COALITION OF SUSTAINABLE COMMUNITIES

Protecting Net Metering Benefits For Low Income Homes

Economic & Rural Development & Policy Committee

Nov 14, 2024

Sponsored by Senator Liz Stefanics

Overview

Households with rooftop solar (owned or leased) face the risk of losing the financial benefits of net metering due to potential changes in net metering rules, or utilities imposing rate riders to recover ancillary and standby service costs.

Purpose

The bill seeks to provide stability and financial predictability for low-income solar system owners by safeguarding the financial benefits of net metering for low-income households.

What the Bill Does:

1. Exempt low-income customers from rate riders for standby charges or ancillary services for new interconnected customers;
2. Adds a definition for "low-income customer" to the public utility act, defined as 80% AMI or lower
3. Directs investor owned utilities (IOUs) to administer verification of low-income customers through an annual questionnaire

Context: **Low Income Households in New Mexico**

- 328,000 low-income households (i.e., those earning less than 80% of the area-median income).
- That mix of LI households is fairly evenly split between homeowners (55%) and renters (45%).
- 90,000 low-income households in New Mexico spend 20% of their income on electricity and heating, compared to a statewide (and national) average of 2%.

Context: **Solar for All**

EMNRD received $156M from EPA's Greenhouse Gas Reduction Fund (GGRF), as part of the Solar for All program.

This program requires that 75% of allocated funds provide a minimum of 20% annual savings for low-income households (<80% AMI) through energy efficiency and solar related projects. Solar projects could be through residential owned or leased solar, community solar, or shared solar in multifamily affordable housing.

We estimate that 2,000 - 5,000 low income households could receive residential leased or owned systems through this program over the next 4 years. These systems would have 20-25 yr lifetimes, generating ~$20,000 in bill savings for low-income households.

The economic savings of this program could be lost if an IOU imposes rate riders to net metered customers.

Example of the risk

The risk of potential erosion of savings is highlighted in a 2014 rate case in in which the Public Service Company of New Mexico (PNM) proposed a $6 per kW monthly fee for residential systems to cover fixed costs associated with existing utility infrastructure:

> *Implementation of a new Distributed Generation (DG) Interconnection fee to ensure that DG customers pay the fixed costs associated with existing utility infrastructure that is available to them to provide needed service rather than transferring the payment responsibility to non-DG customers. The proposed fee is a monthly charge based upon the capacity of the DG system that will apply only to new customers who do not have an installed system or a completed application by December 31, 2015.*

Although this fee was not approved, it demonstrates the risk of future financial impacts on rooftop solar customers.

Questions

Will this cause an undo burden for IOUs to administer/track low-income status for households?

No. We estimate additional administrative burden and costs would be negligible. IOUs already track a number of fields for each residential meter (such as name, address, rate class, solar owner, etc.).

Would exempting low-income customers shift significant costs onto non-solar households if IOUs implement rate riders?

No. There are currently close to 760,000 residential customers in the three IOU service territories. We estimate that through Solar for All the number of low-income solar customers could grow to between 5,000 - 10,000 (1% of customers). A shift of fixed costs to the non-solar owners is negligible. However, non low-income solar owners could be charged a higher rate rider to cover costs of low-income solar owners.

Stakeholder Feedback

- Meetings with IOUs
- EMNRD
- PRC
- Local governments
- Coalition of advocates

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