

Utilities say solar customers not paying their fair share

JONATHAN FAHEY Associated Press

Tuesday, October 1, 2013

ATLANTA — Sunlight is free, but if you use it to make electricity your power company wants you to pay.

Utilities in many states say solar-friendly rate plans, conceived to promote alternative energy sources, are too generous and allow solar customers to avoid paying for the grid even though they use it.

Some power companies are proposing an extra fee for solar customers. Others are trying to roll back or block programs that allow those customers to trade the solar power they generate during sunny days for power they need from the grid during other times.

As rooftop solar expands from a niche product to a mainstream way to save money on power bills, utilities are afraid they will lose so many customers — and revenue — that they won't be able to afford to build and maintain the grid.

"We want to make sure that as we change the way our system works that all of that is good for all customers," said Greg Roberts, vice president of pricing and planning at Southern Co. subsidiary Georgia Power. The utility is proposing additional fees for renewable energy users, including one that would add up to about \$22 per month for typical home solar systems.

Solar installers say the utility industry is trying to hold onto customers — and protect profits — as U.S. homes and businesses become more efficient and generate their own electricity. Rooftop solar systems would not be economical with some of the new fees or rate changes being pushed by utilities.

"They are trying to punish people for buying less electricity," says Bryan Miller, vice president for public policy at Sunrun, a solar financing company. "They are trying to kill solar."

Mike Easterwood, who paid about \$320,000 to install nearly 400 solar panels on top of his self-storage business near Atlanta, says the new charges are designed to discourage people from installing new systems if they go into effect next year as proposed.

"I think it scares the heck out of (utilities), quite frankly," Easterwood says. "They are

a monopoly, and so they operate in monopolistic fashion."

The fight has come about because solar systems have plummeted in price and grown more popular at a time when U.S. electricity use is flat or even declining. Utilities, already facing the prospect of weak sales for years to come, are seeing more customers buy drastically less power when they generate their own with solar panels, fuel cells, or other so-called "distributed generation" technologies.

That reduces the need to build big new power plants and transmission lines — which is how utilities grow their business, make a profit for shareholders and keep their borrowing costs low. Regulators allow utilities to earn higher profits when they build large projects.

In most states, solar customers are allowed to trade the power that their panels generate during the day for power they need during the night. That reduces the amount they pay to their traditional utility and the amount they contribute to maintaining the grid — even though they still use it.

"The cost is being born by everyone else," says Richard McMahon, vice president for energy supply and finance at the Edison Electric Institute, a utility industry lobbying group.

Forty-three states have some sort of power-swapping plan, most of which include a cap on how large the programs can grow. There are 283,000 electric customers participating in these programs in the U.S. as of July, according to the Energy Department.

Solar advocates argue rooftop systems instead benefit other customers and the grid. When a home uses the power produced by solar panels, it pulls less power through the system. Even when the panels are producing more power than needed at home, the excess goes to the closest house that needs power — and not through the whole system — as a matter of physics. Both scenarios mean less stress on the grid.

"Solar customers are paying more than their fair share," says Sunrun's Miller.

Utilities disagree, and have proposed charging special fees or rolling back power-swapping rate plans in Georgia, Arizona, California and Idaho.

Arizona Public Service Co. officials estimate that a typical solar customer is avoiding \$1,000 a year in payments to support the electricity grid. The company proposes either charging new solar users a rate that recaptures more of the utility's costs or reducing the benefit of the energy swapping program.

California utilities made a similar push recently. Legislators there voted in September to allow the state's solar rate plan to continue and even expand for now, but said it would change the way the state structures rates in a way that may address utilities' concerns. A report commissioned by state regulators and released last week says non-solar customers in the current rate system are paying between \$75 million and

\$254 million per year in extra grid costs now, and that could expand to \$1.1 billion per year by 2020.

Georgia Power has asked regulators to add a new fee for solar customers who install new systems beginning next year. Alternatively, those new solar customers could buy power at prices that the utility says better recoups its costs. The solar industry in Georgia is fighting the proposal.

"If I turn off my lights, the power company shouldn't send me a bill," says James Marlow, CEO of Radiance Solar in Atlanta.

Power companies say Marlow should at least pay for the option of turning the lights back on when the sun isn't shining.

The question for both sides to resolve is how much.

Fahey reported from New York. He can be reached at <http://twitter.com/JonathanFahey>. Ray Henry can be reached at <http://twitter.com/rhenryAP>.

Caption 1:

In this Thursday, Sept. 26, 2013 photo, Mike Easterwood checks one of the solar panels installed on the roof of his 1947-era building in Decatur, Ga. Easterwood paid about \$320,000 to install nearly 400 solar panels on top of his self-storage business near Atlanta. (AP Photo/David Tulis)

Caption 2:

In this Thursday, Sept. 26, 2013, photo, Decatur Self Storage's array of solar cells are installed on the flat roof of the building as they capture solar energy and convert it to electrical energy for the storage facility, in in Decatur, Ga. Owner Mike Easterwood also returns excess electricity to the Georgia Power Company electrical grid in exchange for a reduced monthly power rate. (AP Photo/David Tulis)

Caption 3:

In this Thursday, Sept. 26, 2013, photo, Decatur Self Storage's Michael Houston Easterwood, the son of owner Mike Easterwood, checks the inverters attached to an array of solar cells that provide energy for their storage facility, in Decatur, Ga. The solar cells also return excess electricity to the Georgia Power Company electrical grid in exchange for a reduced monthly power rate. (AP Photo/David Tulis)

Caption 4:

In this Thursday, Sept. 26, 2013, photo, Decatur Self Storage's array of solar cells are installed on the flat roof of the building as they capture solar energy and convert it to electrical energy for the storage facility, in in Decatur, Ga. Owner Mike

Easterwood also returns excess electricity to the Georgia Power Company electrical grid in exchange for a reduced monthly power rate. (AP Photo/David Tulis)



© 2013 Scripps New spaper Group — Online