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November 15, 2019

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

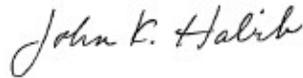
Re: Episcopal Diocese of Rhode Island Petition for Declaratory Judgment – Docket No. 4982

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (the Company), enclosed is the Company's Response to the Petition for Declaratory Judgment filed by the Episcopal Diocese of Rhode Island in the above-referenced matter.

Thank you for your attention to this matter. Please contact me if you have any questions.

Sincerely,



John K. Habib, Esq.

Enclosures

cc: Docket No. 4982 Service List

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

In re: Petition of the Episcopal Diocese of Rhode Island for Declaratory Judgment on Rhode Island General Laws § 39-26.4, The Net Metering Act)))))	Docket No. 4982
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**COMMENTS OF THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID**

The Narragansett Electric Company d/b/a National Grid (the “Company”), pursuant to the Public Utilities Commission (“Commission”) Notice to Solicit Comments, hereby submits the following comments regarding the Petition for Declaratory Judgment filed by the Episcopal Diocese of Rhode Island (“Petitioner”).

I. INTRODUCTION

On October 11, 2019, Petitioner submitted a Petition for Declaratory Judgment pursuant to the provisions of R.I. Gen. Laws § 42-35-8 and the Commission’s Rule of Practice and Procedure 1.10(c). Petitioner seeks a declaratory judgment regarding the eligibility for net metering of certain solar power generation systems greater than 25 kW paired with battery storage pursuant to R.I. Gen. Laws §§ 39-26.4-1 et seq. Petitioner represents that its requests relates to paired solar and battery storage projects operating under the following conditions: (1) the battery storage charges only from the solar power generation system; (2) where the customer-host does not take electric supply service under a time-varying or time-of-use rate; and (3) where the generator does not claim the right to capacity payments or the value of ancillary services.

The Petitioner seeks a declaration that paired systems complying with the above conditions qualify as “Eligible Net-Metering Systems” as defined in R.I. Gen. Laws § 39-26.4-

2(5) and are therefore eligible for net-metering services pursuant to the Company's Net-Metering Provision. The Petitioner asks the Commission to address issues regarding rights to the value of capacity and ancillary services in a separate proceeding.

II. ANALYSIS

A. **The Commission Has Discretion To Allow Net Metering For Solar Facilities Paired With A Battery Storage System That Is Only Charged From The Solar Generation Resource.**

Pursuant to R.I. Gen. Laws § 39-26.4-2(5), an “eligible net-metering system” is defined as “a facility generating electricity using an eligible net-metering resource...” (emphasis added). “Eligible net-metering resource” is any eligible renewable-energy resource defined in § 39-26-5, including biogas created through anaerobic digestion. R.I. Gen. Laws § 39-26.4-2(4). “Direct solar radiation” is an identified renewable energy resource under Section 39-26-5(a)(1). Section 39-26-5 also classifies “fuel cells using the renewable resources referenced above in this section” as a renewable energy resource. However, the statute makes no mention of battery storage systems or the interaction of energy storage and net metering.

When a gap in a statute creates ambiguity, the agency charged with applying and enforcing the statute has the authority to set out the necessary details, provided the agency's interpretation is consistent with the legislative intent and is not clearly erroneous or unauthorized. United States v. Mead Corporation, 533 U.S. 218, 227 (2001); In re Proposed Town of New Shoreham Project, 25 A.3d 482, 505 (R.I. 2011); Town of Burrillville v. Pascoag Apartment Assocs., LLC, 950 A.2d 435, 445 (R.I. 2008) (deference given to agency's interpretation of an ambiguous statute that it has been charged with administering and enforcing). In this case, Chapter 39-26.4 includes an express provision for the statute to be construed liberally in aid of its declared purposes, which are:

to facilitate and promote installation of customer-sited, grid-connected generation of renewable energy; to support and encourage customer development of renewable generation systems; to reduce environmental impacts; to reduce carbon emissions that contribute to climate change by encouraging the local siting of renewable energy projects; to diversify the state's energy generation sources; to stimulate economic development; to improve distribution system resilience and reliability; and to reduce distribution system costs.

