

November 30, 2016

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: National Grid's Tariff Advice Filing to Amend Net Metering Provision
RIPUC No. 2169
Docket No. 4631**

Dear Ms. Massaro:

Pursuant to Rule 1.9(c) of the Rhode Island Public Utilities Commission's (PUC) Rules of Practice and Procedure, I have enclosed ten (10) copies of National Grid's¹ tariff advice filing to amend the Company's Net Metering Provision, RIPUC No. 2169 (Net Metering Tariff or Tariff). These proposed amendments are necessary to reflect certain changes to Rhode Island General Laws Sections 39-26.4-2 and 39-26.4-3 (Net Metering Law), as reflected in Bill H 8354 Substitute A, which was signed into law on June 27, 2016.

As detailed below, the Company is proposing amendments to its Net Metering Tariff to: (1) implement the statutory provisions regarding the Community Remote Net Metering (CRNM) Pilot (Pilot), which went into effect on June 27, 2016; (2) clarify the way in which the Company applies net metering credits to customer bills; and (3) simplify and clarify certain Tariff provisions. Clean and redlined versions of the Company's revised Tariff are attached as Attachment A.

I. Background

Procedural Background

On July 15, 2016, in Docket No. 4631, the Company submitted a Tariff Advice Filing in which it requested PUC approval of an amended Net Metering Provision, RIPUC No. 2169. The Company filed these July 15, 2016 amendments to reflect the changes required to: (1) implement the provision regarding third-party financing, which went into effect on June 27, 2016; (2) indicate that all energy generated is valued at the point on the electric distribution system at which an Eligible Net Metering System is interconnected; (3) define the date on which the

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

distribution charge is excluded from the calculation of the Renewable Net Metering Credit for Public Entity and Multi-Municipal Collaborative Net Metering systems; and (4) reflect the change in the maximum allowable capacity for Eligible Net Metering Systems, which increased effective August 28, 2016. At an Open Meeting on August 12, 2016, the PUC approved the Company's amended Net Metering Provision, RIPUC No. 2169.

Following the Company's July 15, 2016 filing, the Company worked with and solicited input from the Rhode Island Office of Energy Resources (OER), Rhode Island Housing (RI Housing), and other stakeholders² regarding the proposed changes to the Company's Net Metering Provision necessary to implement and administer the Pilot, which is summarized below.³

Background on Stakeholder Process

Initially, the Company had several meetings with RI Housing and the OER to develop the framework for the Pilot, including the roles the Company and RI Housing would have in implementing the Pilot. During these meetings, the Company, the OER, and RI Housing agreed that the Company would implement and manage the Pilot and enrollment, and that RI Housing would develop and manage the criteria and processes that govern whether residential housing developments satisfy the statutory requirements to receive net metering credits as a low or moderate income housing development under the Pilot. The Company and the OER agreed that RI Housing was best suited for this eligibility screening role since RI Housing is the State's principal housing finance agency and is involved in the development of the majority of affordable rental housing properties in Rhode Island. For a detailed summary of RI Housing's role in this process and the eligibility document that will be used for the Pilot, please see the letter from RI Housing, attached to this filing as Attachment B. The eligibility requirements for the Pilot are included as Attachment 1 to RI Housing's letter.

After the Company met with the OER and RI Housing to establish the framework for the Pilot, on September 12, 2016 and October 11, 2016, the Company met with the OER, RI Housing, and additional stakeholders⁴ to discuss the proposed Pilot. On November 2, 2016, the Company also participated in a conference call with several of the stakeholders regarding the Pilot. During these meetings, the stakeholders had the opportunity to review, discuss, and recommend modifications to the Company's proposed Pilot and RI Housing's proposed eligibility document. The Company and RI Housing made revisions to the proposed Pilot and eligibility document based on detailed stakeholder feedback.

² These stakeholders included alternative energy consultants, solar power developers, low and moderate income housing owners and managers, a Rhode Island State representative who participated in the legislative process regarding the new net metering law, and other interested parties.

³ The Company understands that the OER will submit a letter in support of the Company's proposed Pilot after the Company files this Tariff Advice with the PUC.

⁴ See footnote 2 for a description of the stakeholders.

II. Summary of Proposed Community Remote Net Metering Pilot

The new net metering law requires the Company to implement a 30 megawatt (MW) Community Remote Net Metering Pilot between now and December 31, 2018.⁵ Under the Pilot, residential customers and low and moderate income customers may receive net metering credits from remote systems. Since the Pilot is limited to a 30MW capacity limit, it is critical that only projects that have reasonable expectations of achieving commercial operation are assigned a position in the Pilot queue. As such, in efforts to most efficiently administer the Pilot and ensure that it is available to a wide array of customers, the Company has set strict threshold criteria for applicants to qualify for the Pilot. *See* Section II of the enclosed Tariff for the Terms and Conditions that will govern the Pilot.

III. Summary of Tariff Revisions

The Company's proposed changes to the Net Metering Provision are as follows:

General Changes:

- Assigned RIPUC No. 2178 as the new Tariff number, canceling RIPUC No. 2169.
- Listed January 1, 2017 as the effective date of the Tariff.

Section I, Definitions, Sheets 1 through 5:

- Added definition of "Community Remote Net Metering" and "Eligible Credit Recipients", consistent with the definitions contained in the Net Metering Law.
- Revised various definitions in this section to incorporate the provisions of Community Remote Net Metering and other requirements of the Net Metering Law.
- Revised the definition of "Net Metering Customer" to make it clear that the Net Metering Customer is the customer of record for the billing account associated with the Eligible Net Metering System.
- Added language in the definitions of "Eligible Net Metering System" and "Eligible System Site" to make it clearer that a Community Remote Net Metering System may be located on a parcel of land that is remote from the net metered accounts.
- Removed the definition of "Renewable Self-Generator" because the revised definition of Net Metering Customer makes this definition redundant.

⁵ The OER may petition the PUC to expand or modify the 30MW capacity allocation after December 31, 2018. *See* R.I. Gen. Laws § 39-26.4-3 (a)(ii).

- Added definition of “Net Metering Credits” to streamline the references to Renewable Net Metering Credits and Excess Renewable Net Metering Credits throughout the tariff.
- Revised the definition of “Renewable Net Metering Credit” to clarify that the Standard Offer Service charge portion of the credit does not include the Renewable Energy Standard (RES) charge. Presently, and consistent with the past and current versions of the Net Metering Law, the Company does not include the RES Charge as part of the Renewable Net Metering Credit. However, the following language was added to the Net Metering Law that was enacted on July 27, 2016, which suggests that the Company has previously included the RES charge in the Standard Offer Service charge portion of the net metering credit:

except that for remote public entity and multi-municipality collaborative net-metering systems that submit an application for an interconnection study on or after July 1, 2017 and community remote net-metering systems, the standard offer service kilowatt hour charge shall be net of the renewable energy standard charge or credit;⁶

Given that under the previous net metering law, the Company has not included the RES charge as part of the Renewable Net Metering Credit for any customers, the Company believes that this language is unclear as to the applicability of such charge. Based on the Company’s participation in the stakeholder meetings for the New Metering Law, the Company does not believe that the intent was to increase the current credit values. The Company intends to continue working with the Commission to clarify these requirements.

- Added minor revisions throughout the Tariff to clarify existing provisions.

Section II, Terms and Conditions, Sheets 5 through 9:

- A new Section II(2) has been added to the Tariff, which 1) specifies that aggregate capacity available to CRNM participants is limited to 30 MW, consistent with the requirements of the new Net Metering Law; 2) includes the statutory provision that allows the OER to petition the PUC to expand or modify the capacity allocation after December 31, 2018; and 3) makes it clear that the 30MW limit does not apply to Public Entity facilities or Multi-Municipal Collaborative facilities. In addition, the Company is proposing that, within one month of 15MW capacity enrollment, the Company, in consultation with the OER, will review the allocation between privately owned low to moderate-income housing projects and residential enrollees. In the event that either sector comprises 80% or more of enrolled capacity, the Company

⁶ R.I. Gen. Laws § § 39-26.4-2(17)(i)

and the OER may jointly recommend that 6 MW of the remaining capacity be reserved for the alternate sector. This provision, which is based on discussions with stakeholders, is designed to ensure that the Pilot will be made available to a wide array of customers who are eligible to participate.

- Capacity available for participation in Pilot is limited to 30MW and, therefore, it is critical that only projects that have reasonable expectations of achieving commercial operation are assigned a position in the CRNM “queue.” To this end, the Company also includes a provision at II. (2) items (i)-(iv) that details the minimum requirements and process regarding how projects can secure an allocation of the 30 MW capacity and how potential applicants will be informed of the program status. The Company may establish additional procedures and guidelines to implement a system of processing, obtaining, and maintaining net metering cap allocations for Community Remote Net Metering Systems.
- Added Section II(2)(iii) to require projects submitting an application for a Community Remote Net Metering System to submit a deposit at the time of application that is equal to \$25.00 multiplied by the expected annual megawatt-hour output of the system, or \$75,000.00, whichever is less. The deposit will be refunded after the Company verifies that the system has achieved commercial operation and meets the applicable credit allocation requirements. The Company will retain deposits from projects that do not achieve commercial operation or meet the credit allocation requirements within twenty-four months from the date on which the Company granted a capacity allocation, and use those funds to offset the cost of the program, which is recoverable from all customers.
- Section II(5) has been added to clarify the way in which the Company applies Net Metering Credits to customer bills. Specifically, the Company applies Renewable Net Metering Credits to the Net Metering Customer’s billing account for all kWh generated by the Eligible Net Metering System. On an annual basis, the Company compares kWh generated by the Eligible Net Metering System during the applicable 12-month period to the on-site consumption of the Net Metering Customer or the aggregate sum of the on-site consumption of the Net Metered Accounts, or to the three-year average aggregate sum of the on-site consumption of the Net Metered Accounts of a Community Remote Net Metering System. If the on-site consumption of the Net Metering Customer or the aggregate sum of the on-site consumption of the Net Metered Accounts is less than the kWh generated by the Eligible Net Metering System during the applicable 12-month period, then the Company will apply a billing charge to the Net Metering Customer’s account equal to the difference between the Renewable Net Metering Credit and the Excess Renewable Net Metering Credit in effect during the applicable 12-month period, multiplied by the difference between the kWh generated by the Eligible Net Metering System and the on-site consumption of the Net Metering Customer or the aggregate sum of the on-site consumption of the Net Metered Accounts during the same 12-month period. If the kWh generated by

the Eligible Net Metering System during the applicable 12-month period exceeds either the on-site consumption of the Net Metering Customer or the aggregate sum of the on-site consumption of the Net Metered Accounts by more than 25 percent, then the Company will apply a billing charge to the Net Metering Customer's account equal to the Renewable Net Metering Credit in effect during the applicable 12-month period multiplied by the kWh generated in excess of 125 percent of the on-site consumption of the Net Metering Customer or the aggregate sum of the on-site consumption of the Net Metered Accounts during the same 12-month period.

