LC003498

2024 -- S 2035

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

AN ACT

RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET-METERING

<u>Introduced By:</u> Senators Murray, Kallman, Sosnowski, Euer, Mack, Bell, and Gallo <u>Date Introduced:</u> January 12, 2024 <u>Referred To:</u> Senate Commerce

It is enacted by the General Assembly as follows:

- SECTION 1. Sections 39-26.4-2 and 39-26.4-3 of the General Laws in Chapter 39-26.4
 entitled "Net Metering" are hereby amended to read as follows:
- 3 **39-26.4-2. Definitions.**

4 Terms not defined in this section herein shall have the same meaning as contained in
5 chapter 26 of this title. When used in this chapter:

(1) "Community remote net-metering system" means a facility generating electricity using 6 7 an eligible net-metering resource that allocates net-metering credits to a minimum of one account for a system associated with low- or moderate-income housing eligible credit recipients, or three 8 9 (3) eligible credit-recipient customer accounts, provided that no more than fifty percent (50%) of 10 the credits produced by the system are allocated to one eligible credit recipient, and provided further 11 at least fifty percent (50%) of the credits produced by the system are allocated to the remaining 12 eligible credit recipients in an amount not to exceed that which is produced annually by twenty-13 five kilowatt (25 KW) AC capacity. The community remote net-metering system may transfer 14 credits to eligible credit recipients in an amount that is equal to or less than the sum of the usage of 15 the eligible credit recipient accounts measured by the three-year (3) average annual consumption of energy over the previous three (3) years. A projected annual consumption of energy may be used 16 17 until the actual three-year (3) average annual consumption of energy over the previous three (3) 18 years at the eligible credit recipient accounts becomes available for use in determining eligibility 19 of the generating system. The community remote net-metering system may be owned by the same

1 entity that is the customer of record on the net-metered account or may be owned by a third party.

(2) "Core forest" refers to unfragmented forest blocks of single or multiple parcels totaling
two hundred fifty (250) acres or greater unbroken by development and at least twenty-five (25)
yards from mapped roads, with eligibility questions to be resolved by the director of the department
of environmental management. Such determination shall constitute a contested case as defined in
§ 42-35-1.

(3) "Electric distribution company" shall have the same meaning as § 39-1-2, but shall not
include Block Island Power Company or Pascoag Utility District, each of whom shall be required
to offer net metering to customers through a tariff approved by the public utilities commission after
a public hearing. Any tariff or policy on file with the public utilities commission on the date of
passage of this chapter shall remain in effect until the commission approves a new tariff.

(4) "Eligible credit recipient" means one of the following eligible recipients in the electric
distribution company's service territory whose electric service account or accounts may receive
net-metering credits from a community remote net-metering system. Eligible credit recipients
include the following definitions:

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(i) Residential accounts in good standing.

17 (ii) "Low- or moderate-income housing eligible credit recipient" means an electric service 18 account or accounts in good standing associated with any housing development or developments 19 owned or operated by a public agency, nonprofit organization, limited-equity housing cooperative, 20 or private developer that receives assistance under any federal, state, or municipal government 21 program to assist the construction or rehabilitation of housing affordable to low- or moderate-22 income households, as defined in the applicable federal or state statute, or local ordinance, 23 encumbered by a deed restriction or other covenant recorded in the land records of the municipality 24 in which the housing is located, that:

(A) Restricts occupancy of no less than fifty percent (50%) of the housing to households
with a gross, annual income that does not exceed eighty percent (80%) of the area median income
as defined annually by the United States Department of Housing and Urban Development (HUD);
(B) Restricts the monthly rent, including a utility allowance, that may be charged to

30 a household earning eighty percent (80%) of the area median income as defined annually by HUD;

residents, to an amount that does not exceed thirty percent (30%) of the gross, monthly income of

(C) Has an original term of not less than thirty (30) years from initial occupancy.

