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# Unplugged politics

## Solar energy

*Mike Masterson*



Seems to me solar energy's day is finally dawning everywhere. Well, sorta.

The nonprofit group known as the Arkansas Renewable Energy Association has been working in the state Legislature since 2000

to advance policy to stimulate renewable energy development across our state.

Their initial efforts paid off in 2001 when the Legislature passed a law on net metering to credit solar-energy system users for electricity they add to a utility grid. However, very few net-metering systems were commissioned until 2009 when Gov. Mike Beebe appropriated \$2 million from American Recovery and Reinvestment Act funds to develop the state's Renewable Technology Rebate Program.

Frank Kelly of Little Rock, a financial planner and chairman of the energy association, is arguably the person in Arkansas most familiar with the political gamesmanship that has played out for some 15 years over the issue.

Kelly was the first Arkansan to sign net-metering agreements with Entergy in 2002 for his solar residence and signed the state's first meter-aggregation agreement in 2014 for an Arkansas business. He believes evidence shows the regulated utility monopoly in Arkansas since 2009 has repeatedly thwarted additional progress to assist Arkansans with developing their own renewable energy resources.

For instance, failed attempts to allow privately owned renewable-energy systems were introduced during the 2009, 2011, 2013 and 2015 legislative sessions. Kelly says not one bill was allowed out of committee.

He says it's especially regrettable that his association's first attempt at passing a distributed-generation bill in 2009 was supported by the governor, the Public

Service Commission, the UA System and others, but failed to make it out of committee. Isn't politics supposedly performed on behalf of the public (as opposed to politically contributing special interests) an inspiring thing to behold?

Kelly explains that the policy initiative proposed in each distributed-energy bill is simple. It would allow customers to sign a long-term power purchase agreement with their local electric utility and take their own funds to invest in electric generation. But nothing doing.

"There have been concerted efforts from the local electric cooperatives, investor-owned utilities, municipal utilities, industrial users and outside private-interest groups to spread misinformation and fear in the minds of our state legislators," Kelly contends.

He says he can show a nationwide effort in almost every state to penalize net-metering customers and deter further renewable energy development. "The electric utility monopoly is losing sales of electricity when individual net-metering customers begin to generate their own electricity. Since the kilowatt per hour is first consumed on-site with unconsumed energy going back to the utility for credit, the utilities consequently see negative revenue impacts."

Kelly says that instead of embracing and supporting the creation of new energy-generation partners, "they've instead decided to place additional barriers to slow and deter increasing the adoption rate of renewable energy within each state."

He also says a distributed-generation policy simply allows renewable energy to compete on the same playing field as traditional fossil fuel generation. Private solar development also can be financed the same way we finance every other electric generation source—over the long term.

Those who generate renewable energy individually need long-term power purchase contracts with their utility company, Kelly told me, continuing: "I mean a contract that promises to purchase generation for an agreed-upon price for a term of 20 years or more. Armed with such a contract, accurate installation costs and 30-year equipment warranties, a renewable-energy developer can obtain appropriate financing."

An added incentive could lie in boosting return by including a renewable-energy premium payment from the utility company in addition to the contract reimbursement rate, specific to the actual form of renewable energy technology. Using solar-photovoltaic generation as an example (since it occurs during the day when most needed), Kelly says a private producer also could enjoy the highest

added premium. Solar generated by individuals lowers peak demand, thus reducing the amount of expensive peak-power purchases a utility must make.

Today's solar, as a viable energy source, is experiencing remarkable acceptance overall by local electric utilities in Arkansas. The announced solar projects dwarf the total existing installation capacity 15 times over, Kelly says, adding: "While this is good on the surface, it's apparent the regulated electric utility monopoly has decided that solar energy is indeed great as long as they own it outright."

Meanwhile, Kelly maintains, public relations campaigns continually shine the industry's desires on state lawmakers. "The reality being glossed over in the process is the truth that they aren't inclined to share any sand in the sandbox with those who might generate their own renewable energy."

I'd encourage every Arkansas lawmaker to revisit this matter with the best interest of all Arkansans at heart by searching out the deeper truths that underlie Kelly's association's efforts toward fairness for private energy producers.

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