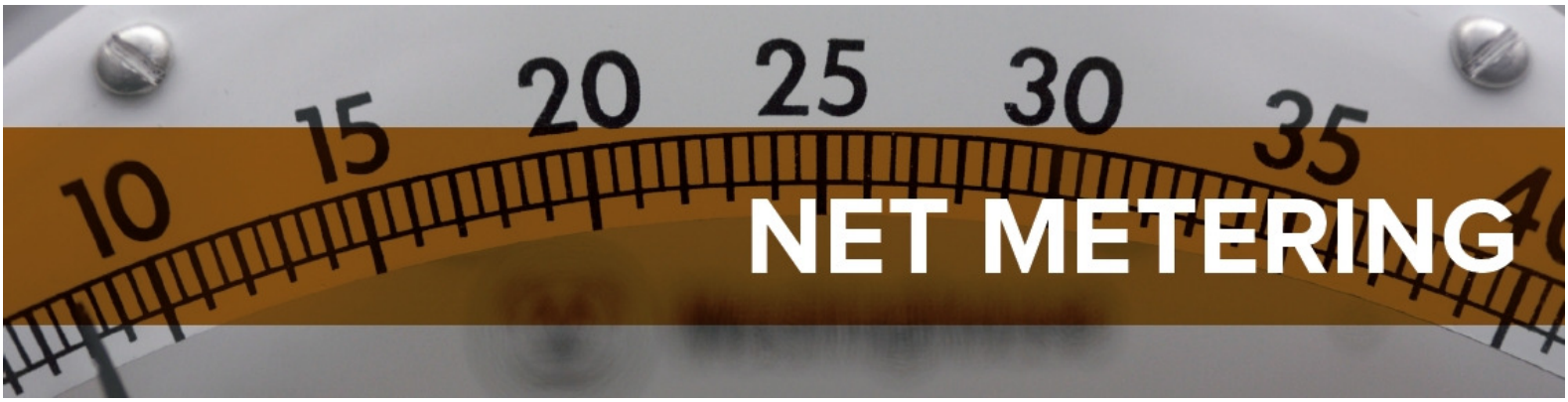

WHAT IS NET METERING?

Net metering is a customer-friendly program that gives individuals and businesses the option to use locally produced power – distributed generation – to generate some or all of the electricity they use. When a customer installs a qualifying renewable or advanced energy system, net metering establishes a simple and clear path forward. The customer purchases energy from the utility when they don't produce enough and sells energy back for their neighbors to use when they produce excess.

WHY IS NET METERING A GOOD POLICY FOR MINNESOTA?

For the customer...

- Gives the customer the freedom and independence to choose where their energy comes from
- Empowers the customer by simplifying and standardizing how a customer connects and interacts with the utility
- Provides a tool for businesses and individuals to better manage their energy costs

For other customers...

- Defers costly rate increases for generation, transmission, and distribution system expenditures
- Supports local installers, developers, and businesses

For the utility...

- Diversifies the generation portfolio
- Drives private investment in utility system improvements
- Improves system reliability and power quality
- Reduces stress on aging distribution systems and supporting infrastructure

For the entire state...

- Reduces pollution by supporting renewable and high efficiency generation
- Increases the use of local solar, wind, biomass, thermal and other energy sources that are currently underdeveloped
- Improves Minnesota's energy self-reliance, creates jobs, and keeps energy dollars circulating in the state

WHY DOES MINNESOTA'S NET METERING POLICY NEED TO BE UPDATED?

Minnesota's 30-year-old net metering policy was the first in the nation. Today, 46 states (plus Washington D.C. and 4 U.S. territories) have net metering policies in place, and 38 states accommodate installations larger than the 40-kilowatt (kW) capacity limit currently in place in Minnesota. Most of these states also have adopted streamlined procedures for installing net metered projects. As a result, the number of local power systems supported by net metering in Minnesota is lagging.

- Minnesota only had approximately 12 megawatts (MW) of reported net metered installations total in 2011. Minnesota's annual peak load is more than 20,000 MW.
- Minnesotans installed less than 5 MW of solar photovoltaics (PV) in 2012, while 3,300 MW were installed in the rest of the United States. We currently have about 13 MW installed, compared to the top ten U.S. states for installed solar PV which range from 190 to 2,902 MW.
- Minnesota has 6 on-farm anaerobic digesters turning manure and waste into methane gas for energy, compared to 26 systems in Wisconsin. Germany's thousands of installed digesters make it a world leader.
- Minnesota added 24 small wind turbines in 2011 totalling 700 kW. Iowa's higher cap enabled 54 turbines totaling nearly 2,000 kW in the same year.

WHAT IS THE CURRENT STATE OF NET METERING IN MINNESOTA?

Improving Minnesota's net metering program is part of the energy omnibus bill discussions at the capitol during the 2013 legislative session. The primary proposal increases the cap to 1,000 kW (or 1MW), moving Minnesota from having one of the lowest caps to the middle of the pack (16 states will still have higher caps). Additional efforts focus on simplifying the process for customers with multiple meters as well as allowing 3rd party ownership and leasing business models to participate.

This step forward will be important to address how Minnesota has fallen behind and enable policy and regulatory improvements to best support utility customers and the state.

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