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New Policies Give Solar Users an Economic Boost

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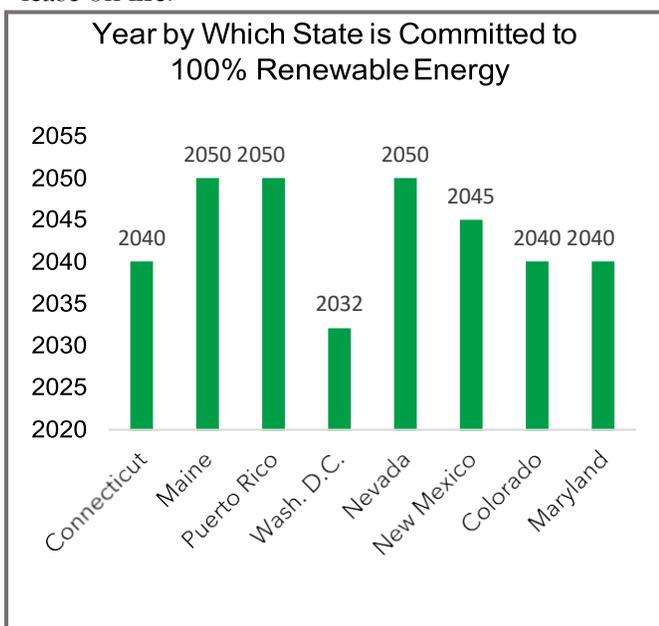
NEW POLICIES GIVE SOLAR USERS AN ECONOMIC BOOST

OLIVIA FOWLER

The decision to install new solar technologies creates a balance of costs and rewards for customers and providers alike. While there are high upfront costs for solar installations, these are offset by the future benefits of financial incentives and energy savings. In recent years, however, several of those incentives have been threatened by changing utility rate policies.

In 2018, communities across America saw new political policies put into place that threatened the viability of solar as an energy source. Because solar is the main commercially available source of renewable energy, policies regarding renewables often have the largest impact on solar users. Due to the costly installations, most solar users are heavily reliant on economic incentives--many of which come from the government. Lack of incentives have worried current solar users and deterred non-users from making the switch.

However, the tides are turning once again. In 2019, political pressure to become more environmentally friendly has caused many states to commit to 100% renewable energy within the near future. Other states have begun to roll back net metering restrictions. In this article, an overview of the financial impact of solar will be discussed, followed by a look at nine new policies giving renewables, and therefore solar, a new lease on life.



Introduction to Solar Energy

When solar panels produce extra energy, the excess can be sent to the grid in exchange for utility credits. Then, in times of low solar production, these credits can be used to pull energy from the grid in a process called net metering.¹ This exchange of energy from high and low production times allows solar customers to dramatically lower their utility bills.

Although net metering was a huge incentive for users to install solar panels, utility companies began to worry about rising rate prices for non-solar users, bringing in a new wave of restrictive utility rate policies. For example, some states decided to

cap how many credits people could get from their excess energy.

These changes did not go unnoticed. Both solar customers and installers made their voices heard, and state legislation is changing in response. As more consumers and businesses see the benefits of renewable energy, several states and territories have implemented, or even re-implemented, pro-solar policies.

Maine Ends Gross Metering

This year, Maine committed to 100% renewable energy by 2050 – a huge win for solar supporters.

²Additionally, Governor Janet Mills signed the Act to Eliminate Gross Metering (LD 91), restoring net metering in Maine. These solar-positive policies are expected to generate new interest in residential installations, which will in turn entice renewables companies to set up shop in Maine.

In 2016, Maine had reduced the valuation of excess solar energy in a practice known as “gross metering”. The new utility rate policy will allow residents to receive a one-to-one credit for supplying excess energy back to the grid, meaning users can send their excess energy to the grid in return for an equal amount of utility credits. These policies give financial incentives back to the consumer and make solar an attractive energy alternative.

Puerto Rico Establishes Mini-grids

On April 11th, the governor of Puerto Rico signed the Puerto Rico Public Policy Act. Like Maine, Puerto Rico committed to 100% renewable energy by 2050, with interim goals of 40% by 2025 and 50% by 2050. When regions of the country implement clean energy goals, solar installers are incentivized to sell in those areas, thus creating a healthy solar market.

Alongside a renewables goal, the Puerto Rico Public Policy Act also protects net metering for five years, further encouraging residents to make the switch to solar. As part of their rebuilding process, Puerto Rico’s Electric Power Authority also plans on rebuilding the island’s energy grid into eight mini- grids.

South Carolina Creates Energy Incentives

In 2019, the South Carolina legislature unanimously passed The Energy Freedom Act. Previously, South Carolina had announced a 2% net metering cap, drawing frustration from both utility and solar developers. The pushback against this cap led a growing movement for a comprehensive solar strategy in the state.

The Energy Freedom act eliminates the net metering caps and extends existing positive residential solar rates for the next two years. It also paves the way for community solar to expand and provides new financial incentives for residential solar users who have been struggling with high utility bills. South Carolina is expecting a dramatic increase in solar growth following the new legislation.

