

Fact Sheet and FAQs

North Carolina Solar Choice Net Metering Agreement



NC SUSTAINABLE
ENERGY ASSOCIATION



IMPORTANT BACKGROUND



What is net energy metering?

Net energy metering (NEM) is a billing system that credits residential and commercial customers for any excess electricity that they generate and sell back to the utility from the grid. NEM can lead to electricity bill savings for both residential and commercial rooftop solar customers.

Why is NEM changing? Why now?

NEM, first adopted by the NC Utilities Commission (NCUC) in 2005, has evolved over time. Changes reflect the growing installation of commercial and residential rooftop solar systems, as well as changes in state policy: major pieces of legislation passed in 2007 (SB3) and 2017 (HB589) explicitly directed the NCUC to consider, establish, or revise net metering rates.

Most recently House Bill 951 “Energy Solutions for North Carolina” (HB951), passed in October 2021, directs the NCUC to again “revise net metering rates.” Similarly, South Carolina’s regulatory commission has received legislative mandate to review and revise net metering rates.



The legislative mandates to revise NEM programs in both states created an opportunity for stakeholders, including Duke Energy, NCSEA and its allies to examine and agree to revisions that would be acceptable for all parties. Proactively working with fellow stakeholders ensured the program remained advantageous to residential customers while providing regulatory certainty to customers and installers alike over the next decade.

How is NEM changing in NC?

The new agreement reached between parties:

- Offers future solar net metering customers **significant up-front savings, including a new direct rebate for eligible customers;**
- **Sets new pricing signals** for incorporating electric vehicles and batteries;
- Preserves **electricity bill savings** for current net metering customers; and
- Ensures regulatory certainty by leaving the general rate structures unchanged and **eliminating demand charges** for NEM customers for at least 10 years;

Additionally, as part of the agreement Duke Energy will:

- Work with stakeholders to develop a **low-income** solar program;
- Work with stakeholders to identify other peak load reduction technologies that can be paired with solar and propose an additional incentive program by June 1, 2023; and
- Develop an online **savings calculator** for potential Solar Choice customers.



FACTS AND QUESTIONS



Who was involved in negotiating the agreement?

The agreement was reached between Duke Energy and a coalition of partners that included NC Sustainable Energy Association (NCSEA), the Solar Energy Industries Association (SEIA), Sunrun, and the Southern Environmental Law Center (SELC) on behalf of Vote Solar and the Southern Alliance for Clean Energy.



Who does the settlement agreement apply to?

If the current version of the settlement agreement is approved by the NC Utilities Commission, this will apply to Duke Energy's North Carolina residential customers who install solar after December 31, 2022. Provisions of the agreement also apply to existing NEM customers as noted below. It is important to note that this settlement agreement does not apply to commercial customers.



What happens to existing NEM customers in NC?

Existing NEM customers will still reap significant savings from their rooftop solar installations and will benefit from added certainty about how those savings will be calculated over the next decade. Legacy customers will also be able to choose whether they remain on the former rate design plan through 2037. Under the new rate design proposed in the agreement, legacy customers could expect the following changes to take effect beginning in 2027:

- They will have a minimum monthly bill set at \$10 more than the basic facilities charge in effect at the time;
- Any excess electricity exports they have at the end of the month will be credited at the avoided cost rate instead of rolling over excess energy credit to the next month's bill; and
- They will no longer have an annual bill reset, meaning no more lost bill credits for excess generation.

Analyzed over the course of the year this should have little to no impact on the bill savings for existing NEM customers.



I've seen something similar in South Carolina.

Is this agreement tied to South Carolina and are they the same?

The South Carolina and North Carolina agreements are not the same thing, though they are similar. Given legislative mandates in both states, NCSEA and its allies worked together first in South Carolina and later in North Carolina to reach an agreement on how to update the NEM program.



I keep hearing that the agreement provides "regulatory certainty." Why is that important?

Changes in state policy affect customer adoption of solar and development of net metered systems. Given North Carolina's recent legislative mandate for the NC Utilities Commission to reexamine net metering policy, reaching a proactive settlement agreement prevents policy-induced disruptions that can stall progress. Additionally, the agreement continues to guarantee customers benefit under the NEM program for the next decade, so customers and installers alike can invest in rooftop solar development with confidence that it will continue to pay off.

When does this agreement go into effect and what are the next steps?

This settlement is only a proposal in front of the NC Utilities Commission at the moment. Before this new financial paradigm moves forward, the NC Utilities Commission will have to approve and issue a final order. Timing is uncertain at this time and dependent upon the scheduling and availability of the commission.



How will customers come out compared to the existing NEM compensation structure?

Both new and legacy NEM customers will continue to come out on top. While the NEM rate structure will change, it is still designed to encourage and incentivize rooftop solar adoption via significant up-front cost savings and direct rebates.

This seems complicated. How will I be able to explain this new program to my customers?

Change is never easy, and NCSEA has created materials to help customers understand how their NEM rates will be affected. While the new program will change how NEM rates are structured, it will not change the fact that rooftop solar customers will continue to see significant savings on their energy bills. The agreement will also offer new savings programs for customers that incentivize the deployment of other clean technology such as battery storage and electric vehicles.



What about the up-front rebate?

If approved by the NC Utilities Commission, eligible customers can take advantage of a direct rebate program that offers new residential NEM customers with all electric heating and cooling a rebate of \$0.36 per Watt-dc of installed solar. To receive the rebate, customers must also participate in the Smart Thermostat program, which also provides a \$100 bill credit in the first year followed by a \$25/year credit in subsequent years. This is an additional cost-savings that customers can enjoy if they meet qualifications and choose to participate.



I've heard concerns about a lack of low-income provisions included in this settlement. What's the deal?

The settlement requires that Duke Energy work with stakeholders to develop a program for low-income customers. Additionally, rooftop solar adoption by some customers already provides benefits to all ratepayers by creating a stronger, cleaner, and more resilient electric grid.

I've seen solar fights break out across the country as of late, most notably California. Is this at all similar to what's going on in California?

Comparing North Carolina to California is like comparing apples to oranges given the vast differences in electricity regulatory structures, prices, and the status of the current NEM challenges. NEM fights continue to break out across the country between rooftop solar adopters and utility companies. In North Carolina, however, solar allies and the electric utility worked together to proactively find a net metering solution that ensures solar customers continue to save on their electricity bills. The settlement agreement avoids the significant risk of a protracted fight over the next phase of net metering like California and other states have experienced.

Learn more about net energy metering in North Carolina [here](#).