

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC CO :
d/b/a/ NATIONAL GRID’S TARIFF ADVICE : DOCKET NO. 4631
FILING TO AMEND NET METERING PROVISION :

REPORT AND ORDER

I. Introduction

On November 30, 2016, the Narragansett Electric Company d/b/a National Grid (National Grid or Company) submitted a Tariff Advice Filing to amend the Company’s Net Metering Provision, RIPUC 2169 (Net Metering Tariff or Tariff).¹ The amendments are necessary to implement new changes to the Net Metering statutes, R.I. Gen. Laws §39-26.4 and §39-26.4-3, which were signed into law on June 27, 2016. The amendments are intended to: (1) implement a Community Remote Net Metering Pilot (Pilot); (2) clarify the manner in which the Company may apply net metering credits to customers’ bills; and (3) simplify, clarify, and amend Tariff definitions and other provisions. This submission was the Company’s second Tariff filing to implement the 2016 legislative amendments. The first Tariff, filed on July 15, 2016 in Docket No. 4631, was approved on August 12, 2016.²

During the fall of 2016, the Company commenced a stakeholder review process with Rhode Island Housing (Housing) and the Office of Energy Resources (OER) to develop the Company’s approach to implementation of the Pilot. Representatives from the Company, OER, and Housing

¹ All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, R.I. or at <http://www.ripuc.org/eventsactions/docket/4631page.html>.

² Those Tariff amendments were required to (1) implement a provision allowing for third-party financing of net metering systems; (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 upon which the distribution charge is excluded from the calculation of the renewable net metering credit for public entity and multi-municipal collaborative net metering systems; (4) reflect the change in the maximum allowable capacity for eligible net metering systems, which was increased on August 28, 2016; and (5) reflect the change in the maximum allowable capacity for Eligible Net Metering Systems.

met with approximately twenty-five additional stakeholders, including alternative energy consultants, solar power developers, low and moderate income housing owners, a Rhode Island State representative, and others, to review draft documents, discuss feedback and make additional modifications to the Pilot.³ This stakeholder group ultimately determined that the Company would implement and manage the Pilot and enrollment, and that Housing would develop and manage the criteria and processes that govern whether residential housing developments satisfy the statutory requirements to receive net metering credits.⁴

On November 29, 2016, Housing submitted a letter, identified as Attachment B to the Company's filing, that supported the Company's application.⁵ In its letter, Housing described the stakeholder review process and the progression of draft documents. Housing represented that none of the stakeholders objected to the final form of the Eligibility Document. The Document was developed to outline the submission and eligibility requirements for residential housing developments to participate in the Pilot. The final document, entitled "Renewable Net Metering Credit Low to Moderate Income Housing Eligible Credit Recipients-Submission Requirements to Determine Eligibility and Determination of Benefits to Tenants," is attached to Housing's letter.⁶ Housing also outlined and explained the projected application and monitoring fees for owners of residential housing developments seeking to be certified as a low or moderate income housing "Eligible Credit Recipients." Housing explained that it will be responsible for the legal review of applications, to determine statutory compliance. Additionally, Housing advised that it would be establishing a system for reviewing and processing applications. Housing calculated its cost for

³ Letter from Raquel J. Webster at 2 (Nov. 30, 2016).

⁴ *Id.*

⁵ Letter from Michal V. Milito (Nov. 29, 2016).

⁶ See Attachment 1 to Housing letter (Attachment B of the Company's filing) (Nov. 29, 2016).

conducting this work at \$200, which would cover an estimated 2.5 hours of work at \$80 per hour.⁷ In addition to the application fee, Housing proposes to conduct an annual recertification and charge a fee of \$50 for that service.⁸

II. Statutory Changes to Net Metering and Resultant Community Net Metering Pilot

On January 11, 2017, the Public Utilities Commission (PUC) conducted a technical session with the Company to review the 2016 changes to the net metering law, and the proposed procedures for implementing the Pilot, including eligibility and Housing's requirements.⁹ In addition to the new statutory provisions allowing third-party ownership of net-metered systems and an increase in the maximum system size from 5 MW to 10 MW,¹⁰ the 2016 legislation also provided for a 30 MW community net metering pilot to allow residential customers and low and moderate income housing developments to receive net metering credits from remote generation systems. The community remote net metering Pilot systems require at least three eligible recipients, or one low and moderate income housing unit, with no maximum number of recipients.¹¹ No more than 50% of the net metering credits may go to one recipient. And, at least 50% of the net metering credits must go to customers in amounts no greater than the annual kWh produced by a 25 kW AC system.¹²

