

March 8, 2024

**VIA ELECTRONIC MAIL**

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

**RE: Docket No. 23-05-EL – The Narragansett Electric Company d/b/a Rhode Island Energy  
Tariff Advice to Amend the Net Metering Provision - Proposal for Administration  
of Excess Net Metering Credits  
Compliance Filing**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the “Company”), enclosed, for review by the Public Utilities Commission (“PUC”), please find:

- (1) The Company’s proposal for determining a reasonable allocation of consumption to host accounts from off-takers appearing on more than one Schedule B, which also includes a proposal for the management of the issue of multiple Schedule B’s in future years (Attachment 1); and
- (2) A summary document of how net crediting is implemented by the Company. This filing is made in compliance with the directives that were issued by the PUC at an Open Meeting that occurred on January 12, 2024 (Attachment 2).

Thank you for your attention to this filing. If you have any questions, please contact me at 401-784-4263.

Sincerely,



Andrew S. Marcaccio

Enclosures

cc: Docket No. 23-05-EL Service List

At the Open Meeting that occurred on January 12, 2024, the Rhode Island Public Utilities Commission approved the following Motion in Docket 23-05-EL:

**"The Commission directs the Company to develop a proposal for determining a reasonable allocation of consumption to host accounts from off-takers appearing on more than one Schedule B that avoids double counting of consumption, to be applied in instances where mutual agreement has not been reached among the affected host accounts and off-taker to the reasonable satisfaction of the Company. The Company shall make a filing with the proposed resolution for review and approval by the Commission no later than 30 days after the Commission approves the Company's compliance filing. The filing also shall include a proposal for the management of the issue of multiple Schedule B's in future years."**

Below are the Company's proposals in compliance with the above directives.

The Company's proposal as it relates to the annual reconciliation is as follows:

In an instance in which mutual agreement has not been reached among the affected host accounts and off-taker to the reasonable satisfaction of the Company as to the allocation of consumption to host accounts from off-takers appearing on more than one Schedule B that avoids double counting of consumption, the Company will, for purposes of the annual reconciliation, allocate the consumption of the off-taker to the host account on the basis of each host account's share of the total credits received by the off-taker over the annual period.

For example: using simple illustrative numbers, assume both Host accounts are on the same rate class and assume credits are worth \$0.10/kWh.

Host 1 = 50 kWh annual generation with 100% allocation to Satellite 1  
Satellite 1 = 50 kWh annual consumption  
Host 2 = 50 kWh annual generation with 100% allocation to Satellite 1  
Satellite 1 = 50 kWh annual consumption

From an annual reconciliation standpoint, if analyzed independently, Host 1/Satellite 1 generation to consumption ratio is 100% and Host 2/Satellite 1 generation to consumption ratio is 100%. This would imply that no billing charges are needed, and that Host 1 earned and transferred \$5.00 to Satellite 1, and Host 2 earned and transferred \$5.00 to Satellite 1. Because Satellite 1 is the exact same account, in the scenario above, the Satellite 1 usage is double counted, once in the analysis for Host 1, but then again in the analysis for Host 2. There is a total of 100 kWh across Host 1 and Host 2, but only a total of 50 kWh of consumption to offset that generation from Satellite 1. That is a 200% ratio. Since Satellite 1 got 50% of the credits from Host 1 and 50% of the credits from Host 2, only 50% of the consumption should be attributed to each host. In that scenario, the Host 1/Satellite 1 generation to consumption ratio would be 200% and the Host 2/Satellite 1 generation to consumption ratio would be 200%. From there, billing charges can be applied without double counting the consumption. The Company's proposal as it relates to the management of the issue of multiple Schedule B's in future years:

The Company proposes to implement a system whereby a database will be kept of all existing off-takers that based on each new Schedule B received, automatically updates with the number of host account Schedule B's on which an individual off-taker appears. The Company will establish a process whereby the affected host accounts are notified within a reasonable period, each time an existing off-taker account is added to another host account's Schedule B and will also provide the consumption data shown on each Schedule B for the off-taker. The process will allow host accounts the opportunity to proactively address consumption balancing issues ahead of the Consumption Balance Report. The Company cautions that the implementation of such a system would have a lengthy timeline to implement. The Company will supplement this proposal with an estimated cost and timeline of implementation.

