

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: NARRAGANSETT ELECTRIC :
 d/b/a NATIONAL GRID : **DOCKET NO. 3904**
 TARRIF ADVICE FILING :

ORDER

On December 4, 2007, Narragansett Electric d/b/a National Grid (“NGrid” or “the Company”) submitted pursuant to Rule 1.9(c) of the Rhode Island Public Utilities Commission’s (“Commission”) Rules and Regulations, a tariff advice filing to amend its Qualifying Facilities Power Purchase Rate R.I.P.U.C. No. 1078-A (“QF Rate”) to comport with changes made to R.I. Gen. Laws §39-6-6(g) and (h). The filing requested an effective date of January 1, 2008. The QF Rate contains terms and conditions requiring NGrid to purchase power from customers designated as Qualifying Facilities (“QFs”).¹ Part of the tariff allows certain eligible QFs to deliver power to NGrid through net metering.²

NGrid requested three tariff changes to address the change in the law and four other changes it identified as being appropriate to make at this time. The first change identified the facilities eligible for net-metering as: 1) facilities with a generating capacity of 1 MW or less or 2) facilities with a generating capacity of 1.65 MW or less that are owned by a city or town of Rhode Island or the Narragansett Bay Commission that utilize renewable technologies specified by law or fuel cells eligible for funding from the conservation surcharge specified in Title 39 which increases the current limit of projects

¹ Tariff Advice Filing to Amend R.I.P.U.C. No. 1078-A, Qualifying Facilities Power Purchase Rate, December 4, 2007.

² *Id.* R.I. Gen. Laws §42-140.2-2 defines net metering as billing or charging an end-use customer only for the electricity supply or services which is the net amount of electricity actually delivered to the client by a supplier or service company, less any amount of electricity generated by or on behalf of the end-use customer and either used on the end-use customer’s property or put on to the electric distribution grid within the same transmission interconnect area in which the end-use customer is located.

of 25 kVA. The second change reflected an increase in the 3 MW limit on net metering to an overall total of 5 MWs in installed capacity with at least 1 MW being reserved for projects less than 25 kW. Finally, NGrid included a section in the tariff which allows it to recover through a surcharge to all customers on an annual basis, the distribution portion of renewable credits and delivery charges for the kWhs displaced by eligible renewable energy systems.³

NGrid also proposed changing the language requiring it to purchase 80 MWs of power or less from QFs to 20 MWs or less as provided for in FERC Order No. 688. A section was added requiring a QF to notify NGrid of its intention to sell electricity to the Company and to enter into a standard purchase power agreement setting forth the terms and conditions of the sale. The Company also proposed deleting a section of the tariff that applied to QFs of less than 25 kVA that were net metered before March 31, 1998 to streamline the administrative process and apply the QF Rate consistently, reasoning that the twelve month generation netting procedure would better benefit the one customer to whom this section applied. Lastly, with regard to the twelve month generation netting procedure, NGrid proposed that this period begin in January of each year as opposed to beginning on the date of the first meter read after commencement of operation of the QF. The tariff advice also made reference to Standards for Connecting Distributed Generation which NGrid represented would be filed in the near future.⁴

At an open meeting on December 20, 2007, the Commission suspended the effective date after determining that there were several interested persons/entities who may want to comment. A pre-hearing conference was held on January 8, 2008, at which

³ *Id.*

⁴ *Id.*

time, the Commission informed all present that it would accept written comments regarding the proposed changes to the tariff. The Commission received comments and responses to the Commission's data requests from The Division of Public Utilities and Carriers ("Division"), Joel Gates, a private citizen, People's Power & Light ("PP&L"), Portsmouth PEDC Sustainable Energy subcommittee and the Portsmouth Abbey.