- Section II(6) requires all Net Metering Customers to complete Schedule B. The Company proposes to add a provision that allows changes to Schedule B to be submitted to the Company on a quarterly basis, rather than on an annual basis, as is currently allowed.
- Section II(7) is a new section that describes the provisions specific to CRNM. Pursuant to the new Net Metering Law, a CRNM system must allocate Net Metering Credits to a minimum of (i) one account for a system associated with Low or Moderate Income Housing Eligible Credit Recipient or (ii) three (3) Eligible Credit Recipient accounts. In addition, if the CRNM customer chooses to allocate credits to three or more recipients, no more than fifty percent (50%) of the Net Metering Credits may be allocated to one Eligible Credit Recipient; and at least fifty percent (50%) of the Net Metering Credits must be allocated to the remaining Eligible Credit Recipients in an amount to each Recipient that does not to exceed that which is produced annually by a twenty- five kilowatt (25 kW) AC capacity. The Community Remote Net Metering System may transfer credits to Eligible Credit Recipients in an amount that is equal to or less than the aggregate consumption of the Net Metered Accounts measured by the three-year average annual consumption of energy over the previous three years. A projected annual consumption of energy may be used until the actual three-year average annual consumption of energy over the previous three years at the Net Metered Accounts becomes available.
- In addition to the changes described above, the paragraphs in this section have been re-ordered in certain instances to improve the organization of the Tariff requirements.

Section III, Rates for Distribution Service to Net Metering Customers and Net Metered Accounts, and Section IV, Cost Recovery, Sheet 9:

- These sections include only revisions necessary to implement provisions related to CRNM as well as various clarifying edits and stylistic changes.

Luly E. Massaro, Commission Clerk
Tariff Advice Filing to Amend Net Metering Provision
November 30, 2016
Page 7 of 7

Thank you for your attention to this matter. If you have any questions regarding this filing, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosures

cc: Leo Wold, Esq., Division
Steve Scialabba, Division
Cynthia Wilson-Frias, Esq., PUC
Todd Bianco, PUC
Alan Nault, PUC

THE NARRAGANSETT ELECTRIC COMPANY
NET METERING PROVISION**I. Definitions**

“**Commission**” shall mean the Rhode Island Public Utilities Commission.

“**Community Remote Net Metering System**” shall mean an Eligible Net Metering System that allocates Net Metering Credits to an Eligible Credit Recipient pursuant to this Tariff. The Community Remote Net Metering System may be owned by either the same entity that is the customer of record on the Net Metered Account or a Third Party.

“**Company**” shall mean The Narragansett Electric Company d/b/a National Grid.

“**Eligible Credit Recipient**” means one of the following whose electric service account or accounts may receive Net Metering Credits from a Community Remote Net Metering System:

- (a) Residential Credit Recipient means a residential account in good standing.
- (b) Low or Moderate-Income Housing Eligible Credit Recipient means an electric service account or accounts in good standing associated with any housing development or developments owned and operated by a public agency, nonprofit organization, limited equity housing cooperative, or private developer, that receives assistance under any federal, state, or municipal government program to assist the construction or rehabilitation of housing affordable to low or moderate-income households, as defined in the applicable federal or state statute, or local ordinance, encumbered by a deed restriction or other covenant recorded in the land records of the municipality in which the housing is located, that:
 - (1) Restricts occupancy of no less than fifty percent (50%) of the housing to households with a gross annual income that does not exceed eighty percent (80%) of the area median income, as defined annually by the United States Department of Housing and Urban Development (“HUD”);
 - (2) Restricts the monthly rent, including a utility allowance, that may be charged to residents, to an amount that does not exceed thirty percent (30%) of the gross monthly income of a household earning eighty percent (80%) of the area median income, as defined annually by HUD; or
 - (3) Has an original term of not less than thirty (30) years from initial occupancy. Electric service account or accounts in good standing associated with housing developments that are under common ownership or control may be considered a single low or moderate-income housing Eligible Credit Recipient. The value of the credits shall be used to provide benefits to tenants.

The Net Metering Customer must submit documentation in the form of a letter from Rhode Island Housing certifying that each Low or Moderate-Income Housing

Eligible Credit Recipient meets the eligibility criteria specified in this section.

“Eligible Net Metering Resource” shall mean eligible renewable energy resource, as defined in R.I. Gen. Laws § 39-26-5, including biogas created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass fuels.

“Eligible Net Metering System” shall mean a facility generating electricity using an Eligible Net Metering Resource that is reasonably designed and sized to annually produce electricity in an amount that is equal to or less than the Net Metering Customer’s usage at the Eligible Net Metering System Site measured by the three-year average annual consumption of energy over the previous three years at the Net Metered Account(s) located at the Eligible Net Metering System Site. A projected annual consumption of energy may be used until the actual three-year average annual consumption of energy over the previous three years at the Net Metered Account(s) located at the Eligible Net Metering System Site becomes available for use in determining eligibility of the generating system. The Eligible Net Metering System may be owned by the same entity that is the customer of record on the Net Metered Accounts or may be owned by a Third Party that is not the Net Metering Customer or the customer of record on the Net Metered Accounts and which may offer a Third-Party Net Metering Financing Arrangement or Public Entity Net Metering Financing Arrangement, as applicable. Notwithstanding any other provisions of this Tariff, any Eligible Net Metering Resource: (i) owned by a Public Entity or Multi-municipal Collaborative, (ii) owned and operated by a renewable generation developer on behalf of a Public Entity or Multi-municipal Collaborative through a Public Entity Net Metering Financing Arrangement or (iii) that is a Community Remote Net Metering System, shall be treated as an Eligible Net Metering System, and all delivery service accounts designated by the Public Entity, Multi-Municipal Collaborative or Net Metering Customer for a Community Remote Net Metering System for net metering shall be treated as accounts eligible for net metering within an Eligible Net Metering System Site.

“Eligible Net Metering System Site” shall mean 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, or a Community Remote Net Metered System, the purpose of this definition is to reasonably assure that energy generated by the Eligible Net Metering System is consumed by net metered electric delivery service account(s) that are actually located in the same geographical location as the Eligible Net Metering System. All energy generated from any Eligible Net Metering System is and will be considered consumed at the meter where the Eligible Net Metering System is interconnected for valuation purposes. 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, or a Community Remote Net Metering System, all of the Net Metered Accounts at the Eligible Net Metering System Site must be the accounts of the same customer of record, and customers are not permitted to enter into agreements or arrangements to change the name on accounts for the purpose of artificially expanding the Eligible Net Metering System Site to contiguous sites in an attempt to avoid this restriction. However, a property owner may change the nature of the metered service at the delivery service accounts at the site to be master metered (as allowed by applicable state law) in the owner’s name, or become the customer of record for each of the

delivery service accounts, provided that the owner becoming the customer of record actually owns the property at which the delivery service account is located. As long as the Net Metered Accounts meet the requirements set forth in this definition, there is no limit on the number of delivery service accounts that may be net metered within the Eligible Net Metering System Site.

“Excess Renewable Net Metering Credit” shall mean a credit that applies to an Eligible Net Metering System for that portion of the production of electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-five percent (125%) of the Net Metering Customer’s own consumption at the Eligible Net Metering System Site or the aggregate consumption of the Net Metered Accounts during the applicable billing period. Such Excess Renewable Net Metering Credit shall be equal to the Company’s avoided cost rate, defined for this purpose as the Standard Offer Service kilowatt-hour (kWh) charge for the rate class and time-of-use billing period, if applicable, that is applicable to the Net Metering Customer for the Eligible Net Metering System. The Commission shall have the authority to make determinations as to the applicability of this credit to specific generation facilities to the extent there is an uncertainty or disagreement.

“Farm” shall be defined in accordance with R.I. Gen. Laws § 44-27-2, except that all buildings associated with the Farm shall be eligible for Net Metering Credits as long as: (i) the buildings are owned by the same entity operating the Farm or persons associated with operating the Farm; and (ii) the buildings are on the same farmland as the project on either a tract of land contiguous with or reasonably proximate to such farmland or across a public way from such farmland.

“ISO-NE” shall mean the Independent System Operator New England, Inc. established in accordance with the NEPOOL Agreement and applicable Federal Energy Regulatory Commission approvals, which is responsible for managing the bulk power generation and transmission systems in New England.

“Multi-Municipal Collaborative” shall mean a group of towns and/or cities that enter into an agreement for the purpose of co-owning a renewable generation facility or entering into a Public Entity Net Metering Financing Arrangement.

“Municipality” shall mean any Rhode Island town or city, including any agency or instrumentality thereof, with the powers set forth in Title 45 of Rhode Island General Laws.

“NEPOOL” shall mean New England Power Pool.