R.I. Gen. Laws §§ 39-26.4-1 (purpose), 39-26.4-4 (liberal construction required).

Allowing solar facilities paired with battery storage to net meter can further the policy objectives of Chapter 39-26.4 by facilitating and promoting installation of customer-sited, grid-connected generation of renewable energy because, as the Petitioner states in its petition, the addition of storage may make certain projects more economically favorable. Importantly, however, expanding net metering to paired solar and storage projects will only further the policy objectives of reducing environmental impacts and reducing carbon emissions if the paired storage system is prohibited from charging from the grid, which includes electricity generated from non-renewable resources.

While Chapter 39-26 does not define battery storage systems or energy storage systems, Office of Energy Resources regulations define “energy storage” as “the capture of energy produced at one time for use at a later time. A device that stores energy is sometimes called an accumulator or battery.” 300 R.I. Code R. 00-00-3.4. This definition is generally consistent with definitions adopted in other jurisdictions, which recognize that energy storage systems do not generate electricity. For example, Massachusetts has defined an “energy storage system” for net metering purposes as:

A commercially available technology that is capable of absorbing energy, storing it for a period of time and thereafter dispatching electricity; provided, however, that an energy storage system shall not be any technology with the ability to produce or generate energy.

Net Metering and Energy Storage Systems, D.P.U. 17-146-A, at 11 (2019).

As defined in Section 39-26.4-2(5), whether a system is eligible for net metering depends on the source of the electricity generated by the system. Because it is generally recognized that battery storage systems do not have the ability to generate electricity, the addition of battery storage to a facility generating electricity from an eligible renewable-energy resource should not exclude the paired facility from being an eligible net-metering system, provided that the battery storage system is only charged from the eligible renewable-energy resource. The Commission adopted this position in Docket 4743 when it declared:

Solar power generating systems no greater than 25 kW AC, and paired with battery storage, where the battery is only charged from the solar power generation system, and the host is not on time-of-use rates, fall within the definition of an eligible net metering system.

Petition of Tesla, Inc., Docket No. 4743, at 9 (2017). Expanding this declaration to systems larger than 25 kW AC is consistent with the stated purposes of Chapter 39-26.4, provided that the Commission retains the condition that the battery is only charged from the solar power generation system.

B. The Commission Should Open A Separate Docket To Determine Proper Restrictions To Ensure That Paired Energy Storage Systems Are Operated Consistent With The Legislative Purpose Of Net Metering And Provide Value To The Distribution System.

In Docket No. 4743 concerning Tesla, Inc.'s petition for declaratory judgment to allow net metering of paired solar and storage systems of 25 kW or less, National Grid and the Division of Public Utilities and Carriers included several comments about implementation issues related to interconnection standards, the net metering tariff and oversight issues. Docket No. 4743, at 6. The Commission recognized the importance of those issues but concluded that they were not germane to the limited question raised in the declaratory judgment petition of whether the proposed configuration falls within the definition of an eligible net metering system. Id.

The Commission went on to state that:

The PUC finds it appropriate to open a new docket to address the net-metering eligibility and treatment of systems under different system configurations, use-cases, sizes, and rate structures. There are policy and ratemaking implications with net metering and storage under conditions different from those considered for this petition. A broad-based docket to review those policy and technical issues will allow for value-driven outcomes, particularly with the application of the Benefit-Cost Framework adopted by the PUC in Docket No. 4600 and as set forth in the related Guidance Document.

Id. Based on the Petitioner’s request to expand the Commission’s ruling to systems larger than 25 kW, this issue is ripe for consideration of the broader policy implications.

While adding a battery to a solar photovoltaic system does not alter the AC size of the system as limited by the system inverters, it does change the production profile of the system. The addition of battery storage allows developers to oversize the DC wattage of the solar panels relative to the AC inverter rating by storing excess energy produced during peak solar generation hours. Stored energy can then be dispatched at other times of the day, resulting in a much greater total kWh output from the system as compared to a standard system. Opening this design strategy to net metering for systems over 25 kW will result in more net metering credits being paid out to net metering customers, and ultimately a higher program cost for all distribution customers. The Commission should consider all implications of this proposed policy shift to ensure that net metering customers are discouraged from engaging in manipulation of the rules and that battery storage is developed in a manner that provides the most benefits to all distribution customers.