Electric service account or accounts in good standing associated with housing developments that are under common ownership or control may be considered a single low- or moderate-income housing eligible credit recipient for purposes of this section. The value of the

- 1 credits shall be used to provide benefits to tenants.
- 2 (iii) "Educational institutions" means public and private schools at the primary, secondary, 3 and postsecondary levels.
- 4 (iv) "Commercial or industrial customers" means any nonresidential customer of the 5 electric distribution company.

6 (5) "Eligible net-metering resource" means eligible renewable energy resource, as defined 7 in § 39-26-5 including biogas created as a result of anaerobic digestion, but, specifically excluding 8 all other listed eligible biomass fuels.

9 (6) "Eligible net-metering system" means a facility generating electricity using an eligible 10 net-metering resource that is reasonably designed and sized to annually produce electricity in an 11 amount that is equal to, or less than, the renewable self-generator's usage at the eligible net-12 metering system site measured by the three-year (3) average annual consumption of energy over 13 the previous three (3) years at the electric distribution account(s) located at the eligible net-metering 14 system site. A projected annual consumption of energy may be used until the actual three-year (3) 15 average annual consumption of energy over the previous three (3) years at the electric distribution 16 account(s) located at the eligible net-metering system site becomes available for use in determining 17 eligibility of the generating system. The eligible net-metering system may be owned by the same 18 entity that is the customer of record on the net-metered accounts or may be owned by a third party 19 that is not the customer of record at the eligible net-metering system site and which may offer a 20 third-party, net-metering financing arrangement or net-metering financing arrangement, as 21 applicable. Notwithstanding any other provisions of this chapter, any eligible net-metering 22 resource: (i) Owned by a public entity, educational institution, hospital, nonprofit, multi-municipal collaborative; or (ii) Owned and operated by a renewable-generation developer on behalf of a 23 24 public entity, educational institution, hospital, nonprofit, multi-municipal collaborative through a 25 net-metering financing arrangement shall be treated as an eligible net-metering system and all 26 accounts designated by the public entity, educational institution, hospital, nonprofit, multi-27 municipal collaborative for net metering shall be treated as accounts eligible for net metering within 28 an eligible net-metering system site; or (iii) Owned and operated by a renewable-generation 29 developer on behalf of one or more commercial or industrial customer(s) through net-metering 30 financing arrangement(s) shall be treated as an eligible net-metering system within an eligible net-31 metering system site. Notwithstanding any other provision to the contrary, effective July 1, 2060, 32 an eligible net-metering system means a facility generating electricity using an eligible net-33 metering resource that is interconnected behind the same meter as the net-metering customer's load. 34 (7) "Eligible net-metering system site" means the site where the eligible net-metering

1 system or community remote net-metering system is located or is part of the same campus or 2 complex of sites contiguous to one another and the site where the eligible net-metering system or 3 community remote net-metering system is located or a farm on which the eligible net-metering 4 system or community remote net-metering system is located. Except for an eligible net-metering 5 system owned by or operated on behalf of a public entity, educational institution, hospital, nonprofit, or multi-municipal collaborative or for a commercial or industrial customer through a 6 7 net-metering financing arrangement, the purpose of this definition is to reasonably assure that 8 energy generated by the eligible net-metering system is consumed by net-metered electric service 9 account(s) that are actually located in the same geographical location as the eligible net-metering 10 system. All energy generated from any eligible net-metering system is, and will be considered, 11 consumed at the meter where the renewable energy resource is interconnected for valuation 12 purposes. Except for an eligible net-metering system owned by, or operated on behalf of, a public 13 entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or for a 14 commercial or industrial customer through a net-metering financing arrangement, or except for a 15 community remote net-metering system, all of the net-metered accounts at the eligible net-metering 16 system site must be the accounts of the same customer of record and customers are not permitted 17 to enter into agreements or arrangements to change the name on accounts for the purpose of 18 artificially expanding the eligible net-metering system site to contiguous sites in an attempt to avoid 19 this restriction. However, a property owner may change the nature of the metered service at the 20 accounts at the site to be master metered in the owner's name, or become the customer of record 21 for each of the accounts, provided that the owner becoming the customer of record actually owns 22 the property at which the account is located. As long as the net-metered accounts meet the 23 requirements set forth in this definition, there is no limit on the number of accounts that may be net 24 metered within the eligible net-metering system site.

