

Natural Resources Defense Council (NRDC) and Edison Electric Institute (EEI) Issue Joint Statement on Decoupling, Net Metering?

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The Natural Resources Defense Council (NRDC) and the Edison Electric Institute (EEI) announced last week that they agree – in principle – that certain changes are needed to the rate structures of electric utilities. The agreement was announced during a joint presentation at the Winter Meetings of the National Association of Regulatory Utility Commissioners (NARUC) and has been covered by many sources as “a kumbaya moment” between two organizations that rarely agree on anything. While it is refreshing to see two important stakeholders making progress on these difficult subjects, the agreement is missing too many details to make it a real breakthrough.

For example, with respect to net metering the agreement states that “owners and operators of on-site distributed generation must provide reasonable cost-based compensation for the utility services they use, while also being compensated fairly for the services they provide.” As we wrote about, when the Arizona Corporation Commission addressed net metering last year, both sides agreed that rooftop solar customers should pay their fair share of grid costs and be compensated for their energy. But they were far apart on actually calculating the net benefits flowing between the utility and its rooftop solar customers.

Most of the joint statement focuses on need to decouple utilities’ revenue from the volume of electricity sold. From the EEI and utility side, this is not surprising since they have been advocating various forms of decoupling for years in response to eroding demand. NRDC’s support for decoupling is based on its pursuit of energy efficiency (EE) and distributed (clean) generation (DG). NRDC clearly recognizes that EE and DG goals will be imminently more attainable once the utilities are on board and that utilities will not get on board until their financial disincentive – volumetric rates – is removed.

The agreement also touches on giving utilities performance based financial incentives, making EE available to low-income customers, and encouraging investment in “smart meters” and “smart grids”.

NRDC is one of the country’s most powerful environmental groups that consistently advocates for the promotion of clean energy and efforts to curb global climate change.

EEl is an industry association of investor-owned utilities.?

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