



To: RI Public Utilities Commission  
From: People's Power & Light  
Re: Docket 4079 Public Comment  
Date: Sept. 15, 2009

Honorable Commissioners,

People's Power & Light has supported the legislative changes to net metering and, barring unforeseen interpretations, we generally think National Grid's proposed tariff reflects the new statute well. There is one issue we think the Commission or Division should address in Docket 4079: the measure of recoverable Company costs. In section III B 5, the new draft regulations state that "any prudent and reasonable costs incurred by the Company pursuant to achieving compliance with Rhode Island General Laws §39-26-6(g) and the annual amount of the distribution portion of any Renewable Generation Credits provided to NMFs shall be aggregated on an annual basis by the Company and recovered from all customers through a uniform per kWh surcharge embedded in the distribution component of the rates reflected on customer bills." This reflects the statute almost verbatim. However, it is unclear from the proposed tariff how this would be interpreted in practice.

Distributed generation has many benefits that could accrue directly to National Grid, but should be used to help balance the costs. One of these benefits is addressed in the statute and in the draft regulations in section II B-1: "Any unused credits remaining on the customer account at the end of the netting period shall be used to offset recoverable Company costs." Other benefits include delay or elimination of upgrades to transmission and distribution lines and substations as well as reduced maintenance costs because of lower peak loads. In fact, according to Amory Lovins's *Small is Profitable*, there are over 200 economic benefits of distributed generation: <http://www.smallisprofitable.org/207Benefits.html>. Targeted, "right-sized" distributed generation, in particular, should help contain or eliminate costs to the utility, and we believe net savings should be passed on to consumers, according to the system reliability and least cost procurement mandate § 39-1-27.7.

Therefore, the benefits to the Company from distributed generation need to be accounted for in any changes to the distribution charge used to recover costs, as well as the application of unused credits in section II B 1. At the same time, the Commission should define more specifically what can be counted as a recoverable Company cost. People's Power and Light suggests restricting this definition to costs incurred by the Company in providing distribution to net metered facilities and the billing infrastructure to accommodate the added complexity of net metering.

We thank you for your efforts to address this issue and look forward seeing the benefits of increased distributed generation.

Sincerely,

Karina Lutz  
Deputy Director

Cc: Energy Efficiency Resource Management Council