

Editorial: "Power from the people"

Boston Globe, December 6, 2006

ELECTRICITY HAS always been something that homeowners and small businesses have bought, not made, but changing technology is now making it feasible for small-scale power producers to cover their own electric needs and have juice left over to put back into the grid. With the right incentives, these small generators could deliver enough electricity to reduce the need for big new plants.

Unfortunately, Massachusetts lacks the carrots to encourage such small power producers, who would draw on wind, solar, or other renewable sources. Under existing state regulations, when businesses, towns, or individuals producing their own power sell the excess to a utility they get the full retail price for no more than the first 60 kilowatts. Above that, they get only the wholesale price. The Legislature should raise the threshold 15 to 30 times that amount, to one or even two megawatts.

By raising the threshold, the state would accommodate towns, for instance, that install wind turbine units like the 1.8 megawatt one that Hull located at its landfill this spring. In Germany, homeowners with photovoltaic units receive much more even than the retail rate when they sell to the utilities, with the result that Germany is a world leader in home solar installations.

Utilities object to paying full retail prices for "net metering," as the reverse-flow system is called, above 60 kilowatts. Most home solar systems produce just a couple of kilowatts, they note, and would not benefit from a higher threshold. The utilities say that a full retail price for small producers' excess power would require other customers to subsidize the extra costs to the utility of dealing with the two-way system. They also worry that both wind and solar are intermittent power sources. A compromise could be to raise the retail-rate threshold up to one megawatt (1000 kilowatts) but then switch to a lower rate between retail and wholesale for the second megawatt.

The push for better terms for net metering is coming at the same time the Romney administration is asking state utility regulators to consider time-of-use rates for homeowners. Such rates would be higher on hot summer afternoons when air conditioning use spikes and forces power producers to use their least efficient units. With time-of-use rates, customers would know when the power they are getting is most expensive and could make sure they cut down on their air-conditioning and not use their dishwashers or clothes dryers. Combined with net metering, high time-of-use rates could encourage small producers to devote all their power to the grid.

The current rate system is a blunt instrument that does little to foster conservation or generation by small producers. Changing it should be a priority for the state.

© Copyright 2006 Globe Newspaper Company