PEOPLE'S
Power & Light

Dec. 10, 2008

RI Public Utilities Commission
99 Jefferson Blvd.
Warwick, RI 02888

Re: Docket 3999

Honorable Commissioners:

People's Power & Light appreciates the opportunity to participate in the discussion regarding Docket 3999, regarding the changes in the net metering tariff due to the legislation we shepherded through the General Assembly in the last session.

We have several comments and suggestions regarding the National Grid filing and the Division responses.

1) We agree with the Division regarding the statute 39-26-6(g)(3) referring to an unlimited number of accounts, not one or five as per National Grid's tariff filing. This was clearly the intent of the "net billing" section of the legislation, to allow municipalities, affordable housing developers, farms, educational institutions, or the Narragansett Bay Commission to apply the energy generated at a site to multiple accounts.

2) In the case of a municipality, farm, educational institution, or NBC, the entity producing the electricity and using it or paying the bill would be one in the same. In those cases, then, simplifying the crediting process by applying it to a list of accounts one at a time, would be satisfactory. However, for affordable housing agencies, the owner and the user of the electricity would be different, and in fact, often each household would pay its own utility bill. In those non-master metered projects, fully crediting one household, and not crediting others at all, would create an inequity in the housing project. This is contrary to the intent of the law, which is to allow the agency to share the output of one facility with all the low-income households in its development, while being able separately meter the units to encourage conservation.

3) One potential way to avoid the costs associated with manual billing of the multiple accounts would be to allow the utility to pay the housing agency (or other entity, as appropriate) in money rather than credits, and allow the agency to distribute the proceeds equally to its clients. This method is explicitly allowed in the comparable Massachusetts law, the Green Communities Act.

4) Regarding 39-26-6(g)(l)(ii), which states that the partially municipally owned facility provides "power solely to the city or town," we disagree with the Division regarding splitting the credits according to the proportion of ownership. The primary purpose of third party ownership in these type of projects is to bring in the needed capital to build the facility, it is not to share the power. Particularly with private investors, the deals are typically structured so that the investor receives the tax benefit of the federal Production Tax Credit, one of the primary incentives for renewable energy. The municipality cannot receive the PTC, as a government entity which does not pay federal taxes. Therefore the best case for both parties would be to allow the municipality up to 100% of the value of the net excess generation credits, rather than only the proportion it owns.

Another reason to avoid a proportional split is that the intent of the law is to encourage distributed generation, or generation on site or close to the demand. The investor most often would not have electrical load near the municipality.

5) Regarding the renewable energy low income fund in 39-26-6(j), the Division asks the Company for annual reconciliation with a "proposal for distribution to customer accounts." It's not clear which accounts would qualify. A simpler method may be to apply the fund toward the entire Low Income rate class, reducing the amount that class recovers from other ratepayers, or increasing the amount of customers who would qualify.

6) We are concerned that the Company and Division's reading of the recovery of costs in 39-26-6(h) is simply the costs to the Company, rather than considering any potentially cost-offsetting benefits such as avoided distribution costs. At the same time, a cost-benefit analysis is required under the Comprehensive Energy Act of 2006 for least cost procurement of distributed generation. Combining these two statutes is a difficult issue and one that perhaps the Energy Efficiency Resource Management Council could take up.

We look forward to the discussion at the technical session.

Sincerely,

Karina Lutz
Deputy Director