The Public Utilities Commission of Nevada (PUCN) has voted to restore favorable rates for residential solar customers in NV Energy's Sierra Pacific Power Company's service territory -- exactly one year after the commission passed a controversial fee increase that brought the state's residential solar market to a halt.

In the draft order approved Thursday, Chairman Joseph Reynolds wrote: “Abraham Lincoln once said that ‘Bad promises are better broken than kept’. The PUCN's prior decisions on [net energy metering], in several respects, maybe best viewed as a promise better left unkept. The PUCN is free to apply a new approach.”

Advocates for distributed solar cheered the rate change, which they say will revive the solar industry and bring back energy options for customers in northern Nevada.

The December 2015 decision phased out retail-rate net metering for the excess generation solar customers send back to the grid, and tripled fixed charges for solar customers over a four-year period. The timeline was later stretched to 12-years. The ruling was applied to both new and current solar customers, sparking outrage among ratepayers who saw their expected savings from investing in solar all but disappear. While the PUCN later decided to grandfather in current solar customers on their existing rates, the rate change for new solar customers put Nevada's residential solar market at a standstill.

The new order, approved as a part of Sierra Pacific's general rate case, reverses last year's decision, recognizing that the previous order "all but crushed the rooftop solar industry in northern Nevada." Regulators determined that additional deployments of rooftop solar are "reasonable," recognizing that locally generated power can benefit the grid system.

Regulators voted 3-0 to restore net metering for up to 6 megawatts of rooftop solar (approximately 1,500 customers) beginning on January 1, 2017. "Under this order, the average Nevada ratepayer will see a decrease of $0.01 per month on monthly utility bills," according to the draft order.

The ruling will jump-start the rooftop solar market in the near term, and leaves open the possibility of another net metering cap extension in future. However, regulators did not offer a long-term solution to the state's solar policy debate.

The cap increase is only likely to sustain the industry in northern Nevada for roughly a year. Nonetheless, it's welcome news for rooftop solar providers that shut down their Nevada operations following last year's rate change, including SolarCity, now owned by Tesla, as well as Sunrun and Vivint. Local installers, unable to make home solar pencil out with the new fees, were also forced to cut staff.

Jon Wellinghoff, chief policy officer for SolarCity, commended regulators for restoring net metering "and affirming that whether solar customers are providing clean solar energy for their own homes, or supplying it to their neighbors, the benefits of that local generation outweigh the costs."

In June, the PUCN is expected to address net metering in the general rate case for Nevada Power, NV Energy's subsidiary serving the southern, more populous portion of the state, where the majority of residential solar customers are currently located.

Nevada utility regulators also approved changes Thursday that will boost the deployment of utility-scale solar projects on as a part of Sierra Pacific's integrated resource plan. According to Vote Solar, the commission specifically required Sierra Pacific to offer to buy solar power based on the savings delivered to ratepayers of not building and running more expensive fossil fueled generation.

The PUCN also required the utility to sign 25-year contracts for clean energy, instead of the 10-year contracts Sierra Pacific requested. "Clearing the way for investment in solar power of all sizes, whether on rooftops or in utility-scale plants, builds healthier communities, creates good local jobs, avoids sending ratepayer money to out-of-state coal miners and frackers, and helps make Nevada the clean energy leader it should be," said David Bender, clean energy attorney at Earthjustice.
Since last year’s net metering decision, two new commissioners have been appointed to the three-person PUCN, and Governor Brian Sandoval put together an energy task force that recommended restoring net metering in 2017. Nevada’s Democratic-controlled chambers are expected to support legislation allowing for more net metering. Lawmakers could also take up a bill to deregulate Nevada’s retail electricity market, after voters passed a ballot initiative in November in support of market reform.

The PUCN’s decision to restore net metering comes the same week Arizona utility regulators voted to end the policy, and replace the credit for residential solar exports with a credit based on a five-year average of utility-scale solar PPA pricing. In the near term, this proxy credit calculation is expected to keep the solar export credit around 11 cents per kilowatt-hour -- which is close to the retail electricity rate. Eventually, the Arizona PUC plans to introduce an avoided-cost methodology that will take into account an array of costs and benefits associated in determining how to compensate distributed solar exports. While the credit is expected to be lower than the retail rate, Arizona regulators, like Nevada regulators, have acknowledged that distributed solar can offer grid benefits, which could result in a more favorable rate outcome for the residential solar industry.

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