The Division objected to NGrid's maximum limit of 5 MW on the total net-metered load as too low and suggested a limit of 25 MW. The Division also suggested two other modifications to NGrid's proposal, 1) carrying credits forward for an additional year and 2) aggregating separate metered loads for towns that utilize net metering.⁵ Mr. Gates suggested eliminating the net metering cap all together.⁶ PP&L also addressed the issue of the aggregate amount of net metering stating it was too low.⁷ Portsmouth Abbey suggested that the timing be changed in the twelve-month calculation that NGrid proposed. It offered two schedules: the Vernal Equinox for solar generation and the Autumnal Equinox for wind turbines. Portsmouth Abbey also addressed the 5 MW limit and opined that it would stifle initiative. It supported local communities being able to aggregate their accounts.⁸ Portsmouth Sustainable Energy subcommittee recommended the aggregation of the Town's accounts noting that it would allow the Town to fully value the output of its renewable energy resource. It has secured funding to purchase and install a wind turbine for municipal use. Like Portsmouth Abbey, it suggested that the

⁵ Division Memorandum filed January 25, 2008.

⁶ Gates Letter filed January 23, 2008.

⁷ Response to Commission Data Requests filed by PP&L on January 22, 2008.

⁸ Portsmouth Abbey Comments filed January 9, 2008.

timing in the twelve month calculation be changed to coincide with the Vernal and Autumnal Equinoxes. It recommended that the 5 MW cap eligibility be the minimum.⁹

In response to the data request responses and comments filed by the interested parties in this Docket, NGrid filed Reply Comments noting that net metering has a direct financial impact on all of NGrid's other customers. It first addressed the comments regarding increasing the aggregate limit above the 5 MW minimum required by the law. NGrid noted that it is unlikely that the 5 MW minimum will be reached prior to the time that the Commission must file a report on the status of net-metering in July of 2010.¹⁰ NGrid provided supplemental reply comments setting forth the difference in the estimated distribution charges avoided by eligible customers if the cap was 5 MW and if the cap was 25 MW of installed renewable distributed generation capacity which it calculated to be between \$600,000 and \$1 million.¹¹ NGrid also addressed the issue of carrying over generation credits and accepted the Division's recommendation to carry the credits forward for one year as a "trial run." Finally, regarding virtual net metering, NGrid pointed out that although an earlier version of the law included virtual net metering, the enacted law does not contain such a provision. NGrid recommended that the Commission not require virtual net metering at this time.¹²

On January 16, 2008, NGrid filed new Standards for Connecting Distributed Generation ("Interconnection Standards"). The Standards set forth the process and requirements for an Interconnecting Distributed Generation Customer to connect a power-generating facility to NGrid's Electric Power System. That same day, the

⁹ Response to Commission Data Requests and Comments filed by Portsmouth Sustainable Energy subcommittee on January 11, 2008 and January 15, 2008, respectively.

¹⁰ NGrid Reply Comments filed January 30, 2008.

¹¹ NGrid Supplemental Reply Comments filed January 30, 2008.

¹² NGrid Reply Comments filed January 30, 2008 and Supplemental Reply Comments filed January 30, 2008.

Commission requested comments from interested parties regarding the proposed Interconnection Standards.

At an open meeting on January 30, 2008, the Commission considered the record relating to the December 4, 2007 tariff advice filing to amend R.I.P.U.C. No. 1078-A, Qualifying Facilities Power Purchase Rate and the January 16, 2008 tariff advice filing to implement new Standards for Connecting Distributed Generation R.I.P.U.C. No. 2007. After review and discussion, the Commission unanimously agreed to suspend the January 16, 2008 filing for further investigation. As for the December 4, 2007 filing, the Commission approved the inclusion in the tariff of the statutory language requiring an aggregate amount of net metering to be at a minimum of 5 MW, reserving at least one megawatt for projects less than 25 kW. The Commission denied the request by some of the interested parties to allow for virtual net metering and followed the recommendation of the Division to allow net metering credits to carry forward for an additional year. All of these rulings were on an interim basis. On February 8, 2008, NGrid filed its Compliance Tariff which was pursuant to the Commission's January 30, 2008 decision.