Connecticut Proves Solar’s Value

In 2018, Connecticut gutted net metering, much to the disappointment of current and prospective solar users. However, in June of 2019 the state congress passed a bill reinstating net metering as well as protecting it for two years.

“Putting the brakes on last year’s net metering change and creating a value of solar study were [our] top priorities,” said Mike Trahan, executive director of SolarConnecticut.³ Additionally, state regulators are now required to study energy resource distribution when deciding to make changes to current utility rate policies. Ultimately, the new stability in renewables legislation will encourage more people to convert to solar.

Colorado Commits to Renewables

Colorado Governor Jared Polis signed seven climate change and renewable bills. Among these bills is the Community Solar Garden Modernization Act (HB 19-1003), which will increase the maximum possible size of community solar projects. The larger size incentivizes solar installation companies to head to Colorado.

Additionally, Polis revealed his plans for a roadmap that would take Colorado to 100% renewable energy by 2040. If Colorado follows in the footsteps of other states who have made a similar goal, it will continue to pass legislation that makes renewables a more attractive investment. Currently, Colorado is home to the largest low-income community solar project in America.

Maryland Funds the Renewables Workforce

The Clean Energy Jobs Act (SB 516) became Maryland law in 2019. The law commits the state to 100% renewable energy by 2040, with an interim goal of 50% by 2030. The requirement for in-state solar also increased from 2.5% to 14.5%, thus providing more funding for the development of the clean energy workforce. Along with this, the Clean Energy Jobs Act requires utilities in the state to subsidize solar and wind. This policy is the most aggressive of any state.

Maryland also enacted the Extension of Community Solar bill, which extends the state's community solar pilot program through 2022. The bill also removes the cap on the total number of subscribers for each project, and it also increases the generating capacity allowed per system.

Nevada Raises the Standard

This past Earth Day, Nevada Governor Steve Sisolak signed SB 358 and raised the state's Renewable Portfolio Standard to 50% by 2030. He also committed the state to 100% clean energy by 2050. In 2018, Nevada voters voted to include an increase in the state's Renewable Portfolio Standard in their constitution. With the governor and the citizens working together, Nevada can continue to successfully pass pro-renewable legislation, opening the door to more economic incentives.

New Mexico Plans for a Green Future

In March, Governor Michelle Lujan Grisham of New Mexico signed the Energy Transition Act (SB 489). Through this bill, New Mexico committed to 100% renewable energy by 2045, with intermediary targets of 50% by 2030 and 80% by 2040. New targets for renewable energy are generally followed by an increase in laws providing economic benefits for those who do invest and install renewable energy products.

Additionally, the state's largest utility provider, the Public Service Company of New Mexico, also supports the bill. As such, the Public Service Company of New Mexico recently filed plans to shut down its coal plants and generating station. In order to plan for potential financial issues, the firm is establishing a financing system to make up for lost revenue, as well as a \$20 million fund to aid unemployed coal workers. Finally, the state is implementing job training programs for positions in the renewable energy sector.

Washington D.C. Doubles Solar

Although small, Washington D.C. has become a powerful force in creating financial incentives for solar users. Governor Muriel Bowser signed the Clean Energy DC Omnibus Amendment Act of 2018 (B22-0904) in January of 2019. The act sets a goal of 100% renewable energy by 2032. In comparison to other states and territories, this bill is the most ambitious in terms of a target date of complete dependence on renewable energy.

Moreover, the act requires Washington D.C. to double the area's required amount of energy from solar. The increase in the need for solar energy motivates citizens to install their own residential solar panels. Furthermore, the act stipulates that Washington D.C. must fund the D.C. Green Bank to attract clean energy projects, thus incentivizing solar companies.

One Step Back, Two Steps Forward

These policies show that despite temporary setbacks, demand for solar is high, and it will continue to be more and more profitable for both consumers and firms.⁴ Ultimately, state and territory goals to have 100% renewable energy in the next 50 years showcase how important clean energy is to those governments. As such, solar users should feel financially secure in their choice to go green.

¹ “Net Metering for Home Solar Panels,” Energy Sage, last modified December 12, 2019, <https://www.energysage.com/solar/101/net-metering-for-home-solar-panels/>

² Sunny Wang. “Solar Policy Roundup: 9 Wins in the First Half of 2019,” Aurora Solar, last modified July 11, 2019, <https://blog.aurorasolar.com/solar-policy-round-up-9-wins-in-the-first-half-of-2019>

³ John Weaver, “A Tale of Two Net Metering Laws,” PV Magazine USA, last modified June 5, 2019, <https://pv-magazine-usa.com/2019/06/05/a-tale-of-two-net-metering-laws/>

⁴ Olivia Fowler, “4 New Utility Rate Policies Boosting Solar Rewards,” Urjanet, last modified July 30, 2019, <https://urjanet.com/blog/4-new-utility-rate-policies-boosting-solar-rewards/>