“Net Metered Accounts” shall mean one or more electric delivery service accounts owned by a single customer of record on 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, or the electric delivery service account(s) associated with an Eligible Net Metering System that is: (i) owned by a Public Entity or Multi-Municipal Collaborative or (ii) owned and operated by a renewable generation developer on behalf of a Public Entity or Multi-Municipal Collaborative through a Public Entity Net Metering Financing Arrangement; or (iii) a Community Remote Net Metering System, provided that the Net Metering Customer has submitted Schedule B (attached) with the individual billing account information for each Net Metered Account. Should there be a change to any of the information contained in Schedule B, the Net Metering Customer is responsible for submitting a revised Schedule B in order for the

Company to determine eligibility for the accounts 30 business days prior to making any such change.

“Net Metering” shall mean using electrical energy generated by an Eligible Net Metering System for the purpose of self-supplying electrical energy and power at the Eligible Net Metering System Site or, with respect to a Community Remote Net Metering System or a Public Entity or Multi-Municipal Collaborative system, for the purpose of generating Net Metering Credits to be applied to the electric bills of the Net Metered Accounts of the Net Metering Customer.

“Net Metering Credits” shall mean the combination of Renewable Net Metering Credits and Excess Renewable Net Metering Credits, if Excess Renewable Net Metering Credits are produced.

“Net Metering Customer” shall mean an electric delivery service customer of record for the Eligible Net Metering System.

“Person” shall mean an individual, firm, corporation, association, partnership, farm, town or city of the State of Rhode Island, Multi-municipal Collaborative, or the State of Rhode Island or any department of the state government, governmental agency or public instrumentality of the state.

“Project” shall mean a distinct installation of an Eligible Net Metering System. An installation will be considered distinct if it is installed in a different location, or at a different time, or involves a different type of renewable energy.

“Public Entity” means the State of Rhode Island, Municipalities, wastewater treatment facilities, public transit agencies or any water distributing plant or system employed for the distribution of water to the consuming public within the State of Rhode Island, including the water supply board of the City of Providence.

“Public Entity Net Metering Financing Arrangement” shall mean arrangements entered into by a Public Entity or Multi-Municipal Collaborative with a private entity to facilitate the financing and operation of a Net Metering resource, in which the private entity owns and operates an Eligible Net Metering Resource on behalf of a Public Entity or Multi-Municipal Collaborative, where: (i) the Eligible Net Metering Resource is located on property owned or controlled by the Public Entity or one of the Municipalities, as applicable, and (ii) the production from the Eligible Net Metering Resource and primary compensation paid by the Public Entity or Multi-Municipal Collaborative to the private entity for such production is directly tied to the consumption of electricity occurring at the designated Net Metered Accounts.

“Renewable Net Metering Credit” shall mean a credit that applies up to one hundred percent (100%) of a Net Metering Customer’s consumption at the Eligible Net Metering System Site or the aggregate consumption of the Net Metered Accounts over the applicable billing period. This credit shall be equal to the total kilowatt-hours of electrical energy generated up to the amount consumed on-site by the Net Metering Customer or the Net Metered Accounts during the billing period multiplied by the sum of the:

- (i) Standard Offer Service kilowatt-hour charge for the rate class applicable

to the Net Metering Customer, not including the Renewable Energy Standard charge;

- (ii) Distribution kilowatt-hour charge;
- (iii) Transmission kilowatt-hour charge; and
- (iv) Transition kilowatt-hour charge.

Notwithstanding the foregoing, except for systems that have requested an interconnection study for which payment has been received by the Company by December 31, 2018, or if an interconnection study is not required, a completed and paid interconnection application has been received by the Company by December 31, 2018, commencing January 1, 2050, the Renewable Net Metering Credit for all remote Public Entity and Multi-Municipal Collaborative Net Metering systems shall not include the distribution kilowatt-hour charge.

“**Third Party**” means and includes any person or entity other than the Net Metering Customer who owns or operates the Eligible Net Metering System for the benefit of the Net Metering Customer.

“**Third Party Net Metering Financing Arrangement**” means the financing of Eligible Net Metering Systems through lease arrangements or power/credit purchase agreements between a Third Party and a Net Metering Customer, except for those entities under a Public Entity Net Metering Financing Arrangement. A Third Party engaged in providing financing arrangements related to such Eligible Net Metering Systems with a public or private entity is not a public utility as defined in R.I. Gen. Laws § 39-1-2.

II. Terms and Conditions

The following policies regarding Net Metering of electricity from Eligible Net Metering Systems and regarding any Person or entity that is a Net Metering Customer shall apply:

- (1) The maximum allowable capacity for Eligible Net Metering Systems, based on name plate capacity, is 10MW.
- (2) Through December 31, 2018, the maximum aggregate amount of Community Remote Net Metering Systems built shall be thirty megawatts (30 MW). Any of the unused MW amount after December 31, 2018 shall remain available to Community Remote Net Metering Systems until the 30 MW aggregate amount is interconnected. After December 31, 2018, the Commission may expand or modify the aggregate amount after a public hearing upon petition by the OER. The Commission shall determine, within six (6) months of such petition being docketed by the Commission, whether the benefits of the proposed expansion exceed the cost. This 30 MW aggregate amount shall not apply to Public Entity facilities or Multi-Municipal Collaborative facilities.

- (i) Net Metering Customers with a Community Remote Net Metering System must obtain an allocation of capacity under the cap set forth in Section II.(2) above. Customers applying for such capacity must provide or show proof of the following: a) a completed Impact Study for Renewable Distributed Generation or a valid fully executed interconnection service agreement; b) site control for the location of the Eligible Net Metering System; and c) a performance deposit as set

forth in section (ii) below. If an application meets these requirements, until the capacity limit has been reached, the Community Remote Net Metering System will be provided a cap allocation that will be valid for 24 months from the date of issuance. Projects that apply for a capacity allocation after the MW of applications approved has reached the cap will be kept on a waiting list in the order of complete application with the exception of the performance deposit, which will not be required for the waiting list, but must be paid within five business days from time of notification that capacity becomes available for a project. Applicants that fail to pay the performance deposit within this time frame shall lose their spot on the waiting list.

(ii) If a Community Remote Net Metering System with a cap allocation (a) is not commercially operational or (b) has not met the credit allocation requirements under Section II.(7) below on or before the date that is 24 months from the issuance of the cap allocation (“Cap Expiration Date”), the capacity allocation for the Community Remote Net Metering System will be cancelled, and that capacity will be made available to other applicants. Once cancelled, a customer may apply for a cap allocation again with payment of another performance deposit.

(iii) Customers seeking a Community Remote Net Metering System cap allocation under item (i) above will be required to submit a performance deposit equal to \$25.00 multiplied by the expected annual megawatt-hour output of the system, or \$75,000.00, whichever is less. The deposit will be refunded after the Company verifies that the Community Remote Net Metering System has achieved commercial operation and has met the credit allocation requirements under Section II.(7) below. In the event that the Community Remote Net Metering System does not achieve commercial operation or meet the credit allocation requirements prior to the Cap Expiration Date, the deposit will be forfeited and will be refunded to all customers through the Net Metering Surcharge.

(iv) The Company will track the amount of capacity that has been allocated and that remains available under the Community Remote Net Metering System cap, and will post such information on its website, which will be updated on a monthly basis until the cap has been reached. The Company may establish additional procedures and guidelines to implement a system of processing, obtaining, and maintaining net metering cap allocations for Community Remote Net Metering Systems.

- (3) If the electricity generated by an Eligible Net Metering System during a billing period is equal to or less than the Net Metering Customer’s usage at the Eligible Net Metering System Site, or the aggregate consumption of the Net Metered Accounts, the Net Metering Customer shall receive Renewable Net Metering Credits, which shall be applied to offset the Net Metering Customer’s usage on Net Metered Accounts at the Eligible Net Metering Site, or shall be used to credit the Net Metered Accounts, as applicable.
- (4) Unless the Company and Net Metering Customer have agreed to a billing plan pursuant to Section II(8) of this Tariff, if the electricity generated by an Eligible Net Metering System during a billing period is greater than the Net Metering Customer’s usage or the

aggregate consumption of the Net Metered Accounts, as applicable, during the billing period, the Net Metering Customer shall be paid Excess Renewable Net Metering Credits for the excess generation up to an additional twenty-five percent (25%) of the Net Metering Customer's consumption or the aggregate consumption of the Net Metered Accounts during the billing period.

- (5) For purposes of administering Sections II(3) and II(4) of this Tariff, on a monthly basis, the Company will apply Renewable Net Metering Credits to the Net Metered Accounts for all kWh generated by the Eligible Net Metering System. On an annual basis, the Company will compare kWh generated by the Eligible Net Metering System during the applicable 12-month period to the on-site consumption of the Net Metering Customer or the aggregate consumption of the Net Metered Accounts, as applicable, or to the three-year average aggregate sum of the on-site consumption of the Net Metered Accounts of a Community Remote Net Metering System. If such consumption is less than the kWh generated by the Eligible Net Metering System during the applicable 12-month period, the Company will apply a billing charge to the Net Metering Customer's account equal to the difference between the Renewable Net Metering Credit and the Excess Renewable Net Metering Credit in effect during the applicable 12-month period multiplied by the difference between the kWh generated by the Eligible Net Metering System and the consumption during the same 12-month period. If the kWh generated by the Eligible Net Metering System during the applicable 12-month period exceeds such consumption by more than 25 percent, the Company will apply a billing charge to the Net Metering Customer's account equal to the Renewable Net Metering Credit in effect during the applicable 12-month period multiplied by the kWh generated in excess of 125 percent of the consumption.
- (6) All Net Metering Customers shall be required to complete Schedule B. Renewable Net Metering Credits will be applied to Net Metered Accounts in the manner specified on Schedule B. Changes to Schedule B may be submitted to the Company on a quarterly basis.
- (7) A Community Remote Net Metering System must allocate Net Metering Credits to a minimum of (i) one account for a system associated with Low or Moderate Income Housing Eligible Credit Recipient or (ii) three (3) Eligible Credit Recipient accounts.

