cause of that cost shift."

People who are frugal, low-income families who don't use a lot of energy, conservation-oriented households who turn out the lights or add insulation, all also shift costs to other consumers. Yet federal, state and local agencies give grants to help reduce energy consumption in those ways.



Mark Barron at his Jackson home beneath a solar array that cuts his electricity costs to as little as \$18 a month. (Angus M. Thuermer, Jr/WyoFile)

Kane pointed to the Wyoming Business Council as one such entity. “Energy efficiency improvements are often overlooked as cost-effective opportunities for Wyoming’s local governments, public schools and small businesses,” the council writes on [its website](#). “The State Energy Office uses federal grant money to offer a range of programs to help reduce energy consumption.”

Kane envisioned four homes, with Home One using a normal amount of energy from a utility. Home Two cuts its utility bill by using net-metering and a solar array. Home three invests in new insulation, has a wood-burning stove and also cuts its utility bill. Old Widow Murphy lives in Home Four and only heats one room of her home, cutting her utility costs.

Homes Two, Three and Four all shift costs to Home One. But under the proposed changes to the net-metering law, the solar home — Home Two — will be dinged while the others aren’t.

“An identical cost shift happens in each case,” Kane said. “Somehow it’s uniquely solar that is being called the cause of cost-shifting.”



Cost shifting is not a net-metering issue as much as a rate structure problem, Kane said. “A cost shift is intrinsic to this [energy] rate,” that includes fixed costs, he said. “Low users pay less of the fixed cost than high users.”

## Honoring investment

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A Teton County Commissioner who has a solar array on his roof told the committee why he put money into the project.

“Our investment in solar is an investment in somebody’s job in Wyoming,” Mark Barron said, speaking for himself. His utility bill is as little as \$18 a month, he said and the Legislature needs to honor the contract it made with those like him who have existing systems.

Without addressing consumers with net-metering systems, proposed changes to the law would be “a regulatory taking of existing users,” said Hesid Brandow, an organizer with the Powder River Basin Resource Council.

The Rock Springs-Sweetwater County Airport wouldn’t have installed a solar array without the existing net-metering laws, manager Devon Brubaker told the committee. More is planned, he said. But “without true net metering we would not move forward.”

If there was any cost shifting, it was minimal, Brubaker told the committee. The issue should be addressed in rate structures overseen by regulators. Regulators could approve rates that call for taking fixed costs out of the energy charge and imposing them in the base rate.

“Let’s let the [Public Service Commission] do what they do,” he said.

Lower Valley Energy did exactly that when it oversaw a Montana utility in Red Lodge that sought help when it was in financial straits, Webb said in an interview. At a small resort area, the utility served homes that were occupied mostly in the summer. The solution was to increase the monthly base rate from \$16 to \$32.50

“I should be indifferent to where the electricity comes from,” Webb told the committee, “as long as we’re covering our cost ... for lines.”

Webb agreed that the bill would be a death-knell for the fledgling solar industry.

“It would really kill in our area any solar going in,” he said in an interview. “It’s already tough for solar to pencil out.”

Wyoming’s Office of Consumer Advocate agreed with the principle that everybody should share the cost they impose on the system — be it transmission, generation or distribution — Bryce Freeman, administrator at the OCA told the committee.

Net metering “hardly poses a threat” or creates much cost shifting, Wyoming Outdoor Council Program Director Steff Kessler told the committee. “It is not harming others,” she said.

She touted the opportunity the industry brings for a diversified job environment, calling solar work “the fastest growing job in the U.S.” In that field, Wyoming is lagging compared to other states.

A handout she distributed showed there are 886 net-metering customers in the state and 67% generate electricity from solar devices. Almost 90% are residential users, the handout said, quoting from the U.S. Energy Information Administration.

In Wyoming there are 144 jobs in the solar industry, Kessler’s handout said, quoting from the Solar Foundation. Wyoming has the eighth-best solar resources among 50 states but is ranked 43rd in solar jobs per capita, according to her group.

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The average electricity rate in Wyoming is about 10 cents a kWh, according to ElectricityLocal.com, which bills itself as a comprehensive local electricity guide for the nation. The average Wyoming home consumes 894 kWh a month, so the average homeowner who doesn’t use solar pays an electric bill of approximately \$1,073 a year.

The Legislature enacted the existing net metering statute in 2001. Case, an economist, told the group cost shifting is consequential.

While the cost shifted today may be small, that can change quickly, he said.

“It suddenly becomes significant,” he said.

There has been a 100-fold increase in solar customers in five years in Utah, Case told the committee. “I definitely think this is a big deal,” he said.

*This story has been updated to correctly name the Powder River Basin Resource Council organizer who testified — Ed.*