Until an automated database is implemented, the Company proposes to amend the Schedule B such that the Host account will be responsible for identifying next to each off taker if that off taker is included on another Host's Schedule B, and if so, the desired % allocation of consumption.

At the Open Meeting that occurred on January 12, 2024, the Rhode Island Public Utilities Commission approved the following Motion in Docket 23-05-EL:

**“The Commission directs the Company to develop a summary document of how net crediting is implemented by the Company. The summary document should be composed in a “plain English” manner that is likely to be understood by customers who are not familiar with the net metering process. This will not be included within the Net Metering Tariff nor will the summary be treated as binding tariff language, but is intended to be published by the Company on its webpage as a general guide to understanding net metering, to which the Commission may also link for its own website. A proposed explanatory document should be filed by the Company with the Commission within 30 days after the Commission’s approval of the Company’s compliance filing of the new Net Metering Tariff for review by the Commission prior to publication.”**

### **How does net crediting work in Rhode Island for customers with a single meter?**

The following description covers single meter installations. A single meter installation may also be referred to as behind-the-meter or BTM. This means that the net metering customer has both on-site load (the electricity they are consuming) and generation (electricity generated from solar panels or some other renewable equipment) all located behind one utility net meter, where the meter measures the net amount of energy flowing in or out. This configuration is primarily used in residential settings and includes certain commercial and industrial (C&I) customers.

For example, if the net metering customer consumed the exact same amount of energy as the distributed generation (DG) system produced in any given month, the meter would read zero. In that scenario, the net metering customer’s DG system entirely offset the load – producing no more or no less energy than consumed on-site, and the customer did not take any power from the electric distribution system (local electric utility). While this example is representative of how net metering works, please note that a customer’s electric load and their DG system performance will vary month-to-month, so meter readings will vary as a result. In some months, a net metering customer may have a DG system that produces more energy than is used on site – and that excess energy is sent to the grid (i.e. local electric utility); in other months, that DG system may produce less energy than what is needed to meet on-site load, in which case the net metering customer will consume more energy from the grid than produced at their premises. Importantly, all net metering customers with this configuration are connected to the electric distribution system to ensure they have access to safe and reliable energy at all times, including when their DG system may not be producing energy.

If a customer is enrolled in the Rhode Island net metering program, the customer will be compensated for the generation produced by their DG system that goes beyond the load they consume each month. The net metering program is fully funded by Rhode Island ratepayers, and Rhode Island Energy administers the program pursuant to Rhode Island General Laws.

On a monthly basis, Rhode Island Energy will compare the meter reading at the end of the bill cycle to the meter reading at the beginning of the bill cycle and determine whether the net metering customer has been a net consumer (a positive meter reading) or net producer (a negative meter reading) of energy.

If this comparison shows a positive number, then the DG system produced less energy than the customer consumed during that billing period. In this scenario, the monthly bill will look the similar as it did prior to the installation of the DG system, with a debit owed to Rhode Island Energy. However, the DG system still offset some of the consumption, so even though there are no extra bill credits for that month, the customer will have a reduced bill compared to those prior to the installation of the DG system, because the DG system is offsetting some of the electricity they consumed that month.

If the comparison of the load and DG system reflects a negative number on the customer bill, then the DG system produced more energy than the customer consumed in that billing period. Per each bill cycle, the net metering customer will be compensated with a bill credit for that amount of energy. The value of the bill credit is defined by state law and in the program [tariff](#) as a “Renewable Net Metering Credit.” Think of this as the primary credit. A Renewable Net Metering Credit is made up of four components of Rhode Island Energy’s retail rates – supply, distribution, transmission, and transition charges. These charges change throughout the course of the year and are subject to oversight by the Rhode Island Public Utilities Commission (PUC). Because they change, the dollar value of energy - and thus compensation - changes over time, too. Current bill credit rates can be located [here](#). The customer is compensated for energy based on the dollar value at the time it is produced.

For example, if the customer’s monthly bill cycle meter reading shows -100 kWh, and the rate is \$0.20 per kWh, then the bill credit will be \$20.00.

