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**Keys to solar: Net metering, meter aggregation, financial incentives**

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FAYETTEVILLE, Ark. — A combination of policy and financial incentives have opened the door to solar for agriculture operations in Arkansas. These include:

**Net Metering**

Net metering is a metering and billing arrangement designed to ensure fair credit for the owner/customer of a distributed generation system for electricity exported to the grid. In general, electricity produced by grid-connected solar system may be used by the business or flow to the utility’s distributed system to other users. With net-metering, the kilowatt hours produced by the customer and supplied to the grid offsets the kWh supplied to the customer in that month. For example, if the customer sends more kWh to the grid than used, the kWh charge is zero that month. The energy generated by the customer more than the electricity used is accumulated and credited to the account associated with the meter physically attached to the net metering facility in the next applicable billing period. The new net-metering rules allow existing agreements between net-metering customers and utilities to remain in place, or grandfathered, until 2040.

**Meter aggregation**

Meter aggregation expands options for customers that have multiple electric meters -- which is common in farming. Specifically, meter aggregation allows for a single generating system to be used to offset electricity use on multiple meters, without necessarily requiring a physical connection between the system and those meters. While meter aggregation has the potential to benefit many different types of customers such as commercial real estate, franchised businesses, and urban businesses without nearby land, it can be particularly beneficial for farms with multiple meters and/or electric accounts that are geographically dispersed. This potentially removes at least some of the obstacles associated with site limitations, allows customers to benefit from economies of scale in system sizing, and allows the use of underutilized land in system siting.

**Financial incentives**

There are tax credits and grants available for agricultural operations that wish to install solar:

* There is a 26 percent federal investment tax credit, which is a dollar-for-dollar offset of federal tax liability; but the tax credit will taper after 2022, to 22 percent in 2023 to10 percent in 2024 and beyond.
* Solar owners can depreciate the entire system cost minus half the investment tax credit. The value of depreciation is dependent upon the entity and its tax liability.
* The Rural Energy for America Program, or REAP, from the U.S Department of Agriculture, can provide a grant for up to 25 percent of the total system cost. Hutchings said that “the paperwork isn't trivial, but your solar provider should be able to help you through it.”

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