To that end, the Commission should consider the following issues in a separate docket open to full participation from all interested stakeholders:

- How to adequately police the restriction against charging battery storage with non-renewable (“brown”) power from the grid to augment net metering revenues to the detriment of all other customers who fund the program over the lifetime of these projects (20+ years).

- As all projects over 25 kW are now required to have interval metering, they have access to time-varying rates (“TVR”) now through either third-party energy suppliers or in the wholesale market. Customers with net metering facilities less than 25 kW do not have the same access as AMI is not in place to enable TVR. The Commission should, at a minimum, adopt the condition presented in Petitioner’s request that customers with net metering systems paired with battery storage will not take electric supply service under a TVR. The Commission should consider further how to prevent market manipulation through TVR, including when provided by third-party suppliers.
- How to maximize the value of energy storage if it is part of the net metering subsidy program for all customers. Specifically, whether the Company should be granted the ability to develop operating requirements for discharge of energy to reduce peak loading and prevent overloads from charging at the wrong times that will likely change over time as loading changes on the system.
- Interconnection requirements for energy storage need to be considered further. The current Office of Energy Resource sponsored proceeding on modifying the interconnection tariff to clarify requirements when transmission level studies are required has not included any discussions relative to interconnection requirements for energy storage. Interconnection of energy storage has been a significant part of the related proceeding in Massachusetts under Docket D.P.U. 19-55. Similar considerations should be explored in Rhode Island.
- Metering requirements specific to energy storage and solar paired with energy storage also needs to be considered to ensure that metering requirements support participation in the wholesale markets to capture the full value of energy storage.
- The Commission should consider whether the value of energy storage that could be gained from the wholesale markets participation should be used to offset costs of net metering and REG programs for all other non-participating customers, as has been discussed in Massachusetts under D.P.U. 17-146.
- The Commission should consider appropriate methods of maintaining the restriction on not exceeding the three-year average use of a single customer of multiple off-takes in a community (or virtual) net metering project by limiting the DC to AC ratio on projects.

The above list is not intended to be exhaustive, as other policy considerations may be raised by additional stakeholders or revealed as part of the Benefit-Cost Framework adopted by the Commission in Docket No. 4600. The Commission should allow a full exploration of these issues in a separate proceeding.

C. Petitioner's Proposal Will Still Need To Be Evaluated By The Company Pursuant To The Company's Interconnection Tariff.

As noted in its petition, the Petitioner is interested in pursuing the addition of battery storage to even the generation profile of its proposed solar project, potentially allowing a larger capacity project to be developed without incurring additional interconnection costs. Petition at 1-2. National Grid is willing to explore this possibility with the Diocese if the Commission determines that such paired solar and battery storage systems are eligible to net meter.

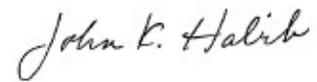
To be clear, however, the Petitioner has not yet submitted an interconnection application to National Grid with required details of any specific solar plus storage proposal. If the Commission rules favorably on this petition, the Petitioner will then need to submit a completed interconnection application with sufficient detail about its proposed battery storage system to allow the Company to fully study its operation and impact on the distribution system.

In addition, recent correspondence from the Petitioner indicates that its priority is to resolve issues pertaining to its proposed 2.2 MW solar facility, referred to as the East Array. Petitioner has suggested that it hopes to address the East Array in time to secure federal Investment Tax Credits before the close of this year, and that pursuit of a West Array paired with energy storage can be addressed on a separate timeline. Based on Petitioner's current prioritization of the East Array, it appears that there is enough time for the Commission to fully consider the broader policy issues involved in this petition through a separate investigation.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY d/b/a NATIONAL GRID**

By its attorney,

A handwritten signature in cursive script that reads "John K. Habib".

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Dated: November 15, 2019

**Docket No. 4982 - Episcopal Diocese of RI – Petition for Declaratory Judgment on R.I.G.L. 39-26.4, the Net Metering Act
Service List Updated 10/28/2019**

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