

SB 2295 Net-Metering Bill
Testimony In Support Of

3 February 2021

Dear Members of the Committee:

As a North Dakotan I value my property rights, freedom to choose my sources of energy and local ownership of energy generation, which is why I support policies such as net-metering that allow the property owner to produce and control their own energy, and receive a fair rate for the energy they produce.

It is the 21st century, and I believe we all deserve the choice to generate and consume renewable energy, not just those who are very rich. But currently, unless an average person is lucky enough to have a service provider that offers net-metering or net-billing, it is very hard to make that choice. Here is a list of reasons net-metering makes sense for North Dakotans:

1. Net-metering and initiatives like Minnesota's community solar garden initiative get more of our citizens involved in our local economy, and strengthen ND communities - as the money we spend on energy doesn't leave our state, like it does with many centralized utility power generation models that large out-of-state generators benefit from more often than ND generators
2. ND has the potential to be 12th to 13th in solar production, however, we are last of all 50 states in solar production; therefore, we can draw a few conclusions from this: First, it is not physical limitations preventing solar production in ND, but rather, lack of healthy state solar policies. Second, we can change this by re-imagining our energy policies
3. With the large fluctuations in fossil fuel prices, ND needs to better diversify its energy portfolio & not put all its eggs in one basket
4. There is a lot of solar (and wind) forecast to come to ND this decade, and unless we have reasonable policies that allow people to sell the energy they produce for a fair price, we will most likely have large out of state companies building and profiting off our resources.
5. Adding net-metering increases citizens' involvement in energy production and therefore strengthens the grid and offers grid resiliency
6. Net metering encourages citizens to get involved with energy production

COMMON MYTH:

There are many myths and half-truths you hear repeated in ND. One of which is, "large scale generation is most profitable and therefore favored; whereas, small scale generation is expensive and will cause everyone's energy prices to rise if utilities purchase this at retail cost, so we need to discourage average citizens from connecting their smaller renewable energy systems."

TRUTH:

Large scale solar can generate cheaper electricity, but only if it can be used right where it's generated. Whereas, the costs small systems offset are higher, as is their relative benefit. Much energy is lost in transmission with large scale generation. In addition, every megawatt of solar installed adds \$2.5 million and 20 construction jobs to the local economy, and according to The Institute for Local Self Reliance (ILSR) "in its 25-year lifetime, a locally owned solar project will redirect an additional \$5.4million of electricity spending back into local pockets." For wind, local ownership returns as much as three times more jobs and three times greater local benefits as non-local ownership."

TYPICAL EXAMPLE OF THIS MYTH PROPAGATED LOCALLY:

A Local Utility's Representative claimed in an article recently that the community solar garden initiative (small scale solar) costs their residential customers more money than utility scale energy: The report says energy from a solar garden costs them between \$110 to \$125 per megawatt hour, while a larger utility-scale solar project costs about \$40 for the same power. One reason is because solar gardens are still smaller than utility-scale solar and are more expensive to build. On average, each residential customer pays about \$36-a-year extra to subsidize the program, the Utility Representative claimed.

CORRECTING THIS MYTH:

There are a couple reasons this PR is inaccurate and misleading:

- They count the costs of the community solar garden initiative without comparing them with any of the benefits. For example, this Utility will count the whole of \$125/MWh from community solar as a new cost, despite the fact that community solar is also avoiding ratepayers having to pay for coal, nuclear or gas fuel, power plants, and transmission lines, and the Utility will not include any of those avoided savings in its calculation.
- These benefits can be quite substantial, and can actually be disproportionately higher than the costs. For example, MN also has a Value of Solar process that calculates all of the ways that building solar energy avoids customers costs, eg. the costs customers do not have to pay for coal or gas fuel, and the avoided need to build new power plants and transmission lines. In MN, these calculations, which are run by the Utility based on a methodology approved by the state Public Utilities Commission, have usually come in between \$120/MWh and \$130/MWh. In other words, all ratepayers are saving \$120-\$130 per MWh generated from community solar, and paying \$110-\$125 per MWh, which works out to between \$20/MWh net savings to \$5/MWh net costs for ratepayers. The Utility Representative is dramatically distorting the picture by talking about the costs to ratepayers as extra but not accounting for the savings to ratepayers.
- The Utility Representative is comparing apples to oranges when comparing these costs to utility scale solar at \$40. Utility scale solar costs do not include the costs of expensive new transmission to move that energy from where it is produced to where it is used. Additionally, utility scale solar creates more line losses by relying on transmission, and because it is concentrated in one place, creates a much higher variability than the same amount of distributed solar, meaning that it requires expensive back-up generators. Institute for Local Self-Reliance has some really good analysis debunking the idea that large scale clean energy is cheaper when you look at the whole picture: <https://ilsr.org/is-bigger-best-in-renewable-energy-rerelease/>

Whether one examines net-metering, or similar community solar garden initiatives that function in a similar way (fostering local community-owned renewable energy), right now it is critical we examine our energy policies and consider the big picture, which is that we have an opportunity to create policies that can help our state - or lose out on millions of dollars for our local economy. Whether we realize it or not, many of our current policies and attitudes toward energy are preventing local North Dakotans from participating in small scale renewables and encouraging large scale out-of-state generators operating in our state. Ultimately, this weakens our communities and results in millions of dollars leaving our state. The math could not be clearer.

If we compare ND to Minnesota we see a very different approach to net-metering. One that combined with their community solar garden initiative, has made Minnesota solar leaders, having completed 5,800 solar installations, 882MW AC solar power capacity, and 4,602 people employed in the MN solar industry (according to Minnesota Dept of Commerce).

To conclude, if Minnesota and many states can offer net-metering and still profit, then so can ND utilities. And, in fact, many of our ND utilities and cooperatives, such as Cass County Electric Cooperative, Roughrider and MDU (only to name a few), have a form of net-billing, wherein the customer as generator gets to average and swap out kilowatt for kilowatt. If these cooperatives and utilities can do it, why can't all do the same? - We can. Because we know the energy economy of the future is in renewables, so let us enact policies, such as net-metering, and allow NDakotans to take a more active role in their energy sovereignty and we can all win. Distributed Energy Resources (DERs) create a more stable and resilient grid for utilities as well as economic benefits that make them valuable for our local economy.

Thank you for considering my testimony,

James Kambeitz
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