

An Introduction To Net Metering

Net metering (also known as net energy metering or NEM) is a billing arrangement that allows businesses and individuals generating their own electricity to deliver unused energy back to their local power grid and get credited back for its retail price.



How does net metering work?

Organizations that set up for solar net metering use specialized bidirectional meters that also track the amount of electricity flowing back to their local power grid. At night, the bidirectional meter records how much electricity is delivered to your facility. During the day, if your solar panel system is in full swing and producing more energy than your operation can use, the meter records how much electricity is received by the utility. A third reading on the meter displays the difference between the amount delivered and received, or “net” energy used. Hence “net metering.”

What are solar system credits?

When your meter is metaphorically spinning backwards, you get solar credits that roll over to the next month. In some states, bill credits can roll over until they are used up. In others, there is an annual reset point where you are compensated for any excess solar energy generated during the annual timeframe. Net metering and solar system credits make it possible for you to benefit from all the clean energy your commercial solar panels create, not just the electricity you’re able to use at the moment it’s created.

Are there any other benefits of net metering?

The most obvious benefit of net metering is that it can help reduce your yearly spending on electricity. Other benefits include:

- Enabling your organization to monetize the electricity your commercial solar system produces without having to install a second meter or battery storage system.
- Helping to reduce demand on the grid, especially during peak consumption periods.
- Encouraging active participation in solar which helps protect the environment.

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