If Net Metering Credits are allocated to three or more Eligible Credit Recipient accounts, the following shall apply to all accounts except for those accounts associated with Low or Moderate-Income Housing Eligible Credit Recipients:

- a. No more than fifty percent (50%) of the Net Metering Credits may be allocated to one Eligible Credit Recipient; and
- b. At least fifty percent (50%) of the Net Metering Credits must be allocated to the remaining Eligible Credit Recipients in an amount allocated to each Recipient that does not exceed that which is produced annually by a twenty-five kilowatt (25 kW) AC capacity.

These requirements must be met before the Company authorizes the project to operate.

The Community Remote Net Metering System may transfer credits to Eligible Credit Recipients in an amount that is equal to or less than the aggregate consumption of the Net Metered Accounts measured by the three-year average annual consumption of energy over the previous three years. A projected annual consumption of energy may be used until the actual three-year average annual consumption of energy over the previous three years at the Net Metered Accounts becomes available.

- (8) For ease of administering Net Metered Accounts and stabilizing Net Metered Account bills, the Company may elect (but is not required) to estimate for any 12-month period (i) the production from the Eligible Net Metering System and (ii) aggregate consumption of the Net Metered Accounts and establish a monthly billing plan that reflects the expected Net Metering Credits that would be applied to the Net Metered Accounts over 12 months. The billing plan would be designed to even out monthly billings over 12 months, regardless of actual production and usage. If the Company makes such an election, the Company would reconcile payments and credits under the billing plan to actual production and consumption at the end of the 12-month period and apply any credits or charges to the Net Metered Customer Accounts for any positive or negative difference, as applicable. Should there be a material change in circumstances at the Eligible Net Metering System Site or associated Net Metered Accounts during the 12 month period, the Company may adjust the estimate and credits during the reconciliation period. The Company may also (but is not required to) elect to issue checks to any Net Metering Customer in lieu of billing credits or carry forward credits or charges to the next billing period. For residential Eligible Net Metering Systems that are twenty-five kilowatts (25 kW) or smaller, the Company, at its option, may administer Renewable Net Metering Credits month to month allowing unused credits to carry forward into following billing period.
- (9) As a condition to receiving Net Metering Credits pursuant to this Tariff, customers who install Eligible Net Metering Systems must enter into an interconnection agreement and comply with the Company's Standards for Connecting Distributed Generation, as amended and superseded from time to time.
- (10) As a condition to receiving any payments pursuant to this provision, Net Metering 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 Net Metering 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.
- (11) NEPOOL and ISO-NE have the authority to impose fines, penalties, and/or sanctions on participants if it is determined that a participant is violating established rules in certain instances. Accordingly, to the extent that a fine, penalty, and/or sanction is levied by NEPOOL or the ISO-NE as a result of the Net Metering Customer's failure to comply

with a NEPOOL or ISO-NE rule, requirement, or information request, the Net Metering Customer will be responsible for the costs incurred by the Company, if any, associated with such fine, penalty, and/or sanction.

III. Rates for Distribution Service to Net Metering Customers and Net Metered Accounts

- (1) Retail delivery service by the Company to the Net Metering Customer and Net Metered Accounts shall be governed by the tariffs, rates, terms, conditions, and policies for retail delivery service that are on file with the Commission.
- (2) The Standard Offer Service and retail delivery rates applicable to any Net Metered Account shall be the same as those that apply to the rate classification that would be applicable to such delivery service account in the absence of Net Metering, including customer and demand charges, and no other charges may be imposed to offset Net Metering Credits.
- (3) Net Metering Customers shall be exempt from backup service rates commensurate with the size of the Eligible Net Metering System.

IV. Cost Recovery

- (1) Any prudent and reasonable costs incurred by the Company pursuant to achieving compliance with R.I. Gen. Laws § 39-26.2-3(a) and the annual amount of any Net Metering Credits provided to Net Metering Customers or Net Metered Accounts shall be aggregated by the Company and billed to all distribution customers on an annual basis through a uniform per kilowatt hour (kWh) Net Metering Charge embedded in the distribution component of the rates reflected on customer bills.
- (2) The Company will include the energy market payments received from ISO-NE for the electricity generated by Eligible Net Metering Systems in the Company's annual reconciliation of the Net Metering Charge. Eligible Net Metering Systems with a nameplate capacity in excess of 25 kW shall provide all necessary information to, and cooperate with, the Company to enable the Company to obtain the appropriate asset identification for reporting generation to ISO-NE. The Company will report all exported power to the ISO-NE as a settlement only generator and net this reported usage and associated payment received against the annual amount of Standard Offer Service component of any Net Metering Credits provided to Net Metering Customers or Net Metered Accounts.

Effective: January 1, 2017

Schedule B – Additional Information Required for Net Metering Service

THE NARRAGANSETT ELECTRIC COMPANY
NET-METERING APPLICATION OF CREDITS

Customer Name: _____

Account Number: _____

Facility Address: _____

City: _____ State: RI Zip Code: _____

The Agreement is between _____, a Net Metering Customer (“NMC”) and The Narragansett Electric Company (the “Company”) for application of Net Metering Credits earned through Net Metering from the NMC located at _____, Rhode Island.

The NMC agrees to comply with the provisions of the Net Metering Provision, the applicable retail delivery tariffs, and the Terms and Conditions for Distribution Service that are on file with the Rhode Island Public Utilities Commission as currently in effect or as modified, amended, or revised by the Company, and to pay any metering and interconnection costs required under such tariff and policies.

A) NMC Address: _____

Nameplate rating (AC) of the Eligible Net Metering System _____ kW
Estimated annual generation in kWh of Eligible Net Metering System _____ kWh

Net Metered Account(s)

The following information must be provided for each individual Net Metered Account in a proposed Eligible Net Metering System Site:

Name: _____ (Except in the case of a Public Entity or Multi-Municipal Collaborative or Community Remote Net Metered System, the customer of record must be the same the customer for each Net Metered Account)

Service Address: _____

National Grid Account number: _____

Three-year average kWh usage for this account _____

Total three-year average kWh usage for all accounts as associated with an Eligible Net Metering

System Site _____

Once this information is received, the Company will determine whether the accounts listed are eligible for net metering.

B) For any Billing Period in which the NMC earns Net Metering Credits, please indicate how the Distribution Company will apply them:

Apply all of the Net Metering Credits to the account of the NMC (skip Items C and D below)

Allocate all the Net Metering Credits to the accounts of eligible Customers (please fill out C and D below)

Both apply a portion of the Net Metering Credits to the NMC's account and allocate a portion to the accounts of eligible Customers (please fill out C and D below)

The Company will notify the NMC within 30 days of the Company's receipt of Schedule B whether it will allocate or purchase Net Metering Credits. If the Company elects to purchase Net Metering Credits, the Company will render payment by issuing a check to the NMC each Billing Period, unless otherwise agreed in writing by the NMC and Company. If the Company elects to allocate Net Metering Credits, the NMC must complete Item C and submit the revised Schedule B to the Company.

C) Please state the total percentage of Net Metering Credits to be allocated.

% Amount of the Net Metering Credit being allocated.

The total amount of Net Metering Credits being allocated shall not exceed 100%. Any remaining percentage will be applied to the NMC's account.

Please identify each eligible Customer account to which the NMC is allocating Net Metering Credits by providing the following information (attach additional pages as needed):

NOTE: If a designated Customer account closes, the allocated percentage will revert to the NMC's account, unless otherwise mutually agreed in writing by the NMC and the Company.

Name:

Billing Address:

Account number:

Amount of the Net Metering Credit: _____%

Name:

Billing Address:

Account number:

Amount of the Net Metering Credit: _____%

Name:

Billing Address:

Account number:

Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

D) The terms of this Schedule B shall remain in effect unless and until the NMC executes a revised Schedule B and submits it to the Company. A revised Schedule B may be updated quarterly during a calendar year.

E) A signature on the application shall constitute certification that (1) the NMC has read the application and knows its contents; (2) the contents are true as stated, to the best knowledge and belief of the NMC; and (3) the NMC possesses full power and authority to sign the application.

Notice

Execution of this agreement will cancel any previous agreement for the Net Metered Accounts for the Eligible Net Metering System under the Net Metering Provision.

The Company or NMC may terminate this agreement on thirty (30) days written notice, which includes a statement of reasons for such termination. In addition, the NMC must re-file this agreement annually.

Agreed and Accepted – Please sign

[NAME OF NMC]

Date: _____

By: _____

Name:

Title:

The Narragansett Electric Company
d/b/a National Grid

Date: _____

By: _____

Name:

Title:

THE NARRAGANSETT ELECTRIC COMPANY
NET METERING PROVISION

I. Definitions

“**Commission**” shall mean the Rhode Island Public Utilities Commission.

“**Community Remote Net Metering System**” shall mean an Eligible Net Metering System that allocates Net Metering Credits to an Eligible Credit Recipient pursuant to this Tariff. The Community Remote Net Metering System may be owned by either the same entity that is the customer of record on the Net Metered Account or a Third Party.

“**Company**” shall mean The Narragansett Electric Company d/b/a National Grid.

“**Eligible Credit Recipient**” means one of the following whose electric service account or accounts may receive Net Metering Credits from a Community Remote Net Metering System:

- (a) Residential Credit Recipient means a residential account in good standing.
- (b) Low or Moderate-Income Housing Eligible Credit Recipient means an electric service account or accounts in good standing associated with any housing development or developments owned and operated by a public agency, nonprofit organization, limited equity housing cooperative, or private developer, that receives assistance under any federal, state, or municipal government program to assist the construction or rehabilitation of housing affordable to low or moderate-income households, as defined in the applicable federal or state statute, or local ordinance, encumbered by a deed restriction or other covenant recorded in the land records of the municipality in which the housing is located, that:
 - (1) Restricts occupancy of no less than fifty percent (50%) of the housing to households with a gross annual income that does not exceed eighty percent (80%) of the area median income, as defined annually by the United States Department of Housing and Urban Development (“HUD”);
 - (2) Restricts the monthly rent, including a utility allowance, that may be charged to residents, to an amount that does not exceed thirty percent (30%) of the gross monthly income of a household earning eighty percent (80%) of the area median income, as defined annually by HUD; or
 - (3) Has an original term of not less than thirty (30) years from initial occupancy. Electric service account or accounts in good standing associated with housing developments that are under common ownership or control may be considered a single low- or moderate-income housing Eligible Credit Recipient. The value of the credits shall be used to provide benefits to tenants.