In order to participate in the Pilot, applicants must meet qualifying threshold criteria: (1) an interconnection application must be made and a valid Impact Study for Renewable Distributed Generation or a valid Interconnections Service Agreement (ISA) must be in place, showing site control; (2) a performance deposit equal to \$25 per mWh to be produced annually by the project

⁷ *Id.* at 3.

⁸ *Id.* at 4.

⁹ National Grid's Technical Session Presentation; [http://www.ripuc.org/eventsactions/docket/4631-NGrid-CNN-Presentation\(1-11-17\).pdf](http://www.ripuc.org/eventsactions/docket/4631-NGrid-CNN-Presentation(1-11-17).pdf).

¹⁰ Both of these changes were incorporated into the tariff on August 12, 2016.

¹¹ National Grid's Technical Session Presentation at 3. (January 11, 2017)

¹² *Id.*

must be provided to National Grid, up to a maximum of \$75,000, refundable in the year after commercial operation is achieved; and (3) projects in the queue have twenty-four months to reach commercial operation and meet the statutory requirements of the Pilot statute.¹³ These requirements were proposed and supported by solar industry groups as part of the aforementioned stakeholder process.¹⁴

To be eligible as a low or moderate income property under the Pilot, a development must: (1) be assisted under federal, state or municipal housing program; (2) be subject to a deed restriction, with an original term of thirty years, that (i) limits occupancy of at least half the units to households below 80% of area medium income and (ii) sets rents at an amount affordable to tenants at the 80% level; and (3) agree that 50% of the net value of the credits will be used to provide benefits to tenants of the property.¹⁵ The 50% credit to low or moderate income tenants is not required to be in any specific form. Indeed, Housing encourages Pilot participants to be creative. Possible approaches for implementing the credit include but are not limited to: rent rebates; provision of free or reduced-charge high speed internet access; provision of social service programs, such as job training and financial literacy programs; installation of energy-savings programs for the property; and the establishment of additional operating or replacement reserve accounts to safeguard the physical and financial condition of the low and moderate income property.¹⁶ The net metering credit is based on the class rate of the Host Account (generator). Stand-alone solar generators are placed on the Rate C-06 small commercial at a per kWh charge of \$0.14468.¹⁷

¹³ Projects that do not reach commercial operation within twenty-four months will lose their places in the queue. *Id.* at 4.

¹⁴ National Grid's Technical Session Presentation at 4. (January 11, 2017).

¹⁵ *Id.* at 6.

¹⁶ *Id.* at 8.

¹⁷ *Id.* at 10.

III. Summary of Significant Tariff Revisions

A. Tariff- Section I – Definitions

Definitions for Community Net Metering System, Eligible Credit Recipient, and Net Metering Credits were all added to the Section I of the Tariff and the definitions of Eligible Net Metering System and Renewable Self Generator were deleted.¹⁸ The definitions of Excess Renewable Net Metering Credit, Net Metering, Net Metering Customer, and Renewable Net Metering Credit were also modified to clarify both the identity of the net metering customer for billing purposes and the fact that a Community Remote Net Metering System may be located on a parcel of land that is remote from the net metered accounts.¹⁹ Other definitions were modified slightly for clarity in light of the foregoing definition changes.

B. Tariff- Section II – Terms and Conditions

Subsection II of the Tariff, Terms and Conditions, was modified to reflect that the maximum allowable capacity for Eligible Net Metering Systems, based on nameplate capacity, shall be 10 MW, increased from 5 MW.²⁰ A new subsection 2 was added, incorporating these statutory changes: (1) the maximum aggregate amount of Community Remote Net Metering Systems built through December 31, 2018 shall be 30 MW; (2) after Dec. 31, 2018, any of the unused MW capacity shall remain available to the Community Remote Net Metering Systems until 30 MW has been interconnected; and (3) the 30 MW aggregate amount shall not apply to “Public Entity” facilities or “Multi-Municipal Collaborative” facilities.²¹ The Tariff requires the Company to track

¹⁸ Sheets 1, 4 & 5 of Tariff. [http://www.ripuc.org/eventsactions/docket/4631-NGrid-ComplianceTariff\(3-15-17\).pdf](http://www.ripuc.org/eventsactions/docket/4631-NGrid-ComplianceTariff(3-15-17).pdf).