The bill credit will show up as a line item on the bill labeled “Renewable Gen Credit.” This dollar value can be applied to the balance on the bill. Anything extra will roll into next month’s bill.

### **How does net crediting work in Rhode Island for customers with multiple meters?**

Net crediting works differently for installations with multiple meters. This primarily refers to larger C&I DG systems that are stand-alone, meaning there is no on-site load paired with the DG system behind the meter. In this scenario, the net meter is effectively measuring the full generation of the DG system.

This type of customer would need to engage in a Net Metering Financing Arrangement, more commonly referred to as remote net metering or virtual net metering. This is necessary to ensure that the DG system meets the criteria for an Eligible Net Metering System such that it is reasonably designed and sized to annually produce energy in an amount that is less than or equal to the load it is offsetting.

Similar to single meter installations, the customer will receive bill credits each monthly bill cycle for the dollar value of the generation at the time of production. This customer is commonly referred to as the host account. The host account will specify on a schedule (commonly known as Schedule B) the percentage allocation of credits to transfer to load accounts which are commonly referred to as satellites or off-takers. Eligibility criteria is identified in the program [tariff](#).

It is important to note that the dollar value of the Net Metering Credit is based on the rate class for that host. Most commonly, the host will be a C-06 rate. It is likely that the satellite or off-taker accounts are taking service at a different rate. The credit transfer is a financial transaction based in dollars; it is not an energy transaction based in kWh.

The objective for credit allocation in remote or virtual net metering is to ensure that the estimated annual production from the DG system is equal to or less than the aggregate of the satellite or off-taker estimated annual loads. By ensuring that the load is at least equal to the generation maximizes the value of the Net Metering Credits by way of primary credits.

### **Am I Eligible for a Cash Out?**

Yes, customers are eligible for an annual cash out. Specific terms and conditions are located in the program [tariff](#).

### **Am I Subject to Annual Reconciliation?**

Certain DG systems are subject to an annual reconciliation. This is because the DG system performance is based on an annual basis, but the disbursement of Net Metering Credits is done in advance on a monthly bill cycle basis. This means that all Net Metering Credits that appear on customer bills are Renewable Net Metering Credits. However, an annual analysis and comparison of actual generation to actual consumption may find that a certain amount of generation over the course of the year should have only been worth the Excess Renewable Net Metering Credit.

In this scenario, the customer would have been overcompensated for a portion of the DG system generation. The annual reconciliation will apply a billing charge to true up the appropriate value. The money that is recouped will go right back to rate payers who fund the program. Specific terms and conditions are located in the program [tariff](#).

### **Can I Transfer My Credits?**

There are limited circumstances that would allow a transfer of credits outside of the Schedule B process. The program [tariff](#) provides more details.

### **Other Items to Note:**

There are many terms that tend to be used interchangeably. Some are defined tariff/statutory terms. Typically, those will be capitalized terms. There are many others that are used generically and can be interchangeable. The following identifies common terms, but this list is not exhaustive:

Renewable Net Metering Credit is a tariff/statutory definition that may be commonly referred to as the primary credit.

Excess Renewable Net Metering Credit is a tariff/statutory definition that may be commonly referred to as the secondary credit.

Net Metering Finance Arrangement is a tariff/statutory definition that explains the criteria for participation in remote net metering or virtual net metering. In these types of arrangements, the DG system is commonly referred to as the stand-alone site, or the host. This stand-alone site or host will allocate Net Metering Credits to satellite accounts, or off-taker accounts.

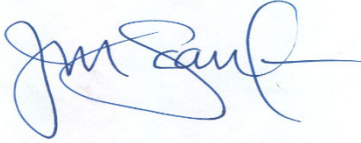
The term *generation* may be used interchangeably with *production*, both referring to the amount of energy coming from the customer's DG system.

The term *usage* may be used interchangeably with *consumption* or *load*, all referring to the amount of energy used by the customer.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



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Joanne M. Scanlon

March 8, 2024  
Date

**Docket No. 23-05-EL Rhode Island Energy – Net Metering Provision, RIPUC No. 2268  
Service List updated 11/16/2023**

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