



March 20, 2018

Re: Oppose House Bill 4421 – Net Metering

Dear Members of the South Carolina Legislature,

I write today in opposition to House Bill 4421, which moves in the wrong direction for the electricity market, by undoing several positive solar reforms signed into place in 2014 with Act 236. While there may be a place for choices in the electricity market, rooftop solar consumers across the nation are largely subsidized by those who do not have or cannot afford solar. By lifting the cap on net metering and mandating retail rate compensation, this bill exacerbates that trend to the benefit of a select few at a great cost to the rest.

The retail electricity rate charged by utilities includes their costs of maintaining and building the grid through investments in poles, wires, meters, and other infrastructure that make the electric grid reliable. When private rooftop solar consumers are credited at the full retail rate of electricity, these consumers avoid paying for their cost of grid maintenance and use. The result is an inevitable cost shift to those consumers without private rooftop solar.

Government-funded solar incentives should and are being phased down. Despite this, there is still a market for solar and its popularity continues to grow. Proponents of the free market celebrate this fact, but we remain opposed to needlessly propping up the industry, as this bill seeks to do.

HB 4421 reverts to an unfortunate time where the cost shifting inherent with the net metering payment scheme was the status quo. This bill penalizes retail electric suppliers, by preventing cost recovery through the ratemaking process, all in an effort to further subsidize solar in South Carolina.

The electricity market is complicated. What's simple, however, is the importance of protecting electricity consumers from the cost shifting which occurs when some favored consumers who use rooftop solar for electricity generation are paid a high rate for their electricity generation which does not factor in their use of the grid or the maintenance costs that go into ensuring their use of the grid is possible.

ATR opposes HB 4421 because it takes a big step backwards for a favored electricity source and forces most of the rest of the market to subsidize solar use.

If you have questions regarding ATR's position on this issue, please contact ATR strategic initiatives director Paul Blair by phone at 202-785-0266 or by email at pblair@atr.org.

Sincerely,

Grover G. Norquist
President
Americans for Tax Reform

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T: (202)785-0266

F: (202)785-0261

www.atr.org