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PACE Speaks Out on La. PSC Report on Solar Power *\$2 Million in Costs Shifting to Less Affluent Customers, Expected to Grow*

February 27, 2015 – A draft [report released today](#) by the Louisiana Public Service Commission sheds significant light on the inequities caused by the state's treatment of distributed solar generation. Data shows that not only is Louisiana's generous public subsidy for solar power unsustainable from a budget standpoint, but the net metering requirement for utilities is shifting considerable grid costs from solar customers to non-solar customers, including retirees and low-income consumers. We believe that is fundamentally unfair and that it is time for a change in Louisiana's regulatory treatment of distributed solar.

Among the draft report's important conclusions:

- More than \$2 million in grid costs are being shifted to non-solar customers in Louisiana. This could grow to \$31.4 million by 2020.
- Costs associated with net metering in Louisiana far outweigh the benefits. The negative cost is already \$89 million and is estimated to rise to between \$125 million and \$488 million.
- Net metering customers have incomes on average 35% higher than non-solar customers, meaning the state's net metering policy is shifting grid costs from those with more money to those with less.
- Louisiana's net metering policy could cause power customers to pay as much as \$809 million more if it is left unchanged.
- Louisiana's taxpayer subsidy to solar customers has grown from an originally-estimated half a million dollars annually to \$42 million per year, making it one of the most generous in the nation.

In Louisiana, as is true in many other states, regulatory policy currently allows a small group of customers to use the power grid as a battery backup when they are unable to rely on their solar rooftop systems. These customers are unwilling to help pay for the cost of maintaining a reliable electricity grid in Louisiana. While there is nothing wrong with using solar, the power grid has a value and a cost that has to be borne by someone. Right now, as the report clearly shows,

those costs are being shifted to less affluent non-solar customers, which is both unfair and unsustainable.

How to incorporate solar energy in way that is fair and benefits all electricity consumers has emerged as a high profile issue around the country. In states such as Arizona and New Mexico, fees for solar users have been viewed as solutions to this issue. In other states, Hawaii most recently, a lower net metering rate, more in keeping with the market price for non-dispatchable power, has proved to be the answer. We believe these are solutions that all states, including Louisiana, should consider in an attempt to create fairness for both solar and non-solar customers.