STATE OF RHODE ISLAND

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To: Luly Massaro, Commission Clerk

From: Mark Allen Simpkins, Esq., Deputy Chief of Legal Services

Date: November 16, 2022

Subject: Docket 5192 – Block Island Utility District-Net Metering Compliance Filing

The Division of Public Utilities and Carriers ("Division") writes to provide the Public Utilities Commission ("Commission") with its recommendation regarding Block Island Utility District's ("BIUD") tariff advice, filed in the above referenced docket, concerning its proposed legacy net metering tariff. Under the proposed legacy net metering tariff, BIUD is seeking to allow single meter systems installed prior to December 20, 2020, to operate under the terms of said tariff for a period of 22 ½ years (until June 30, 2042). BIUD states that the purpose of the legacy net metering tariff is to allow single meter systems installed under the terms of its original legacy net metering policy to remain in service under the terms in which they were connected until the end of a system's operational life.

On or about October 26, 2021, BIUD filed a tariff advice to effectuate changes to recent revisions consistent with R.I.G.L. § 39-26.4-3 which allowed for an increase in the maximum aggregate amount of net metering allowance from 3% to 10% of BIUD's peak load. Under the terms of the tariff advice, net metering systems installed prior to December 31, 2019, would be grandfathered under BIUD's legacy net metering tariff until such time as customers either replaced or upgraded existing systems in a manner that changed the rated nameplate AC output. In the event that nameplate AC output changed, those customers would be moved to BIUD's new Net Metering Policy. On January 25, 2022, the Division filed a Position Memorandum recommending approval of BIUD's proposed tariff advice. The new tariff became effective on April 1, 2022.

On August 19, 2022, BIUD filed a compliance filing with the Commission which included a revised legacy net metering tariff. The revised tariff contained changes from the net metering policy dated January 1, 2018, which was considered by the Division when making its January 25, 2022, recommendation to the Commission. The modifications to the tariff include 1) the addition of a tariff expiration "sunset" date of June 30, 2042; 2) clarification of the definition of "net metering credit" and avoided cost calculation to provide consistency with BIUD's new net metering tariff; 3) the elimination of a provision limiting net metering credits to 125% of a members consumption; and 4) the addition of provisions allowing for system maintenance but restricting DC nameplate rating and AC output capacity increases to 15%.

BIUD's filing was supported by testimony from Jeffrey M. Wright, President of BIUD who provided an overview of BIUD's rational for the proposed changes to the January 1, 2018, net metering tariff. Mr. Wright explained that both the BIUD Board and district members overwhelmingly support continuing the legacy net metering program for those enrolled prior to December 31, 2020. He stated that it was BIUD member consensus that interconnection rules are not changed during a system's operational life as this would result in significant changes to the economics of a member's investment.[1] He stated that a sunset date of June 30, 2042, was chosen because the average lifespan of a solar array is between 20 to 25 years and this date represents the last possible in-service date of December 31, 2022.[2]

Mr. Wright next addressed the change to the net metering credit provision. He testified that the existing net metering credit provision only stated that excess net metering credits were to be credited at avoided cost. According to Mr. Wright, the proposed legacy tariff clearly defines the avoided cost calculation and is consistent with the new net metering tariff that went into effect April 1, 2022.[3]

In explaining the reason for removing the provision relating to the 125% limitation on excess net metering generation credits, Mr. Wright testified that BIUD has no record of applying zero-credit value to a member's net metering credits that exceed 125% under the existing net metering policy and he believes that the 125% provision was included to limit new system capacity. Additionally, he stated that no new systems will be installed under the proposed tariff; as such there is no need to maintain this provision. He testified further that maintaining this provision presents billing challenges as it would make it more difficult for customers to understand their bills and would result in an additional cost of up to $5,000 in billing software customizations.[4]

Finally, Mr. Wright provided testimony as to why a 15% change in DC or AC output was selected. In particular, he testified that BIUD recognizes that maintenance must be performed during the life of a solar array and that damage or failure is not uncommon. Given the fact that most legacy in-service systems are less than 5kW, 15% represents a potential change of +/- .75kW and exposure of the program capacity expanding to small incremental maintenance increases is minimal.[5]

After a careful review of BIUD's proposed tariff advice and in considering that the proposal has been well vetted by BIUD's Board members and is the result of overwhelming support from both net-metering and non-net metering members in attendance at BIUD's July 28, 2022, open meeting, the Division does not object to the Commission's approval of the proposed tariff. Notwithstanding, the Division reserves the right to alter its recommendation should subsequent data responses or

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[1] Direct Testimony of Jeffrey M. Wright, p. 5.
[2] Id. at 7.
[3] Id.
[4] Id.
[5] Id. at 8.

information discussed at the upcoming public comment hearing give rise to any material changes to the proposal.