¹⁹ Sheets 3, 4 & 5 of Tariff.

²⁰ Sheet 6 of Tariff.

²¹ *Id.*

the amount of capacity that has been allocated and the amount that remains available under the cap and is required to post such information on its website and update it monthly.

Subsection II (5) of the Tariff describes how the Company will apply the Net Metering Credits to customer bills. “On an annual basis, the Company will compare the 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 in-site consumption of the Net Metered Accounts of a Community Remote Net Metering System.”²² Generation that is between 100% and 125% of on-site use will be valued at the Standard Offer Rate. Generation in excess of 125 % of on-site use has no value.²³

Subsection II (7) of the Tariff outlines the requirements for Community Net Metering Systems to allocate Net Metering Credits to Eligible Credit Recipients, including low and moderate income housing projects. This section further provides that the credits transferred shall be in an amount that is equal to or less than the aggregate consumption of the Net Metered Accounts measured by the three-year annual consumption of energy over the three previous years. Until the three-year average annual consumption of energy over the previous three years at the Net Metered Accounts is known, a projected annual consumption of energy may be used.²⁴

²² Subsection II (5) at Sheet 7 of Tariff.

²³ Technical Session Powerpoint at 13. [http://www.ripuc.org/eventsactions/docket/4631-NGrid-CNN-Presentation\(1-11-17\).pdf](http://www.ripuc.org/eventsactions/docket/4631-NGrid-CNN-Presentation(1-11-17).pdf).

²⁴ Section II (7) at Sheet 8 of Tariff.

IV. Division of Public Utilities and Carriers

On February 1, 2017, the Division of Public Utilities and Carriers (Division) submitted a memorandum from its consultants, Carrie Gilbert and John Athas of Daymark Energy Advisors.²⁵ Daymark's memorandum briefly summarized the 2016 legislative changes which added two new programs as Renewable Energy Growth :

(1) Shared Solar Facilities.

This program allows multiple customers to share a solar facility up to 250 kW provided the customers are on the same or adjacent parcel of land.

(2) Community Remote Distributed Generation.

This program allows multiple customers to share the benefits of a renewable energy distributed generation facility larger than 250 kW. These customers do not need to be located adjacent to each other.²⁶

Daymark also summarized the proposed Tariff revisions in light of the statutory changes. Daymark concluded that the changes made to the Tariff are comprehensive, responsive, necessary, and sufficient to implement the Community Remote Distributed Generation and Shared Solar programs.²⁷

V. Commission's Findings

On March 10, 2017, the PUC held an Open Meeting to review and discuss the proposed Tariff. The Commission found that the proposed revisions, a product of the collaborative effort among stakeholders, effectively implement the 2016 legislative amendments to R.I. Gen. Laws § 39-26.4 and § 39-26.4-3, the Net Metering statutes. The Commission further found that the Tariff changes and accompanying eligibility documents are necessary and sufficiently comprehensive to launch the two new Renewable Energy Growth programs.

²⁵ http://www.ripuc.org/eventsactions/docket/4631-DPU-Memo_2-1-17.pdf

²⁶ *Id.* at 1.

²⁷ *Id.* at 1, 4.

Accordingly, it is hereby

(43005) ORDERED :

The Narragansett Electric Company d/b/a National Grid's proposed Tariff revisions are approved.

EFFECTIVE AT WARWICK, RHODE ISLAND, ON MARCH 10, 2017 PURSUANT TO AN OPEN MEETING DECISION ON MARCH 10, 2017. WRITTEN ORDER ISSUED ON JANUARY 16, 2018.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson

*Herbert F. DeSimone, Jr. Commissioner

Marion Gold, Commissioner

*Commissioner DeSimone concurs with this decision but is unavailable for signature

NOTICE OF RIGHT OF APPEAL

Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision of order.