25 (8) "Excess renewable net-metering credit" means a credit that applies to an eligible net-26 metering system or community remote net-metering system for that portion of the production of 27 electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-five 28 percent (125%) of the renewable self-generator's own consumption at the eligible net-metering 29 system site or the sum of the usage of the eligible credit recipient accounts associated with the 30 community remote net-metering system during the applicable billing period. Such excess 31 renewable net-metering credit shall be equal to the electric distribution company's avoided cost 32 rate, which is hereby declared to be the electric distribution company's last resort service kilowatt 33 hour (KWh) charge for the rate class and time-of-use billing period (if applicable) applicable to the 34 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.

(9) "Farm" shall be defined in accordance with § 44-27-2, except that all buildings
associated with the farm shall be eligible for net-metering credits as long as: (i) The buildings are
owned by the same entity operating the farm or persons associated with operating the farm; and (ii)
The buildings are on the same farmland as the project on either a tract of land contiguous with, or
reasonably proximate to, such farmland or across a public way from such farmland.

9 (10) "Hospital" means and shall be defined and established as set forth in chapter 17 of
10 title 23.

(11) "Multi-municipal collaborative" means a group of towns and/or cities that enter into
an agreement for the purpose of co-owning a renewable-generation facility or entering into a
financing arrangement pursuant to subsection (15).

14 (12) "Municipality" means any Rhode Island town or city, including any agency or15 instrumentality thereof, with the powers set forth in title 45.

16 (13) "Net metering" means using electrical energy generated by an eligible net-metering 17 system for the purpose of self-supplying electrical energy and power at the eligible net-metering 18 system site, or with respect to a community remote net-metering system, for the purpose of 19 generating net-metering credits to be applied to the electric bills of the eligible credit recipients 20 associated with the community net-metering system. The amount so generated will thereby offset 21 consumption at the eligible net-metering system site through the netting process established in this 22 chapter, or with respect to a community remote net-metering system, the amounts generated in 23 excess of that amount will result in credits being applied to the eligible credit-recipient accounts associated with the community remote net-metering system. 24

(14) "Net-metering customer" means a customer of the electric distribution company
 receiving and being billed for distribution service whose distribution account(s) are being net
 metered.

(15) "Net-metering financing arrangement" means arrangements entered into by a public entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or a commercial or industrial customer with a private entity to facilitate the financing and operation of a net-metering resource, in which the private entity owns and operates an eligible net-metering resource on behalf of a public entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or commercial or industrial customer, where: (i) The eligible net-metering resource is located on property owned or controlled by the public entity, educational institution, hospital, municipality, multi-municipal collaborative, or commercial or industrial customer as applicable; and (ii) The production from the eligible net-metering resource and primary compensation paid by the public entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or commercial or industrial customer to the private entity for such production is directly tied to the consumption of electricity occurring at the designated net-metered accounts.

6 (16) "Nonprofit" means a nonprofit corporation as defined and established through chapter
7 6 of title 7, and shall include religious organizations that are tax exempt pursuant to 26 U.S.C. §
8 501(d).

9 (17) "Person" means an individual, firm, corporation, association, partnership, farm, town 10 or city of the state of Rhode Island, multi-municipal collaborative, or the state of Rhode Island or 11 any department of the state government, governmental agency, or public instrumentality of the 12 state.

(18) "Preferred site" means a location for a renewable energy system that has had prior development, including, but not limited to: landfills, gravel pits and quarries, highway and major road median strips, brownfields, superfund sites, parking lots or sites that are designated appropriate for carports, and all rooftops including, but not limited to, residential, commercial, industrial, and municipal buildings.