The Net Metering Customer must submit documentation in the form of a letter from Rhode Island Housing certifying that each Low or Moderate-Income Housing

Eligible Credit Recipient meets the eligibility criteria specified in this section.

“Eligible Net Metering Resource” shall mean eligible renewable energy resource, as defined in R.I. Gen. Laws § 39-26-5, including biogas created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass fuels.

“Eligible Net Metering System” shall mean a facility generating electricity using an Eligible Net Metering Resource that is reasonably designed and sized to annually produce electricity in an amount that is equal to or less than the ~~Renewable Self-generator’s~~ Net Metering Customer’s usage at the Eligible Net Metering System Site measured by the three-~~(3)~~ year average annual consumption of energy over the previous three ~~(3)~~ years at the ~~electric distribution~~ Net Metered Account(s) located at the Eligible Net Metering System Site. A projected annual consumption of energy may be used until the actual three-~~(3)~~ year average annual consumption of energy over the previous three ~~(3)~~ years at the ~~electric delivery service a~~ Net Metered Account(s) located at the Eligible Net Metering System Site becomes available for use in determining eligibility of the generating system. The Eligible Net Metering System may be owned by the same entity that is the customer of record on the Net Metered Accounts or may be owned by a Third Party that is not the Net Metering Customer or the customer of record on the Net Metered Accounts and which may offer a Third-Party Net Metering Financing Arrangement or Public Entity Net Metering Financing Arrangement, as applicable. Notwithstanding any other provisions of this Tariff, any Eligible Net Metering Resource: (i) owned by a Public Entity or Multi-municipal Collaborative, ~~or~~ (ii) owned and operated by a renewable generation developer on behalf of a Public Entity or Multi-municipal Collaborative through a Public Entity Net Metering Financing Arrangement or (iii) that is a Community Remote Net Metering System, shall be treated as an Eligible Net Metering System, and all delivery service accounts designated by the Public Entity, ~~or Multi-municipal Collaborative~~ or Net Metering Customer for a Community Remote Net Metering System for net metering shall be treated as accounts eligible for net metering within an Eligible Net Metering System Site.

“Eligible Net Metering System Site” shall mean 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-~~M~~unicipal Collaborative through a Public Entity Net Metering Financing Arrangement, or a Community Remote Net Metered System, the purpose of this definition is to reasonably assure that energy generated by the Eligible Net Metering System is consumed by net metered electric delivery service account(s) that are actually located in the same geographical location as the Eligible Net Metering System. All energy generated from any Eligible Net Metering System is and will be considered consumed at the meter where the Eligible Net Metering System is interconnected for valuation purposes. Except for an Eligible Net Metering System owned by or operated on behalf of a Public Entity or Multi-~~M~~unicipal Collaborative through a Public Entity Net Metering Financing Arrangement, or a Community Remote Net Metering System, all of the Net Metered Accounts at the Eligible Net Metering System Site must be the accounts of the same customer of record, and customers are not permitted to enter into agreements or arrangements to change the name on accounts for the purpose of artificially expanding the Eligible Net Metering System Site to contiguous sites in an attempt to avoid this restriction. However, a property owner may change the nature of the metered service at the delivery service accounts at the site to be master metered (as allowed by

applicable state law) in the owner's name, or become the customer of record for each of the delivery service accounts, provided that the owner becoming the customer of record actually owns the property at which the delivery service account is located. As long as the Net Metered Accounts meet the requirements set forth in this definition, there is no limit on the number of delivery service accounts that may be net metered within the Eligible Net Metering System Site. ~~Schedule B of this tariff is required to be filled out completely to determine eligibility of the above accounts.~~

“Excess Renewable Net Metering Credit” shall mean a credit that applies to an Eligible Net Metering System for that portion of the ~~Renewable Self-generator's~~ production of ~~electricity~~electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-five percent (125%) of the ~~Renewable Self-generator's~~Net Metering Customer's own consumption at the Eligible Net Metering System Site or the aggregate consumption of the Net Metered Accounts during the applicable billing period. Such Excess Renewable Net Metering Credit shall be equal to the Company's avoided cost rate, defined for this purpose as the Standard Offer Service kilowatt-hour (kWh) charge for the rate class and time-of-use billing period, if applicable, that is applicable to the ~~delivery service account(s) at the Eligible Net Metering System Site. Where there are delivery service accounts at the Eligible Net Metering System Site in different rate classes, the Company may calculate the Excess Renewable Net Metering Credit based on the average of the Standard Offer Service rates applicable to those on-site delivery service accounts. The Company has the option to use the energy received from such excess generation to serve the Standard Offer Service load.~~Net Metering Customer for the Eligible Net Metering System. The Commission shall have the authority to make determinations as to the applicability of this credit to specific generation facilities to the extent there is an uncertainty or disagreement.

“Farm” shall be defined in accordance with R.I. Gen. Laws § 44-27-2, except that all buildings associated with the Farm shall be eligible for ~~Renewable Net Metering Credits and Excess Renewable~~Net Metering Credits as long as: (i) the buildings are owned by the same entity operating the Farm or persons associated with operating the Farm; and (ii) the buildings are on the same farmland as the project on either a tract of land contiguous with or reasonably proximate to such farmland or across a public way from such farmland.

“ISO-NE” shall mean the Independent System Operator New England, Inc. established in accordance with the NEPOOL Agreement and applicable Federal Energy Regulatory Commission approvals, which is responsible for managing the bulk power generation and transmission systems in New England.

“Multi-Municipal Collaborative” shall mean a group of towns and/or cities that enter into an agreement for the purpose of co-owning a renewable generation facility or entering into a Public Entity Net Metering Financing Arrangement.

“Municipality” shall mean any Rhode Island town or city, including any agency or instrumentality thereof, with the powers set forth in Title 45 of Rhode Island General Laws.

“NEPOOL” shall mean New England Power Pool.

“Net Metered Accounts” shall mean one or more electric delivery service accounts owned by a

single customer of record on 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, or ~~the all municipal electric~~ delivery service account(s) associated with an Eligible Net Metering System that is: (i) owned by a Public Entity or Multi-Municipal Collaborative or (ii) owned and operated by a renewable generation developer on behalf of a Public Entity or Multi-Municipal Collaborative through a Public Entity Net Metering Financing Arrangement; or (iii) a Community Remote Net Metering System, provided that the Net Metering Customer ~~or the Public Entity or Multi-municipal Collaborative~~ has submitted Schedule B (attached) with the individual billing account information for each Net Metered Account. Should there be a change to any of the information contained in Schedule B, the it is the responsibility of the Net Metering Customer is responsible for submitting ~~or the Public Entity or Multi-municipal Collaborative to submit~~ a revised Schedule B in order for the Company to determine eligibility for the accounts 30 business days prior to making any such change.

“Net Metering” shall mean using ~~electricity~~electrical energy generated by an Eligible Net Metering System for the purpose of self-supplying electrical energy and power at the Eligible Net Metering System Site ~~and thereby offsetting consumption at the Eligible Net Metering System Site through the netting process established in this provision or, with respect to a Community Remote Net Metering System or a Public Entity or Multi-Municipal Collaborative sSystem, for the purpose of generating Net Metering Credits to be applied to the electric bills of the Net Metered Accounts of the~~ Net Metering Customer.

“Net Metering Credits” shall mean the combination of Renewable Net Metering Credits and Excess Renewable Net Metering Credits, if Excess Renewable Net Metering Credits are produced.

“Net Metering Customer” shall mean ~~a customer of the Company receiving and being billed for~~an electric delivery service ~~whose delivery account(s) are being net metered~~customer of record for the Eligible Net Metering System.

“Person” shall mean an individual, firm, corporation, association, partnership, farm, town or city of the State of Rhode Island, Multi-municipal Collaborative, or the State of Rhode Island or any department of the state government, governmental agency or public instrumentality of the state.

“Project” shall mean a distinct installation of an Eligible Net Metering System. An installation will be considered distinct if it is installed in a different location, or at a different time, or involves a different type of renewable energy.

“Public Entity” means the State of Rhode Island, Municipalities, wastewater treatment facilities, public transit agencies or any water distributing plant or system employed for the distribution of water to the consuming public within the State of Rhode Island, including the water supply board of the City of Providence.

“Public Entity Net Metering Financing Arrangement” shall mean arrangements entered into by a Public Entity or Multi-Municipal Collaborative with a private entity to facilitate the financing and operation of a Net Metering resource, in which the private entity owns and operates an Eligible Net Metering Resource on behalf of a Public Entity or Multi-Municipal Collaborative, where: (i) the Eligible Net Metering Resource is located on property owned or

controlled by the Public Entity or one of the Municipalities, as applicable, and (ii) the production from the Eligible Net Metering Resource and primary compensation paid by the Public Entity or Multi-Municipal Collaborative to the private entity for such production is directly tied to the consumption of electricity occurring at the designated Net Metered Accounts.

“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~~ Net Metering Customer’s consumption at the Eligible Net Metering System Site ~~or the aggregate consumption of the Net Metered Accounts~~ over the applicable billing period. This credit shall be equal to the total kilowatt-hours of ~~electricity~~ electrical energy generated ~~and up to the amount~~ consumed on-site by the Net Metering Customer or the Net Metered Accounts during the billing period multiplied by the sum of the:

- (i) Standard Offer Service kilowatt-hour charge for the rate class applicable to the ~~net metering customer~~ Net Metering Customer, not including the Renewable Energy Standard charge;
- (ii) Distribution kilowatt-hour charge;
- (iii) Transmission kilowatt-hour charge; and
- (iv) Transition kilowatt-hour charge.

