



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
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Memorandum

To: Luly Massaro, Commission Clerk
Public Utilities Commission

From: Al Contente
Division of Public Utilities and Carriers

Date: January 25, 2022

Re: Docket No 5192 Block Island Utility District – Terms and Conditions for Net Metering

On or about October 26, 2021, Block Island Utility District (“BIUD” or the “Company”) filed a tariff advice to implement the recently enacted revisions to R.I.G.L. § 39-26.4-3 allowing for an increase in the maximum aggregate amount of net metering from 3% to 10% of BIUD’s peak load. The Division of Public Utilities and Carriers (“Division”) respectfully provides the following comments on BIUD’s filing.

R.I. Gen. Laws § 39-26.4-3(a)(1)(i) requires Block Island Utility District to seek approval from the Public Utilities Commission (“PUC”) for the maximum aggregate amount of net metering based upon a percentage of the utility district’s peak load. The remainder of the section is void of provisions that specifically apply to BIUD, which provides BIUD wide latitude in the development of its net metering policy. In this instance, BIUD is requesting an increase in its allowable maximum aggregate amount to 10% of its peak load (currently equates to approximately 500 kW), an amount previously not allowed under the statute. This 10% will include non-profit and municipal systems not previously counted toward the cap but does not include BIUD’s rooftop solar array because it is not a net metering facility

The proposed tariff allows customers of any consumer class to participate in the net metering program and sets forth the equipment and interconnection requirements. It would allow customers who self-generate using photovoltaic or wind co-generation to partake in the net metering program. All systems installed prior to December 31, 2019 will remain under the existing Net Metering

Policy. According to the Division's reading of the proposed tariff, when said grandfathered customers replace or upgrade an existing system in a manner that changes the rated nameplate AC output, those customers shall be moved to the new Net Metering Policy. Limits on estimated net metered production include that the system cannot be sized to allow greater than 125% of the customer's annual consumption (or estimate where no history); for technical interconnection reasons; and that the estimated project size not be more than 10% of the remaining cap. The proposed policy changes both the calculation and application of the generation credit and will require participants to install two meters.

The Generation Credit is defined in the proposed tariff as based on BIUD's "Standard Offer¹ and Transmission Rates - minus - the Non-Bypassable Charges imbedded within those rates" (non-bypassable charges include National Grid's Direct Assignment Facilities fixed charges and BIUD's amortization of the transmission interconnection). The calculation is further shown as: Power Supply Service + Transmission – (Direct Assignment Facilities "DAF" Charges + Block Island Transmission System "BITS" Charges + BIUD Interconnection Amortization Expenses). The Credit will be set annually and included in BIUD's annual reconciliation filing. The Credit itself will be used for both grandfathered participants and participants under the new tariff. The calculation of the Generation Credit under the existing policy includes the full retail power supply and transmission rates. This calculation does not result in a true avoided cost as certain unavoidable fixed interconnection costs in the transmission rate are not excluded. The Division believes the proposed method of calculating the generation credit is reasonable and fair to all customers including those that net meter and those that do not.

The application of the credit will differ from the existing policy. Under the existing policy, utilizing one meter with two indexes, the two indexes are netted out at the end of the month and the member is billed for net energy usage. If more energy is produced than used, then the member receives an account credit. Under the new policy, with two indexes but from two separate meters, the customer will be billed at the applicable retail rate for all energy consumed and then credited for all energy produced at the generation credit rate. The use of the two-meter system will enhance customer understanding of the generation from their qualifying net metering systems. The Division believes the proposed change is equitable for all customers as it will compensate net metering customers for the costs BIUD will avoid while at the same time preventing subsidization from customers that do not net meter.

According to the proposed tariff, two meters will be required, one to register customer consumption and a second to measure the amount of electricity produced. The Company is proposing to reimburse participants up to \$1,000 toward the installation of the second meter. BIUD has estimated the total cost of meter reimbursement to be approximately \$33,000. It is the Division's understanding that the Company will use their current operating budget to cover such reimbursements and will not defer or seek future rate recovery of the costs. The use of ratepayer funds for this purpose has not been previously vetted. Notwithstanding, the Division supports the proposal because the total amount is de minimis, will be absorbed through current operating expenses, and will allow for the expansion of net metering and renewables with minimal impact

¹ The Division recommends updating the term Standard Offer in the proposed tariff's definition of Generation Credit to more accurately reflect the current terminology.

on ratepayers. Under the two-meter system, BIUD will have the ability to disconnect the systems remotely during operating emergencies. The remote disconnect can only occur with the new two-meter systems and is not possible for systems under the existing tariff.²

The Division believes that the Company's rationale for increasing the maximum aggregate percentage of net metering from 3% to 10% is reasonable and consistent with the provisions of R.I. Gen. Laws § 39-26.4-3, which affords the utility wide latitude. The proposal has been well-vetted with consideration by BIUD's Board and members and it provides a measured percentage increase that is sensible and appropriate. For the reasons state herein, the Division recommends approval of the proposed tariff. The Division reserves the right to amend its recommendation should subsequent data responses or information discussed at the upcoming hearing give rise to any material changes to the proposal and its application.

² With respect to the Company's existing net metering policy, the Division notes that there is a statutory reference to community remote-net-metering systems (R.I.G.L. § 39-26.4-2(1)) that appears out of place in the tariff meant purely for residential net metering.