(19) "Project" means a distinct installation of an eligible net-metering system or a
community remote net-metering system. An installation will be considered distinct if it is installed
in a different location, or at a different time, or involves a different type of renewable energy.
Subject to the safe-harbor provisions in § 39-26.4-3(a)(1), new and distinct projects cannot be
located on adjoining parcels of land within core forests, except for preferred sites.

(20) "Public entity" means the federal government, the state of Rhode Island,
municipalities, wastewater treatment facilities, public transit agencies, or any water distributing
plant or system employed for the distribution of water to the consuming public within this state
including the water supply board of the city of Providence.

(21) "Public entity net-metering system" means a system generating renewable energy at
a property owned or controlled by the public entity that is participating in a net-metering financing
arrangement where the public entity has designated accounts in its name to receive net-metering
credits.

31 (22) "Renewable net-metering credit" means a credit that applies to an eligible net-32 metering system or a community remote net-metering system up to one hundred percent (100%) of 33 either the renewable self-generator's usage at the eligible net-metering system site or the sum of 34 the usage of the eligible credit-recipient accounts associated with the community remote netmetering system over the applicable billing period. This credit shall be equal to the total kilowatt hours of electrical energy generated up to the amount consumed on-site, and/or generated up to the sum of the eligible credit-recipient account usage during the billing period multiplied by the sum of the distribution company's:

5 (i) Last resort service kilowatt-hour charge for the rate class applicable to the net-metering 6 customer, except that for remote public entity and multi-municipality collaborative net-metering 7 systems that submit an application for an interconnection study on or after July 1, 2017, and 8 community remote net-metering systems, the last resort service kilowatt-hour charge shall be net 9 of the renewable energy standard charge or credit;

10 (ii) Distribution kilowatt-hour charge;

11 (iii) Transmission kilowatt-hour charge; and

12 (iv) Transition kilowatt-hour charge.

For projects after April 15, 2023, subject to the allowable two hundred seventy-five megawatts alternating current (275 MWac), under § 39-26.4-3(a)(1)(vi), the credit shall be reduced by twenty percent (20%).

Notwithstanding the foregoing, except for systems that have requested an interconnection study for which payment has been received by the distribution company, or if an interconnection study is not required, a completed and paid interconnection application, by December 31, 2018, the renewable net-metering credit for all remote public entity and multi-municipal collaborative netmetering systems shall not include the distribution kilowatt-hour charge commencing on January 1, 2050.

(23) "Renewable self-generator" means an electric distribution service customer of record for the eligible net-metering system or community remote net-metering system at the eligible netmetering system site which system is primarily designed to produce electrical energy for consumption by that same customer at its distribution service account(s), and/or, with respect to community remote net-metering systems, electrical energy which generates net-metering credits to be applied to offset the eligible credit-recipient account usage.

(24) "Third party" means and includes any person or entity, other than the renewable selfgenerator, who or that owns or operates the eligible net-metering system or community remote netmetering system on the eligible net-metering system site for the benefit of the renewable selfgenerator.

(25) "Third-party, net-metering financing arrangement" means the financing of eligible
 net-metering systems or community remote net-metering systems through lease arrangements or
 power/credit purchase agreements between a third party and renewable self-generator, except for

- those entities under a public entity net-metering financing arrangement. A third party engaged in
 providing financing arrangements related to such net-metering systems with a public or private
 entity is not a public utility as defined in § 39-1-2.
- 4 (26) "Multi-unit property" means a residential building with more than one residential unit
 5 serviced by individual electric meters.
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39-26.4-3. Net metering.

7 (a) The following policies regarding net metering of electricity from eligible net-metering
8 systems and community remote net-metering systems and regarding any person that is a renewable
9 self-generator shall apply:

10 (1)(i) The maximum allowable capacity for eligible net-metering systems, based on
11 nameplate capacity, shall be ten megawatts (10 MW).

(ii) Eligible net-metering systems shall be sited outside of core forests with the exception of development on preferred sites in the core forest and the exception of systems that, as of April 15, 2023, (A) Have submitted a complete application to the appropriate municipality for any required permits and/or zoning changes, or (B) Have requested an interconnection study for which payment has been received by the distribution company, or (C) If an interconnection study is not required, systems that have a completed and paid interconnection application.