Notwithstanding the foregoing, except for systems that have requested an interconnection study for which payment has been received by the Company by December 31, 2018, or if an interconnection study is not required, a completed and paid interconnection application has been received by the Company by December 31, 2018, commencing January 1, 2050, the Renewable Net Metering Credit for all remote Public Entity and Multi-Municipal Collaborative Net Metering systems shall not include the distribution kilowatt-hour charge.

~~“Renewable Self-generator” shall mean an electric delivery service customer who installs or arranges for an installation of renewable generation that is primarily designed to produce electricity for consumption by that same customer at its delivery service account(s).~~

“Third Party” means and includes any person or entity other than the Net Metering Customer who owns or operates the Eligible Net Metering System for the benefit of the Net Metering Customer.

“Third Party Net Metering Financing Arrangement” means the financing of Eligible Net Metering Systems through lease arrangements or power/credit purchase agreements between a Third Party and a Net Metering Customer, except for those entities under a Public Entity Net Metering Financing Arrangement. A Third Party engaged in providing financing arrangements related to such Eligible Net Metering Systems with a public or private entity is not a public utility as defined in R.I. Gen. Laws ~~RIGL Section §~~ 39-1-2.

II. Terms and Conditions

The following policies regarding Net Metering of electricity from Eligible Net Metering Systems and regarding any Person or entity that is a ~~Renewable Self-generator~~ Net Metering Customer shall apply:

(1) ~~Through August 27, 2016, the maximum allowable capacity for Eligible Net Metering Systems, based on name plate capacity, is 10MW. shall be five megawatts (5 MW). Beginning August 28, 2016, the maximum allowable capacity for Eligible Net Metering Systems, based on name plate capacity, shall be ten megawatts (10 MW).~~

(2) Through December 31, 2018, the maximum aggregate amount of Community Remote Net Metering Systems built shall be thirty megawatts (30 MW). Any of the unused MW amount after December 31, 2018 shall remain available to Community Remote Net Metering Systems until the 30 MW aggregate amount is interconnected. After December 31, 2018, the Commission may expand or modify the aggregate amount after a public hearing upon petition by the OER. The Commission shall determine, within six (6) months of such petition being docketed by the Commission, whether the benefits of the proposed expansion exceed the cost. This 30 MW aggregate amount shall not apply to Public Entity facilities or Multi-Municipal Collaborative facilities.

(i) Net Metering Customers with a Community Remote Net Metering System must obtain an allocation of capacity under the cap set forth in Section II.(2) above. Customers applying for such capacity must provide or show proof of the following: a) a completed Impact Study for Renewable Distributed Generation or a valid fully executed interconnection service agreement; b) site control for the location of the Eligible Net Metering System; and c) a performance deposit as set forth in section (ii) below. If an application meets these requirements, until the capacity limit has been reached, the Community Remote Net Metering System will be provided a cap allocation that will be valid for 24 months from the date of issuance. Projects that apply for a capacity allocation after the MW of applications approved has reached the cap will be kept on a waiting list in the order of complete application with the exception of the performance deposit, which will not be required for the waiting list, but must be paid within five business days from time of notification that capacity becomes available for a project. Applicants that fail to pay the performance deposit within this time frame shall lose their spot on the waiting list.

(ii) If a Community Remote Net Metering System with a cap allocation (a) is not commercially operational or (b) has not met the credit allocation requirements under Section II.(7)below on or before the date that is 24 months from the issuance of the cap allocation (“Cap Expiration Date”), the capacity allocation for the Community Remote Net Metering System will be cancelled, and that capacity will be made available to other applicants. Once cancelled, a customer may apply for a cap allocation again with payment of another performance deposit.

(iii) Customers seeking a Community Remote Net Metering System cap allocation under item (i) above will be required to submit a performance deposit equal to \$25.00 multiplied by the expected annual megawatt-hour output of the system, or \$75,000.00, whichever is less. The deposit will be refunded after the Company verifies that the Community Remote Net Metering System has achieved commercial operation and has met the credit allocation requirements under Section II.(7) below. In the event that the Community Remote Net Metering

System does not achieve commercial operation or meet the credit allocation requirements prior to the Cap Expiration Date, the deposit will be forfeited and will be refunded to all customers through the Net Metering Surcharge.

(iv) The Company will track the amount of capacity that has been allocated and that remains available under the Community Remote Net Metering System cap, and will post such information on its website, which will be updated on a monthly basis until the cap has been reached. The Company may establish additional procedures and guidelines to implement a system of processing, obtaining, and maintaining net metering cap allocations for Community Remote Net Metering Systems.

- (3) If the electricity generated by an Eligible Net Metering System during a billing period is equal to or less than the Net Metering Customer's usage during the billing period for Net Metered Accounts at the Eligible Net Metering System Site, or the aggregate consumption of the Net Metered Accounts, the Net Metering Customer shall receive Renewable Net Metering Credits, which shall be applied to offset the Net Metering Customer's usage on Net Metered Accounts at the Eligible Net Metering Site, or shall be used to credit the Net Metered Accounts, as applicable.
- (4) Unless the Company and Net Metering Customer have agreed to a billing plan pursuant to Section II(8) of this Tariff, if the electricity generated by an Eligible Net Metering System during a billing period is greater than the Net Metering Customer's usage or the aggregate consumption of the on-Net Metered Accounts, as applicable, at the Eligible Net Metering System Site during the billing period, the Net Metering Customer shall be paid Excess Renewable Net Metering Credits for the excess generation generated beyond the Net Metering Customer's usage at the Eligible Net Metering System Site or the aggregate consumption of the Net Metered Accounts up to an additional twenty-five percent (25%) of the Renewable Self-generator's Net Metering Customer's consumption or the aggregate consumption of the Net Metered Accounts during the billing period, unless the Company and Net Metering Customer have agreed to a billing plan pursuant to Section II.2.
- (5) For purposes of administering Sections II(3) and II(4) of this Tariff, on a monthly basis, the Company will apply Renewable Net Metering Credits to the Net Metered Accounts for all kWh generated by the Eligible Net Metering System. On an annual basis, the Company will compare kWh generated by the Eligible Net Metering System during the applicable 12-month period to the on-site consumption of the Net Metering Customer or the aggregate consumption of the Net Metered Accounts, as applicable, or to the three-year average aggregate sum of the on-site consumption of the Net Metered Accounts of a Community Remote Net Metering System. If such consumption is less than the kWh generated by the Eligible Net Metering System during the applicable 12-month period, the Company will apply a billing charge to the Net Metering Customer's account equal to the difference between the Renewable Net Metering Credit and the Excess Renewable Net Metering Credit in effect during the applicable 12-month period multiplied by the difference between the kWh generated by the Eligible Net Metering System and the consumption during the same 12-month period. If the kWh generated by the Eligible Net Metering System during the applicable 12-month period exceeds such consumption by

more than 25 percent, the Company will apply a billing charge to the Net Metering Customer's account equal to the Renewable Net Metering Credit in effect during the applicable 12-month period multiplied by the kWh generated in excess of 125 percent of the consumption.

(6) All Net Metering Customers ~~eligible to receive Renewable Net Metering Credits or Excess Renewable Net Metering Credits pursuant to Sections II.3 and II.4~~ shall be required to complete Schedule B. ~~Renewable Net Metering Credits will be applied to Net Metered Accounts in the manner specified on Schedule B. Changes to Schedule B may be submitted to the Company on a quarterly basis.~~

(7) A Community Remote Net Metering System must allocate Net Metering Credits to a minimum of (i) one account for a system associated with Low or Moderate Income Housing Eligible Credit Recipient or (ii) three (3) Eligible Credit Recipient accounts.

———If Net Metering Credits are allocated to three or more Eligible Credit Recipient accounts, the following shall apply to all accounts except for those accounts associated with Low or Moderate-Income Housing Eligible Credit Recipients:

a. No more than fifty percent (50%) of the Net Metering Credits may be allocated to one Eligible Credit Recipient; and

b. At least fifty percent (50%) of the Net Metering Credits must be allocated to the remaining Eligible Credit Recipients in an amount allocated to each Recipient that does not exceed that which is produced annually by a twenty-five kilowatt (25 kW) AC capacity.

These requirements must be met before the Company authorizes the project to operate.

The Community Remote Net Metering System may transfer credits to Eligible Credit Recipients in an amount that is equal to or less than the aggregate consumption of the Net Metered Accounts measured by the three-year average annual consumption of energy over the previous three years. A projected annual consumption of energy may be used until the actual three-year average annual consumption of energy over the previous three years at the Net Metered Accounts becomes available.

~~(2)~~(8) For ease of administering Net Metered Accounts and stabilizing Net Metered Account bills, the Company may elect (but is not required) to estimate for any 12--month period (i) the production from the Eligible Net Metering System and (ii) aggregate consumption of the Net Metered Accounts ~~at the Eligible Net Metering System Site~~ and establish a monthly billing plan that reflects the expected ~~Renewable Generation Credits and Excess Renewable Generation~~ Net Metering Credits that would be applied to the Net Metered Accounts over 12 months. The billing plan would be designed to even out monthly billings over ~~twelve (12)~~ months, regardless of actual production and usage. If ~~the Company makes~~ such an election, ~~is made by the Company~~, the Company would reconcile payments and credits under the billing plan to actual production and consumption at the end of the 12-month period and apply any credits or charges to the Net Metered Customer Accounts for any positive or negative difference, as applicable. Should there be a material change in circumstances at the Eligible Net Metering System

Site or associated Net Metered Accounts during the ~~twelve~~(12) month period, the Company may adjust the estimate and credits ~~may be adjusted by the Company~~ during the reconciliation period. The Company may also ~~may~~ ~~(but is not required to)~~ elect ~~(but is not required)~~ to issue checks to any Net Metering Customer in lieu of billing credits or carry forward credits or charges to the next billing period. For residential Eligible Net Metering Systems that are twenty-five kilowatts (25 kW) or smaller, the Company, at its option, may administer Renewable Net Metering Credits month to month allowing unused credits to carry forward into following billing period.