Other than the Division, no one filed Comments regarding the Interconnection Standards proposed by NGrid. The Division commented that NGrid's proposed Standards are almost verbatim from the Massachusetts tariff. The majority of the Division's comments suggested additional language to clarify the process and requirements. The Division commented that provisions for cost true-ups be incorporated in the Tariff and would allow for excess costs to be collected by NGrid and provide for cost savings to be reflected in the Company's collections from the Interconnecting Customer. Additionally the Division suggested that procedures for dispatch of

distributed generation in certain instances be developed and incorporated within the next twenty-four months. The Division also recommended specific language to clarify other sections. For example, the Division recommended that the Company include a time schedule flow-chart for dispute resolution, that the meter test costs be limited to one test per year at the Interconnecting Customer's expense, that NGrid should be held responsible for consequential damages to the Interconnecting Customer as a result of deviations from Good Utility Practices as may be determined by the Commission, etc.¹³

NGrid responded to the Division's comments by filing Reply Comments and noting that the Company had discussions with Division representatives regarding the Division's specific comments. NGrid represented that the Division did not object to the revisions contained in the Reply Comments. The revisions addressed a number of issues brought up by the Division and clarified the originally proposed Standards in a number of areas. For example, NGrid accepted the Division's recommendation to clarify the language regarding meter testing. Furthermore, the Company included a time schedule flow-chart for dispute resolution. In the areas where NGrid did not change its originally proposed language, it provided an explanation as to why the language proposed was sufficient. For example, it explained that it did not add language holding the Company responsible for consequential damages resulting from deviations from Good Utilities Practices, because it is not responsible for consequential damages for non-DG customers and believes that all customers should be treated in a consistent manner.¹⁴

At an open meeting on March 27, 2008, the Commission discussed the Standards and the comments and responses filed by the Division and the Company. The

¹³ Division Memorandum filed February 27, 2008.

¹⁴ NGrid Reply Comments filed March 19, 2008.

Commission is aware of the inclusive process that occurred in Massachusetts to develop NGrid's Interconnection Standards in that state and that multiple parties, representing governmental, consumer, utility and distributed generation interests, participated in the lengthy process. The Commission is also cognizant of the fact that NGrid put a great deal of effort into working with interested parties and was receptive to the comments received by those parties in order to facilitate the development of the Standards. The Commission is satisfied that the Interconnection Standards are drafted in a manner that will protect not only NGrid's interests but those of the DG customer as well. The Commission is also satisfied that statutory language NGrid added to the tariff, to reflect the increase in the minimum of aggregate amount of net metering to be 5 MW, is consistent with the statute and its intent. In the event that the minimum of 5 MW is reached, NGrid is obligated to notify the Commission. After a review of the documents and comments provided regarding the request to allow for virtual net metering, it is the conclusion of the Commission that the absence of language providing for virtual net metering¹⁵ indicates that the legislature did not intend to include virtual net metering in the statute.

Accordingly, it is hereby

(19274) ORDERED:

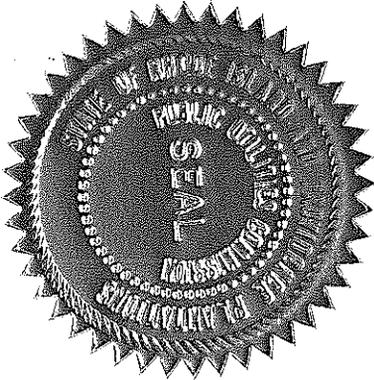
1. National Grid's tariff advice filing to implement new Standards for Connecting Distributed Generation as revised is approved.
2. National Grid's tariff advice filing to amend R.I.P.U.C. No. 1078-A is approved as set forth in its compliance filing.

¹⁵ The concept of virtual net metering occurs when a specific customer with multiple meters is allowed to offset the energy bill generated amongst those meters from its distributed generation source.

3. The request to allow for virtual net metering is denied.
4. Net metering credits shall carry forward for an additional year.

EFFECTIVE AT WARWICK, RHODE ISLAND, PURSUANT TO OPEN
MEETING DECISION ON MARCH 27, 2008. WRITTEN ORDER ISSUED
APRIL 22, 2007.

PUBLIC UTILITIES COMMISSION



*Elia Germani, Chairman



Robert B. Holbrook, Commissioner



Mary E. Bray, Commissioner

*Chairman Germani concurs but is unavailable for signature.