

Policy Advisory Group Report

Members

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Energy Policy Advisory Group

The Energy Policy Advisory Group met for the first time on July 16. While several issues have been identified for study by the Energy PAG, the impetus for its creation was an attempt to eliminate net metering for renewable energy production during the 2015 session of the General Assembly. The initial meeting of the PAG focused on gathering information about renewable energy production, Indiana's energy mix and policies that impact renewable energy production.

A historical review of Indiana energy production and consumption shows that Indiana has long maintained relatively low electric rates, especially compared to other states. However, those rates have crept up in the past few years, and Indiana no longer maintains the same competitive advantage it once had, based upon utility cost. In addition, the age of the coal-fired power plants in Indiana will lead to the retirement of the existing generation in the near future and the development of new sources of power. While still a small portion of the energy mix at approximately four percent, renewable energy does have the potential to gain a larger share. Almost all of the renewable production comes from wind energy, and most of it has been developed since 2008. Currently, solar and biomass are poised to grow the most.

The Energy PAG also met with representatives of the Indiana Energy Association and Duke Energy to discuss their views on renewable energy and the use of net metering. While they are not opposed to customer-owned renewables, they are concerned about reliability issues and the impact of net metering on their ability to recover costs for maintaining the grid.

Net metering is the process through which individuals with small renewable energy projects are compensated for the power they produce. When the renewable energy is being produced, the meter spins backwards, creating a credit on the energy bill. When energy is pulled from the grid, the meter spins forward and the credit is used. In essence, the individual receives the retail rate for the electricity they produce and put on the grid, up to their monthly use of electricity. Anything over the amount used from the utility is carried forward as a credit.

The PAG believes that renewable energy will play an important role

for energy production in the future. Taking the lead from other states and countries, they also believe that distributed generation (where energy production is produced throughout the grid at the point of use rather than at one central location) is a viable model. Following the meeting, PAG members worked on revisions to policy, and following a conference call, submitted several recommendations to the resolutions committee to continue to support net metering, but to also recognize the cost of the grid to those who use net metering for their energy production and consumption.

The PAG will continue to work on renewable energy and other issues related to energy pricing.

Questions regarding the activities of the Energy PAG can be directed to one of the group members or to [Justin Schneider](#), 317-692-7835, and [Kyle Cline](#), 317-692-7845, the Farm Bureau staff members facilitating the group.