~~(5)~~(9) As a condition to receiving ~~Renewable Generation Credits or Excess Renewable Generation~~Net Metering Credits pursuant to this ~~Tariff provision~~, customers who install Eligible Net Metering Systems must enter into an interconnection agreement and comply with the Company's Standards for Connecting Distributed Generation, as amended and superseded from time to time.

~~(7)~~(10) As a condition to receiving any payments pursuant to this provision, ~~customers~~Net Metering 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~~Net Metering 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.

~~(8)~~(11) NEPOOL and ISO-NE have the authority to impose fines, penalties, and/or sanctions on participants if it is determined that a participant is violating established rules in certain instances. Accordingly, to the extent that a fine, penalty, and/or sanction is levied by NEPOOL or the ISO-NE as a result of the ~~Owner of the Eligible~~ Net Metering ~~System's~~Customer's failure to comply with a NEPOOL or ISO-NE rule, requirement, or information request, the ~~Eligible~~ Net Metering ~~System~~Customer will be responsible for the costs incurred by the Company, if any, associated with such fine, penalty, and/or sanction.

III. Rates for Distribution Service to ~~Eligible~~ Net Metering ~~System~~Customers and Net Metered Accounts

- (1) Retail delivery service by the Company to the ~~Eligible~~ Net Metering ~~System~~Customer and Net Metered Accounts shall be governed by the tariffs, rates, terms, conditions, and policies for retail delivery service ~~that~~which are on file with the Commission.
- (2) The Standard Offer Service and retail delivery rates applicable to any Net Metered Account shall be the same as those that apply to the rate classification that would be applicable to such delivery service account in the absence of Net Metering, including customer and demand charges, and no other charges may be imposed to offset Net

Metering Credits.

- (3) ~~Net Metered Accounts associated with an Eligible~~ Net Metering ~~System~~ Customers shall be exempt from backup service rates commensurate with the size of the Eligible Net Metering System.

IV. Cost Recovery

- (1) Any prudent and reasonable costs incurred by the Company pursuant to achieving compliance with R.I. Gen. Laws § 39-26.2-3(a) and the annual amount of any ~~Renewable Net Metering Credits or Excess Renewable~~ Net Metering Credits provided to ~~Eligible Net Metering Customers or~~ Net ~~Metering Systems~~ ~~Metered Accounts~~; shall be aggregated by the Company and billed to all distribution customers on an annual basis through a uniform per kilowatt hour (kWh) Net Metering Charge embedded in the distribution component of the rates reflected on customer bills.
- (2) The Company will include the energy market payments received from ISO-NE for the electricity generated by Eligible Net Metering Systems in the Company's annual reconciliation of the Net Metering Charge. Eligible Net Metering Systems with a nameplate capacity in excess of 25 kW shall provide all necessary information to, and cooperate with, the Company to enable the Company to obtain the appropriate asset identification for reporting generation to ISO-NE. The Company will report all exported power to the ISO-NE as a settlement only generator and net this reported usage and associated payment received against the annual amount of Standard Offer Service component of any ~~Renewable Net Metering Credits or Excess Renewable~~ Net Metering Credits provided to ~~accounts associated with Eligible Net Metering Customers or~~ Net ~~Metering Systems~~ ~~Metered Accounts~~.

Effective: ~~June 27, 2016~~ January 1, 2017

Schedule B – Additional Information Required for Net Metering Service

THE NARRAGANSETT ELECTRIC COMPANY
NET-METERING APPLICATION OF CREDITS

Customer Name: _____

Account Number: _____

Facility Address: _____

City: _____ State: RI Zip Code: _____

The Agreement is between _____, a Net-~~Metered~~ Metering Customer (“NMC”) and The Narragansett Electric Company (the “Company”) for application of ~~credits~~Net Metering Credits earned through ~~net-metering~~Net Metering from the NMC located at _____, Rhode Island.

The NMC agrees to comply with the provisions of the Net-Metering Provision, the applicable retail delivery tariffs, and the Terms and Conditions for Distribution Service that are on file with the Rhode Island Public Utilities Commission as currently in effect or as modified, amended, or revised by the Company, and to pay any metering and interconnection costs required under such tariff and policies.

A) NMC Address: _____

Nameplate rating (AC) of the Eligible Net Metering System _____ kW
Estimated annual generation in kWhs of Eligible Net-Metering System _____ kWhs

Net Metered Account(s)

The following information must be provided for each individual Net Metered Account in a proposed Eligible Net Metering ~~site~~System Site:

Name: _____ (Except in the case of a Public Entity or Multi-~~municipal~~Municipal Collaborative, or Community Remote Net Metered System, the customer of record must be the same ~~as the NMC~~the customer for each Net Metered Account)

Service Address: _____

National Grid Account number: _____

Three-~~(3)-~~years average kWh usage for this account _____

Total three-years average kWh usage for all accounts ~~listed as~~associated with an Eligible Net

Metering System Site _____

Once this information is received, the Company will determine whether-if the accounts listed are eligible for net metering.

B) For any Billing Period in which the NMC earns Net Metering Credits, please indicate how the Distribution Company will apply them:

Apply all of the Net Metering Credits to the account of the NMC (skip Items C and D below)

Allocate all the Net Metering Credits to the accounts of eligible Customers (please fill out C and D below)

Both apply a portion of the Net Metering Credits to the NMC's account and allocate a portion to the accounts of eligible Customers (please fill out C and D below)

The Company will notify the NMC within 30 days of the Company's receipt of Schedule B whether it will allocate or purchase Net Metering Credits. If the Company elects to purchase Net Metering Credits, the Company will render payment by issuing a check to the NMC each Billing Period, unless otherwise agreed in writing by the NMC and Company. If the Company elects to allocate Net Metering Credits, the NMC must complete Item C and submit the revised Schedule B to the Company.

C) Please state the total percentage of Net Metering Credits to be allocated.

% Amount of the Net Metering Credit being allocated.

The total amount of Net Metering Credits being allocated shall not exceed 100%. Any remaining percentage will be applied to the NMC's account.

Please identify each eligible Customer account to which the NMC is allocating Net Metering Credits by providing the following information (attach additional pages as needed):

NOTE: If a designated Customer account closes, the allocated percentage will revert to the NMC's account, unless otherwise mutually agreed in writing by the NMC and the Company.

Name:

Billing Address:

Account number:

Amount of the Net Metering Credit: _____%

Name:

Billing Address:

Account number:

Amount of the Net Metering Credit: _____%

Name:

Billing Address:

Account number:

Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

Name:
Billing Address:
Account number:
Amount of the Net Metering Credit: _____%

D) The terms of this Schedule B shall remain in effect unless and until the NMC executes a revised Schedule B and submits it to the Company. ~~Unless otherwise required herein or mutually agreed to in writing by the NMC and the Company, a~~ revised Schedule B shall ~~not be submitted more than once in any given calendar year~~ may be updated quarterly during a calendar year.

E) A signature on the application shall constitute certification that (1) the NMC has read the application and knows its contents; (2) the contents are true as stated, to the best knowledge and belief of the NMC; and (3) the NMC possesses full power and authority to sign the application.

Notice

Execution of this agreement will cancel any previous agreement for the ~~net-metered account~~ [Net Metered Accounts for the Eligible Net Metering System](#) under the Net-Metering Provision.

The Company or NMC may terminate this agreement on thirty (30) days written notice, which includes a statement of reasons for such termination. In addition, the NMC must re-file this agreement annually.

Agreed and Accepted – Please sign

[NAME OF NMC]

Date: _____

By: _____

Name:
Title:

The Narragansett Electric Company
d/b/a National Grid

Date: _____

By: _____

Name:
Title:

November 29, 2016

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

**Re: National Grid's Tariff Advice Filing to Amend Net Metering Provision
RIPUC No. 2150 (Docket Number Pending)**

Dear Ms. Massaro:

Rhode Island Housing submits this letter in support of National Grid's filing regarding the Community Remote Virtual Net Metering Program (the "Program"). This letter describes Rhode Island Housing's role in developing certain elements of the Program and the outreach that was undertaken to stakeholders as part of that process.

Rhode Island Housing's Role Developing the Community Remote Virtual Net Metering Program

Rhode Island Housing role in developing the Program primarily involved the development of the criteria and processes to establish that residential housing developments satisfy the statutory requirements to receive net metering credits as a low or moderate income housing development, and that the value of the credits will be used to provide benefits to the tenants of the housing developments. The eligibility requirements are attached to this letter as Attachment 1 (Renewable Net Metering Credit Low or Moderate Income Housing Eligible Credit Recipients Submission Requirements to Determine Eligibility and Determination of Benefits to Tenants (Eligibility Document)).

Rhode Island Housing's Involvement With the Low-Income and Affordable Housing Community and property owners in Rhode Island

Rhode Island Housing is the state's principal housing finance agency. As such, we are involved in the development of virtually all of affordable rental housing properties in the state. We provide construction and permanent financing for these developments, serve as the allocating agency for the federal Low Income Housing Tax Credit Program, administer HUD's HOME Investment Partnership Program, and serve as the contract administrator under HUD's Section 8 project-based rental assistance program. In these roles, we are responsible for overseeing the compliance by owners and managers with the requirements of the program under which housing assistance is provided to the property.

