

**STATE OF RHODE ISLAND**  
**PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY : DOCKET 23-05-EL  
D/B/A RHODE ISLAND ENERGY TARIFF ADVICE :  
TO AMEND THE NET METERING TARIFF :  
PROPOSAL FOR ADMINISTRATION OF EXCESS :  
NET METERING CREDITS :

**DIVISION OF PUBLIC UTILITIES & CARRIERS**  
**POST-HEARING MEMORANDUM**

Upon conclusion of the formal hearings in this matter, the Commission directed the parties to file memoranda<sup>1</sup> to address two specific questions, as follows:

1. In order to adjust the last resort rate used for purposes of the annual reconciliation relating to Excess Credits, as recommended by Gridwealth, would the Commission need to change the avoided cost rate referenced in the Docket 4268 Order?
2. Given the declaration by the General Assembly within the statutory definition, does the Commission have the authority to declare the avoided cost rate to be different for purposes of the annual reconciliation than what is declared in the statutory definition.

In addition, the Commission directed the parties to state with specificity what action each party requests of the Commission and how the evidentiary record supports that request. The Division answers the first two questions in reverse order.

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<sup>1</sup> The Chairman specifically indicated that the post hearing memo may exclude a discussion of the travel to date and focus simply and directly on the legal questions.

**I. THE COMMISSION DOES NOT HAVE THE AUTHORITY TO DECLARE THE AVOIDED COST RATE FOR ANNUAL RECONCILIATIONS TO BE DIFFERENT THAN THE STATUTORY DEFINITION.**

R.I. Gen. Laws §39-26.4-2 (8) provides:

“Excess renewable net-metering credit” means a credit that applies to an eligible net-metering system or community remote 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 renewable self-generator’s own consumption at the eligible net-metering system site or the sum of the usage of the eligible credit recipient accounts associated with the community remote net-metering system during the applicable billing period. *Such excess renewable net-metering credit shall be equal to the electric distribution company’s avoided cost rate, which is hereby declared to be the electric distribution company’s last resort service kilowatt hour (KWh) charge for the rate class and time-of-use billing period (if applicable) applicable to the customer of record for the eligible net-metering system or applicable to the customer of record for the community remote 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 any uncertainty or disagreement. (Emphasis added herein)

Intervenor Gridwealth has argued throughout this docket that the current net metering compensation regime does not take into account the “benefits” that distributed generation, and more particularly, net metering, provide to the electric distribution system. Whether that is true or not is simply not the issue in this docket. The issue before the Commission is how to correct an over-crediting problem that has occurred due to a variety of reasons. The Commission is a creature of statute and possesses only those powers granted to it by the General Assembly. The Commission has no authority to re-write statutes and is empowered to ensure that the compensation afforded to net metering customers is consistent with statutory limitations- even if the Commission were to agree that some other method of determining the compensation value of net metering might be appropriate. As such, to the extent that net metering customers have not

been credited properly, those credits are ultra vires and must be adjusted to make ratepayers whole.<sup>2</sup> Moreover, the Commission, utility and other stakeholders must work to prevent such statutory violations of compensation in the future.

**II. IT DOES APPEAR THAT THE COMMISSION WOULD NEED TO CHANGE THE AVOIDED COST RATE REFERENCED IN DOCKET 4268 TO ADJUST THE LAST RESORT RATE FOR PURPOSES OF ANNUAL RECONCILIATION PROPOSED BY GRIDWEALTH.**

Gridwealth posits that “an annual volumetric reconciliation that assesses a billing charge to net metering customers for excess production of electricity over a year but still values the credits on a monthly or quarterly basis is fundamentally inequitable.”<sup>3</sup> Gridwealth’s witness, Quincy Vale, further submits that “without leveling rates to an annual average, net metering customers are compensated too little in the high production season and charged too much in the winter low production season.”<sup>4</sup> Finally, he asserts that “the failure to reconcile to an average annual rate does not properly account for the impact that net metering customers have on the reduction of natural gas demand specifically in the electricity sector.”<sup>5</sup> Indeed, much of Gridwealth’s cross-examination of witnesses focused on a hypothetical of two adjacent electric customers- one of which was a net metering energy producer and one which was not. The implication of this line of questioning was that the net metered customer produced energy which in essence traveled “next door” and therefore, did not utilize most of the elements of a distribution system (substations, etc.) and therefore was providing a greater benefit to the grid that was not properly compensated. No

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<sup>2</sup> This entire problem could have been avoided or at least addressed far earlier than 2023 had National Grid conducted the “annual true-up” for net metering customers as represented in Docket 4268. See PUC Order #20649 at 9 dated Feb.16, 2012.

<sup>3</sup> Pre-filed Testimony of Quincy Vale, at 3; September 13, 2023.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

Gridweath witness provided supporting testimony to this theory. Regardless, even if such testimony had been elicited, this argument is misplaced before the Commission which is required to apply statutes as written.

The overall problem with Gridweath's positions is that the statute says that the excess renewable net-metering credit charge shall be equal to the electric distribution company's avoided cost rate, which is hereby declared to be the electric distribution company's last resort service kilowatt hour (KWh) charge. The statute does not say "an annual average" of the electric distribution company's avoided cost rate. Nor does the statute reference the principles of Docket 4600 or any other rate-making theories.

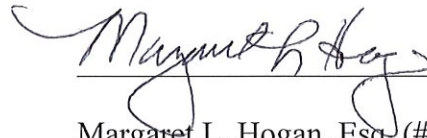
### **III. WHAT DOES THE DIVISION SUPPORT IN THIS DOCKET?**

1. The Division supports an annual reconciliation applying a volumetric approach using a weighted average.
2. The Division supports an option to net metering customers to cash-out or transfer any remaining credits following the annual reconciliation.
3. The Division supports an application of billing charges stemming from the annual reconciliation to the host account.

The Division also initially supported a requirement for stand-alone net metering projects project to allocate net metering credits via Schedule B as close to 100% of the credits as possible before the project receives the authority to interconnect. At the hearing, there was discussion concerning the practical implementation of this requirement at a time when the statutory cap on ground mounted solar eligibility for net metering is close to being met. Additionally, there was some discussion that suggested this requirement would not solve the problem this docket seeks to resolve. On cross-examination, the Division witness indicated that the Division would not be

opposed to holding this issue for a later Tariff Advice filing.<sup>6</sup> Accordingly, the Division does not “advocate” one way or the other on this issue and leaves the matter to the Commission’s discretion.

Respectfully Submitted:  
Division of Public Utilities & Carriers  
By its Attorney:

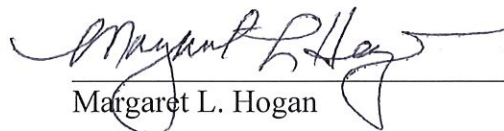


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**CERTIFICATION OF NOTICE**

I do hereby certify that on the 29<sup>th</sup> day of November, 2023, I caused a true copy of the within Memorandum to be sent electronically to all parties on the Service List for Docket 23-05-EL.



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Margaret L. Hogan

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<sup>6</sup> See TR. 11/9/23 at 843.