18 (iii) For systems developed in core forests on preferred sites, no more than one hundred 19 thousand square feet (100,000 sq. ft) of core forest shall be removed, including for work required 20 for utility interconnection or development of a brownfield, in which case no more core forest than 21 necessary for interconnection or brownfield development shall be removed.

(iv) The aggregate amount of net metering in the Block Island Utility District doing
business as Block Island Power Company and the Pascoag Utility District shall not exceed a
maximum percentage of peak load for each utility district as set by the utility district based on its
operational characteristics, subject to commission approval.

(v) Through December 31, 2018, the maximum aggregate amount of community remote
net-metering systems built shall be thirty megawatts (30 MW). Any of the unused MW amount
after December 31, 2018, shall remain available to community remote net-metering systems until
the MW aggregate amount is interconnected.

30 (vi) The maximum aggregate capacity of remote net metering allowable for ground-31 mounted eligible net-metering systems, as defined by § 39-26.4-2(6), with the exception of systems 32 that have, as of April 15, 2023, submitted a complete application to the appropriate municipality 33 for any required permits and/or zoning changes or have requested an interconnection study for 34 which payment has been received by the distribution company, or if an interconnection study is not

1 required, a completed and paid interconnection application by the distribution company date of 2 passage, shall be two hundred seventy-five megawatts, alternating current (275 MWac), excluding 3 off-shore wind. None of the systems to which this cap applies shall be in core forests unless on a 4 preferred site located within the core forest. A project counts against this maximum if it is in 5 operation or under construction by July 1, 2030, as determined by the local distribution company. All eligible ground-mounted net-metering systems must be under construction or in operation by 6 7 July 1, 2030. This restriction shall not apply to the following: (A) The eligible net-metering system 8 is interconnected behind the same meter as the net-metering customer's load; and/or (B) The 9 energy generated by the eligible net-metering system is consumed by net-metered electric service 10 account(s) of the same owner of record that are actually located on the same or contiguous parcels 11 as the eligible net-metering system.

(2) For ease of administering net-metered accounts and stabilizing net-metered account
bills, the electric distribution company may elect (but is not required) to estimate for any twelvemonth (12) period:

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(i) The production from the eligible net-metering system or community remote netmetering system; and

17 (ii) Aggregate consumption of the net-metered accounts at the eligible net-metering system 18 site or the sum of the consumption of the eligible credit-recipient accounts associated with the 19 community remote net-metering system, and establish a monthly billing plan that reflects the 20 expected credits that would be applied to the net-metered accounts over twelve (12) months. The 21 billing plan would be designed to even out monthly billings over twelve (12) months, regardless of 22 actual production and usage. If such election is made by the electric distribution company, the electric distribution company would reconcile payments and credits under the billing plan to actual 23 24 production and consumption at the end of the twelve-month (12) period and apply any credits or 25 charges to the net-metered accounts for any positive or negative difference, as applicable. Should 26 there be a material change in circumstances at the eligible net-metering system site or associated 27 accounts during the twelve-month (12) period, the estimates and credits may be adjusted by the 28 electric distribution company during the reconciliation period. The electric distribution company 29 also may elect (but is not required) to issue checks to any net-metering customer in lieu of billing 30 credits or carry-forward credits or charges to the next billing period. For residential-eligible net-31 metering systems and community remote net-metering systems twenty-five kilowatts (25 KW) or 32 smaller, the electric distribution company, at its option, may administer renewable net-metering 33 credits month to month allowing unused credits to carry forward into the following billing period. 34 (3) If the electricity generated by an eligible net-metering system or community remote

net-metering system during a billing period is equal to, or less than, the net-metering customer's usage 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 billing period, the customer shall receive renewable net-metering credits, that shall be applied to offset the netmetering customer's usage on accounts at the eligible net-metering system site, or shall be used to credit the eligible credit-recipient's electric account.

