

March 30, 2015

BY HAND DELIVERY AND ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4549 - The Narragansett Electric Company d/b/a National Grid
Tariff Advice Filing to Amend RIPUC No. 2099, Net Metering Provision
National Grid's Response to Wind Energy Development's Comments**

Dear Ms. Massaro:

National Grid¹ submits these comments in response to a letter dated March 25, 2015 (Letter) that was filed with the Rhode Island Public Utilities Commission (PUC) in this docket on behalf of WED Coventry One, LLC, WED Coventry Two, LLC, WED Coventry Six LLC and WED Portsmouth One, LLC (collectively, WED). As explained in more detail below, the Company is applying Renewable Net Metering Credits in a manner that is consistent with R.I. Gen. Laws Chapter 39-26.4 (Net Metering Statute) and the Company's Net Metering Provision, RIPUC No. 2099 (Net Metering Provision). In addition, the Net Metering Provision requirement that entities set up assets at ISO-NE enables the Company to apply energy revenues received from those assets to reduce the costs of net metering to all other customers who are required to pay for the costs of the program.

Application of Renewable Net Metering Credits

The application of Renewable Net Metering Credits is identical for true behind-the-meter projects (i.e., where the generator is physically connected to the on-site load) and stand-alone projects (i.e., where on-site load consists of only the load of the generator, also referred to as parasitic load). Any on-site generation that displaces the monthly on-site usage at the same service location reduces the billed consumption at that service location. If the on-site generation exceeds the monthly on-site usage, Renewable Net Metering Credits for the excess on-site generation are calculated in accordance with the Net Metering Provision. Generally, a stand-alone project has minimal monthly parasitic load (on-site usage) compared to a true behind-the-meter project; however, the application of the tariff is the same in both cases. The Company bills each customer in an identical manner, issuing Renewable Net Metering Credits for excess

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

generation regardless of whether the unit is behind-the-meter or is a stand-alone unit with only parasitic load.

R.I. Gen. Laws § 39-26.4-2 (Section 2) and Section I of the Company’s Net Metering Provision (Section I) expressly define the application of the Renewable Net Metering Credit as follows:

“Renewable Net Metering Credit” shall mean a credit that applies to an Eligible Net Metering System up to one hundred percent (100%) of the Renewable Self-generator’s usage at the Eligible Net Metering System Site over the applicable billing period.

Further, Section 2 and Section I define “Eligible Net Metering System Site” as the site where the eligible net metering system is located or is part of the same campus or complex of sites contiguous to one another and the site where the eligible net metering system is located or a farm in which the eligible net metering system is located. Except for an eligible net metering system owned by or operated on behalf of a public entity or multi-municipal collaborative through a public entity net metering financing arrangement, the purpose of this definition is to reasonably assure that energy generated by the eligible net metering system is consumed by the net metered electric service account(s) that are actually located in the same geographical location as the eligible net metering system.

Finally, the Net Metering Statute expressly defines the calculation of the Renewable Net Metering Credit that is to be applied to future on-site usage as the sum of the Standard Offer Service charge, the distribution service charge, the transmission service charge and the transition service charge. The Net Metering Statute specifically excludes energy efficiency and renewables charges from the calculation of the Renewable Net Metering Credit. These charges are used to fund specific clean energy programs in Rhode Island. Crediting these charges to net metered customers sends the wrong policy signal as these programs are designed to promote similar goals as net metering. WED incorrectly stated in its Letter that the Net Metering Statute requires energy efficiency and renewable energy charges to be included in the calculation of the Renewable Net Metering Credit².

The Net Metering Statute and the Company’s Net Metering Provision clearly describe the application of Renewable Net Metering Credits and Excess Renewable Net Metering Credits for a net metering configuration that consists of a renewable energy generator that is located remotely from the retail delivery service accounts that are to receive the Renewable Net Metering Credits. However, the law does not describe the manner in which credits for behind-the-meter configurations shall be applied because the existing single net meter simply bills for net usage each month. Therefore, there is no need to calculate a “credit” for an account where the monthly on-site generation is less than the monthly on-site usage. There is only a need to calculate a credit for an account where the monthly on-site generation exceeds the monthly on-site usage.

² The total of the energy efficiency and renewable energy charges is currently 1.439¢ per kWh based on rates effective January 1, 2015.

The Company notes that Section 2 and Section I, Sheet 3 refer to the correct application of retail delivery service rates and do not relate to the calculation of the Renewable Net Metering Credits and Excess Renewable Net Metering Credits.

ISO-NE Requirements

The Company does not disagree with WED’s statement that net metering projects are not wholesale projects, but that is irrelevant under net metering. Under the net metering construct, one policy goal is to reduce the overall societal costs of net metering to all other customers who are required to pay for the costs of the program. The Company accomplishes this by using any energy revenues it receives from an asset at ISO-NE to offset the costs of net metering credits that it pays out. This offset can be as high as 40% of the costs of net metering. Without requiring entities to set up assets at ISO-NE, all other customers will pay substantially more for the program than they otherwise would.

The current Net Metering Provision (RI PUC 2099), section II(8) reads:

“As a condition to receiving any payments pursuant to this provision, Customers who install Eligible Net Metering Systems with a nameplate capacity in excess of 60 kW must comply with any and all applicable New England Power Pool (“NEPOOL”) and ISO-NE rules, requirements, or information requests that are necessary for the Eligible Net Metering System’s electric energy output to be sold into the ISO-NE administered markets. If the Company must provide to NEPOOL or ISO-NE any information regarding the operation, output, or any other data in order to sell the output of the Eligible Net Metering System into the ISO-NE administered markets, the Eligible Net Metering System must provide such information to the Company in a timely manner.”

The proposed new tariff reads:

“As a condition to receiving any payments pursuant to this provision, customers who install Eligible Net Metering Systems with a nameplate capacity in excess of 25 kW must comply with any and all applicable NEPOOL and ISO-NE rules, requirements, or information requests that are necessary for the Eligible Net Metering System’s electric energy output to be sold into the ISO-NE administered markets. If the Company must provide to NEPOOL or ISO-NE any information regarding the operation, output, or any other data in order to sell the output of the Eligible Net Metering System into the ISO-NE administered markets, the customer who installs an Eligible Net Metering System must provide such information to the Company prior to the project being authorized to operate in parallel with the Company’s electric distribution system.”

Setting up an asset at ISO-NE requires entities to comply with ISO-NE’s Operating Procedure # 14 (OP14). OP14 allows projects that interconnect at a common point and that are less than 5 MWs to be set up as a settlement-only generator (SOG) with minimal requirements. Projects that interconnect at a common point and that are equal to or greater than 5 MWs must be set up as a modeled generator with additional requirements beyond those applicable to an SOG. These additional requirements are critical for ISO-NE as they provide both operational as well as market transparency of large amounts of distributed generation on the electric distribution and transmission systems. The Company must comply with all operating procedures at ISO-NE and

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simply requires entities who receive compensation provided by all other customers to also comply with these requirements so that all other customers receive the benefit of energy revenues generated from an asset at ISO-NE to offset the cost of the net metering credits they are funding.

National Grid thanks the PUC for the opportunity to provide these comments.

Very truly yours,

A handwritten signature in blue ink that reads "Celia B. O'Brien". The signature is written in a cursive style with a clear, legible font.

Celia B. O'Brien

cc: Docket 4549 Service List
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Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

Copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

March 30, 2015

Date

**Docket No. 4549 National Grid – Net Metering Tariff Advice
Service List updated 2/26/15**

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