



# Net metering meaning

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Net metering is an electric billing tool that uses the electric grid to "store" excess energy produced by your solar panel system. Under net metering, the energy produced by your solar panels that you don't use is credited back to you.

On a cloudy or rainy day when your panels aren't producing enough energy, the utility grid will feed your home energy and count that energy against the credits you've banked over time. As a solar customer, you will only be billed for your "net" energy usage.

Say you've installed a solar panel system and you live in an area with a net metering program. When your photovoltaic system produces more electricity than you're using at any point during the day, the electricity is sent back to the grid, running your electric meter in reverse.

When your energy use is higher than your solar panel production, either at night or on cloudy days, you'll pull electricity back from the grid, running your meter forward. At the end of the month or year, you'll be billed the net amount of what you send to the grid and what you pull from the grid: hence "net metering".

With a correctly sized solar energy system, you can produce enough electricity to match your home's electricity use for the entire year. However, the amount of electricity your solar panels produce will vary throughout the year--more in sunnier summer months and less when the sun is lower in the sky and sets earlier in the winter. Net metering helps you to account for these seasonal differences in solar production by crediting you for the excess electricity your panels produce so that you can use it at a later date.

In December 2022, the California Public Utilities Commission (CPUC), the regulatory agency in charge of private utility companies in California, approved California's new net metering policy, NEM 3.

It went into effect on April 14, 2023, and significantly reduces the rate at which utility customers with solar energy systems are compensated for the excess electricity they send to the grid. But with California's exorbitant electricity costs, solar's still worth it for most Californians if you add a battery.



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Net metering policies were designed for two primary purposes: First, to encourage the greater adoption of renewable energy throughout the country, and second, because utilities-and the electricity grid as a whole-can benefit from the influx of low- to no-cost solar energy.

Solar energy can help balance the cost of purchasing electricity from other resources, especially during summer months when electricity is often the most expensive on the hottest-and sunniest!-days of the year.

Net metering doesn't just apply to solar, either. Solar net metering is by far the most common type, but depending on the net metering rules in your state, you may be able to net meter with other types of distributed generation systems, like wind turbines.

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