National Grid's Tariff Advice Filing
to Amend Net Metering Provision
RIPUC No. 2150 (Docket Number Pending)
November 29, 2016
Page 2

Coordination with the Office of Energy Resources and National Grid in Developing the Guidelines Regarding the Eligibility of Residential Housing Developments to Participate in the Program

Rhode Island Housing met with representatives of National Grid and the Rhode Island Office of Energy Resources ("OER") to discuss the Program in general and, in particular, the statutory requirements regarding the eligibility of residential housing developments to participate in the Program as a low or moderate income housing development Eligible Credit Recipient. Rhode Island Housing, National Grid, and the OER also discussed Rhode Island Housing's possible role in determining whether a particular residential housing development met these requirements. Following these discussions, Rhode Island Housing prepared a draft documents that outlined the submission and eligibility requirements for residential housing developments to participate in the Program (the "Draft Documents"). Rhode Island Housing shared the Draft Documents with National Grid and the OER for their feedback, and revised the Draft Documents to incorporate the changes that were agreed upon. As described below, the OER then circulated the revised version of the Draft Documents to stakeholders.

Stakeholder Feedback Regarding the Eligibility Document (Attachment 1)

Following the above-described meetings with the OER and National Grid, the OER convened a stakeholder meeting on September 12, 2016 to discuss the Program. Prior to the meeting, the OER distributed the Draft Documents to stakeholders who were invited to the meeting.

Approximately 25 interested parties attended the stakeholder meeting, including alternative energy consultants, solar power developers, low and moderate income housing owners and managers, elected officials, and other interested parties. The design of the Program was presented at that meeting, along with an explanation of the Draft Documents. Several attendees commented on the Draft Documents at the meeting, and Rhode Island Housing encouraged interested parties to provide written comments and suggested changes to the Draft Documents.

Rhode Island Housing received written comments from several stakeholders proposing certain amendments to the Draft Documents. Following Rhode Island Housing's review and consideration of stakeholder comments, Rhode Island Housing amended the Draft Documents to incorporate many of the suggestions from stakeholders. The OER convened a second meeting of stakeholders on October 11, 2016, and circulated the revised draft of the Draft Documents prior to that meeting. At the October 11 meeting, Rhode Island

National Grid's Tariff Advice Filing
to Amend Net Metering Provision
RIPUC No. 2150 (Docket Number Pending)
November 29, 2016
Page 3

Housing provided an overview of the comments it received regarding the Draft Documents and the changes it made to the Draft Documents based on those comments. Originally the Draft Documents consisted of one document setting forth eligibility of a residential housing development to participate in the Program, and a second document dealing with the statutory requirement of "benefits to tenants". In response to stakeholder comments both documents were consolidated in one document, which was presented at the October 11, 2016 meeting.

None of the stakeholders expressed any objections to the revised draft, and several commented that they were satisfied with the revisions made in response to their comments. The document titled "Renewable Net Metering Credit Low or Moderate Income Housing Eligible Credit Recipients Submission Requirements to Determine Eligibility and Determination of 'Benefits to Tenant's'", which is included in Attachment 1 to this letter represents the final document developed through the stakeholder engagement process (the "Eligibility Document").

Determination of Application and Annual Compliance Fees

The application and annual monitoring fees were set at a level to compensate Rhode Island Housing for its reasonable direct costs and overhead expenses associated with the responsibilities it will undertake to carry out the process described in the Eligibility Document.

At the time of the initial application to the Program, Rhode Island Housing's legal department will be responsible for reviewing and analyzing the documents submitted by owners of residential housing developments seeking certification as a low or moderate income housing Eligible Credit Recipient to determine whether the development meets the statutory requirements for certification. In addition, Rhode Island Housing we will need to establish a system for reviewing and processing applications to the Program. We estimate that this review, analysis, initial set-up, and communications with the applicant will take approximately 2.5 hours per application. Rhode Island Housing's direct cost for staff that will be assigned this responsibility (salary and benefits) is approximately \$65 per hour. In addition, our corporate overhead expense is approximately 20% of this direct expense, bringing the total cost to Rhode Island Housing at \$80 per hour. This is far less than our expenses for outside legal services. The proposed fee of \$200 covers the expenses associated with review and processing of initial applications.

Rhode Island Housing will perform an annual compliance review to review the owners' certification, which outlines benefits the owners are providing to tenants under the

National Grid's Tariff Advice Filing
to Amend Net Metering Provision
RIPUC No. 2150 (Docket Number Pending)
November 29, 2016
Page 4

Program. We estimate that, every year, it will take Rhode Island Housing approximately 45 minutes to one hour per each certified property to review this information. The proposed fee of \$50 will cover the expenses associated with annual certification.

Rhode Island Housing understands that the OER and National Grid agree with the policies and procedures set forth in the Eligibility Document.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Michael V. Milito". The signature is written in a cursive style with a clear, legible font.

Michael V. Milito
Manager - Government Relations & Policy

**Renewable Net Metering Credit
Low or Moderate Income Housing Eligible Credit Recipients
Submission Requirements to Determine Eligibility and
Determination of Benefits to Tenants**

I. Overview

Pursuant to the recent amendments to Chapter 26.4 of Title 39 of the General Laws entitled "Net Metering" (the "Act"), certain low or moderate income housing developments that comply with the provisions of R.I.G.L. Section 39-26.4-2(3)(iii) are eligible to receive net-metering credits ("Credits") under the Act. To be considered a low or moderate income housing development Eligible Credit Recipient under the Act, ("LMI Property") the LMI Property must satisfy the following provisions:

1. Must receive assistance under any federal, state, or municipal program to assist the construction of rehabilitation of housing affordable to low- or moderate-income households;
2. Must be encumbered by a deed restriction or other similar covenant (the "Use Agreement") that:
 - a. Restricts occupancy of at least 50% of the units in the property to households with a gross annual income that does not exceed eighty percent of the area median income ("AMI") as defined by HUD;
 - b. Restricts the monthly rent, including a utility allowance, that may be charged to residents to an amount that does not exceed thirty percent of the gross monthly income of a household earning eighty percent of AMI; and
 - c. Has an original term of not less than thirty years from the inception of the Use Agreement; and
3. Must agree that at least 50% of the Net Value of the Credits, as defined below, will be used to provide benefits to tenants of the LMI Property. The Net Value of the Credits is equal to the gross Credits available under the Act, less any payments made by the Property for receipt of the Credits. By way of example, if the gross Credits available are \$10,000, and the payment by the LMI Property for receipt of the Credits is \$8,000, the Net Value of the Credit is \$2,000, and at least \$1,000 must be used to provide benefits to tenants.

II. Submission Requirements

Applicants seeking to receive net-metering credits under the Act must submit an application to Rhode Island Housing, which application shall contain the following documents and information:

1. A statement identifying the federal, state or municipal program under which the LMI Property receives assistance, and a summary description of the program and the assistance provided;
2. A statement specifying the total number of housing units at the LMI Property, and the number of units which are set aside for occupancy by households with annual income that does not exceed eighty percent of AMI;
3. A rent schedule for the LMI Property, by unit type, specifying the number of bedrooms in each unit type and the total rental charge for each unit type, and the total utility allowance for each unit type, if applicable;
4. A copy of the Use Agreement, along with evidence that the Use Agreement is recorded in the land evidence records of the community where the LMI Property is located, including the book and page of recording;
5. A schedule of the anticipated benefits to the property from the credit purchase agreement or remote net-metering credit agreement sufficient to determine the anticipated Net Value of the Credits;
6. A statement describing the way in which the Net Value of the Credits will be used to provide benefits to tenants of the LMI Property;
7. A non-refundable application fee of \$200.00 payable to Rhode Island Housing; and
8. A certification signed by an authorized representative of the Applicant and LMI Property acknowledging that:
 - a. The LMI Property must comply with the "Benefit to Tenants" provisions of the Act as a condition of eligibility for receipt of Credits, including submission of an annual compliance certification to Rhode Island Housing and such other information as Rhode Island Housing may reasonably require to determine compliance with the Act;
 - b. Applicant will only be eligible to receive net-metering credits during the period that the Use Agreement remains in full force and effect;
 - c. Applicant or LMI Property will be responsible for an annual monitoring fee of \$50, or such amount approved by the Public Utilities Commission ("PUC"), to Rhode Island Housing to cover the costs of compliance monitoring under the Act. and

Rhode Island Housing will conduct an initial review of the application to determine whether the LMI Property qualifies as a Low or Moderate Income Housing Eligible Credit Recipient under the Act, and will promptly notify the Applicant of its determination.

III. Determination of Benefits to Tenants

The Act does not provide specific direction as to what constitutes qualifying benefits to tenants. It appears that this was a deliberate choice in order to provide the LMI Property maximum flexibility in using the Net Value of Credits to benefit tenants. Rather than specifying how the LMI Property must employ the Net Value of Credits to benefit tenants, an LMI Property is encouraged to propose creative approaches of using at least 50% of the Net Value of the Credits to benefit tenants. These approaches could include direct reduction or rebates of tenant rents; establishment of increased operating or replacement reserves of the property; provision of free or reduced-cost high-speed internet access for the residents; provision of social service programs, such as job training or financial literacy programs, to the tenants; installation of additional energy-savings programs for the property, and other similar initiatives. This is not intended to be a comprehensive listing of potential initiatives to provide benefits to tenants. Proposals that are reasonably consistent with the approach set forth above will be deemed satisfactory. If the Net Value of the Credit is negative in any year, there is no "benefit" from the Credits to provide to tenants; however, in such event, the LMI Property may not take action that would result in fewer benefits to tenants than was provided prior to the LMI Property's participation in the program.

IV. Noncompliance

In the event that that Rhode Island Housing determines that a certified LMI Property no longer satisfies the requirements under the Act, Rhode Island Housing shall promptly notify National Grid, OER, the PUC, the Applicant and the LMI Property of this determination. Applicant and the LMI Property shall have six months from this notification to (i) provide evidence that the LMI Property has cured the noncompliance, or (ii) reassign the Credits to a substitute LMI Property that satisfies the requirements of the Act. Failure of (i) the LMI Property to cure the noncompliance or (ii) the Applicant to reassign Credits within the six month period will be result in loss of Credits.