

# **Docket No. 4631 – Tariff Advice to Amend Net Metering Provision**

**Rhode Island Public Utility Commission  
Technical Session  
January 11, 2017**



# 2016 Changes to Net Metering

- Recent legislation in Rhode Island includes several important revisions to the net metering law (R.I. Gen. Laws Sections 39-26.4-2 and 39-26.4-3)
- Per the new law, in Docket No. 4631, the PUC approved the Company's revised Net Metering Provision (RIPUC No. 2169, effective August 12, 2016) to include the following provisions:
  - Third-Party Ownership of net metered systems
  - Maximum system size increased from 5MW to 10 MW
- Law also includes 30MW community net metering (CNM) pilot, which will be implemented between now and 2018 and allow residential customers and low-moderate income (LMI) housing eligible to receive net metering credits from remote systems

# CNM Pilot – Eligibility Requirements for Credit Recipients

- CNM systems must designate at least three eligible recipients, or at least one recipient *if* that recipient is a LMI housing unit
- There is no maximum number of credit recipients
- For Residential recipients:
  - No more than 50% of the net metering credits may go to one recipient
  - At least 50% of the net metering credits must go to individual customers in amounts no greater than the annual kWh produced by a 25 kW AC system

# CNM Pilot – Threshold Criteria

- The CNM Pilot is capacity limited and provides a valuable right. Therefore, National Grid proposes that applicants must meet the following threshold criteria to qualify for the pilot:
  - Interconnection application must be made, and a valid Impact Study for Renewable DG (ISRDG) or a valid Interconnection Service Agreement (ISA) must be in possession -- this step includes evidence of site control
  - A Performance Deposit equal to \$25 per MWH to be produced annually by the project must be provided to National Grid, up to a maximum of \$75,000, which will be refundable in the year after commercial operation is achieved
  - Projects in the queue will have 24 months to reach commercial operation and meet the requirements of the CNM pilot statute after which they will lose their status in the CNM queue
- These criteria were proposed and supported by solar industry groups as part of the stakeholder process sponsored by OER

# CNM Pilot – Application Process

- Applicants apply to National Grid for interconnection and receive completed ISRDG and/or a valid ISA, as applicable
- Projects seeking to serve an LMI customer account must receive written approval from Rhode Island housing prior to enrolling the project with National Grid
- Applicants with completed study then provide Performance Deposit, and Schedule B with any eligibility letters for LMI participants from RI Housing
- National Grid will provide confirmation of the queue allocation to the project and a commercial operation deadline date 24 months from confirmation
- Applicants must adhere to all deadlines, and pay required costs on time
- Prior to the Company's determination that a project is ready for commercial operation, all eligibility requirements must be met, with eligible recipients designated on Schedule B

# Eligibility as a Low or Moderate Income (LMI) Property

In order to be eligible as a LMI Property for participation in the Program, each of these requirements must be met:

- Be assisted under federal, state or municipal housing program
- Be subject to a deed restriction with an original term of 30 years, (i) limiting occupancy of at least half the units to households below 80% of area median income, and (ii) sets rents at an amount affordable to a tenant at the 80% level
- Agreement that 50% of the net value of the credits be used to provide benefits to the tenants of the property

# RI Housing Application Requirements for LMI Review

## Materials to be submitted to Rhode Island Housing:

- Description of the housing assistance program
- Unit count, and number of units set aside for low or moderate income residents
- Deed restriction for the property
- Rent schedule
- Anticipated Net Value of the Credits
- Description of how a portion of the Net Value will provide benefits to the tenants
- Non-refundable application fee of \$200
- Signed certification of authorized representative regarding obligation to annually demonstrate benefit to tenants

# Sharing Benefits with Tenants

LMI Properties are encouraged by RIH to propose creative approaches to direct 50% of the Net Value of the credits to benefit tenants, which is required by the statute. Possible approaches include:

- Rebate of rent
- Provision of free or reduced-charge high speed internet access
- Provision of social service programs, such as job training or financial literacy programs
- Installation of energy-savings programs for the property
- Establishment of additional operating or replacement reserve accounts to safeguard the physical and financial condition of the property