7 (4) If the electricity generated by an eligible net-metering system or community remote 8 net-metering system during a billing period is greater than the net-metering customer's usage on 9 accounts at the eligible net-metering system site or the sum of the usage of the eligible credit-10 recipient accounts associated with the community remote net-metering system during the billing 11 period, the customer shall be paid by excess renewable net-metering credits for the excess 12 electricity generated up to an additional twenty-five percent (25%) beyond the net-metering 13 customer's usage at the eligible net-metering system site, or the sum of the usage of the eligible 14 credit-recipient accounts associated with the community remote net-metering system during the 15 billing period; unless the electric distribution company and net-metering customer have agreed to 16 a billing plan pursuant to subsection (a)(2).

17 (5) The rates applicable to any net-metered account shall be the same as those that apply
18 to the rate classification that would be applicable to such account in the absence of net metering,
19 including customer and demand charges, and no other charges may be imposed to offset net20 metering credits.

(b) The commission shall exempt electric distribution company customer accounts associated with an eligible net-metering system from back-up or standby rates commensurate with the size of the eligible net-metering system, provided that any revenue shortfall caused by any such exemption shall be fully recovered by the electric distribution company through rates.

(c) Any prudent and reasonable costs incurred by the electric distribution company pursuant to achieving compliance with subsection (a) and the annual amount of any renewable netmetering credits or excess renewable net-metering credits provided to accounts associated with eligible net-metering systems or community remote net-metering systems, shall be aggregated by the distribution company and billed to all distribution customers on an annual basis through a uniform, per-kilowatt-hour (KWh) surcharge embedded in the distribution component of the rates reflected on customer bills.

32 (d) The billing process set out in this section shall be applicable to electric distribution
33 companies thirty (30) days after the enactment of this chapter.

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(e) The Rhode Island office of energy resources shall redesign the community solar remote

1 net metering program to reflect the provisions of this chapter and to include a commercial or 2 industrial anchor tenant up to but not to exceed fifty percent (50%) of the project. The remaining 3 fifty percent (50%) must be allocated or subscribed to low- and moderate-income (LMI) residents 4 and/or those living in areas defined as disadvantaged and environmental justice communities. The 5 Rhode Island office of energy resources shall design the net metering credit rate and factor in 6 federal energy funding and tax credits to develop the most cost-effective rate for community solar 7 projects. It is expected that these projects will be operational for a twenty-year (20) period. The 8 Rhode Island office of energy resources shall file a benefit and cost analysis with any program 9 proposal filed to the Rhode Island public utilities commission. Once the Rhode Island office of 10 energy resources files a program proposal to the Rhode Island public utilities commission, a docket 11 shall be established, and the Rhode Island public utilities commission shall issue a ruling on the 12 program no later than one hundred and fifty (150) days. If a program is approved, it will be subject 13 to no greater than twenty megawatts (20 MW) per year for two years until the forty megawatts (40 14 MW) cap is met. Eligible net-metering systems shall be sited outside of core forests with the 15 exception of development on preferred sites in the core forest.

- 16 (e) Electricity generated during a billing period from an eligible net-metering system or 17 community remote net-metering system, serving a multi-unit property, shall be allocated as net-18 metering credits to common areas of the property and to individually metered accounts 19 proportionally between the units and common areas based on historical data and then allocated 20 between the units based on the size of the unit. 21 (f) A property owner with eligible net-metering systems with a master meter may allocate 22 excess net-metering credits to any meter on the property. This subsection shall apply to meters in 23 the property owner's name or those with the owner listed as the customer of record. 24 SECTION 2. This act shall take effect upon passage.

LC003498

EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

AN ACT

RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET-METERING

This act would redefine the term "eligible net-metering system" by removing the references to the three (3) year average annual consumption of energy over the previous three (3) years at the electric distribution account(s) located at the eligible net-metering system site. The act would also allow a property owner with eligible net-metering systems with a master meter to allocate excess net-metering credits to any meter on the property. This allocation would apply to meters in the property owner's name or those with the owner listed as the customer of record. This act would take effect upon passage.

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