# CNM Pilot – Transfer of Credits

- CNM system must provide information regarding credit recipients on Schedule B prior to commercial operation
- Schedule B must include:
  - Estimated generation in kWh of the Net Metering System
  - 3-yr annual average kWh use of the net metered accounts
  - Percentage of generation to be applied to each net metered account
- Updates to Schedule B will be allowed quarterly until a self-service, on-line process is implemented

# CNM Pilot - Applications of Net Metering Credits for Remote Systems

- Net Metering credit is based on the rate class of the Host Account (generator)
  - “Stand-alone” generators are placed on Rate C-06 – Small Commercial
- Credit (Rate C-06) is calculated as:
  - Distribution (Base, ISR, RDM): \$0.03852 per kWh
  - Transmission: \$0.02566 per kWh
  - Transition: (\$0.00058) per kWh
  - Standard Offer : \$0.08108 per kWh  
(Base, SOS Adj, SOS Admin):
  - Total: \$0.14468 per kWh

**Note: Reflects rates in effect as of January 1, 2017**

# CNM Pilot - Applications of Net Metering Credits for Remote Systems (continued)



- The total net metering credit is multiplied by the number of kWh exported over the billing month.

## DETAIL OF CURRENT CHARGES

### Delivery Services

Service Period	No. of days	Current Reading	-	Previous Reading	=	Total Usage
May 13 - Jun 12	30	366 <i>Actual</i>		1379 <i>Actual</i>		-1013 kWh

METER NUMBER [REDACTED] NEXT SCHEDULED READ DATE Jul 15

RATE Small C&I Rate C-06

Customer Charge		10.00
LIHEAP Enhancement Charge		0.83
Renewable Gen Credit	0.12549 x -1013 kWh	-127.11
<b>Total Delivery Services</b>		<b>-\$ 116.28</b>

# CNM Pilot – Applications of Net Metering Credits for Remote Systems (continued)

- Application of net metering credit to recipients accounts:

Monthly Renewable Net Metering Credit (C-06): \$127.11

Recipient 1 (50%): \$63.55

Recipient 2 (25%): \$31.78

Recipient 3 (25%): \$31.78



# CNM Pilot – Applications of Net Metering Credits for Remote Systems (continued)



- If CNM system annual output exceeds the aggregate 3-yr annual average use of all recipients, the Company will make an adjustment to the CNM system account
  - Generation that is between 100% and 125% of on-site use valued at Standard Offer Rate
  - Generation in excess of 125% of on-site use has no value



# Community Net Metering – Year End True-Up Adjustment

1. Annual Generation	16,000 kWh
2. Aggregate 3-year Average Use - Net Metered Accounts	12,000 kWh
3. Generation In Excess of On-Site Load	4,000 kWh
4. Net Metering Credit	\$0.12000 per kWh

5. Reduction to Host Customer Account (\$480.00)

### ***Re-calculation of Net Metering Credit***

6. kWh between 100% and 125% of On-Site Load	3,000 kWh
7. Standard Offer Service Charge	\$0.08100 per kWh
8. Adjustment to Host Customer Account	\$243.00

9. Net Adjustment to Host Customer Account (\$237.00) (Line 5 + Line 8)

**From 39-26.4-2.:** The community remote net-metering system may transfer credits to eligible credit recipients in an amount that is equal to or less than the **sum** of the usage of the eligible credit recipient accounts measured by the three (3) year average annual consumption of energy over the previous three (3) years. (*Emphasis added*)



# CNM Pilot – Other Issues

- Interconnection queue information is already posted regularly on the Company's website, consistent with changes the Company made to its Distributed Generation Interconnection Tariff
- Once the CNM Pilot is approved, on a monthly basis, the Company will post and update information regarding remaining queue availability for the Pilot on the RI Net Metering webpage
- These changes will be made via a standard Schedule B in electronic form that will be provided by National Grid, and which system owners will be able to submit to the Company once per quarter