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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - NET METERING

Introduced By: Senator Louis P.DiPalma

Date Introduced: April 30, 2014

Referred To: Senate Environment & Agriculture

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-26.4-2 of the General Laws in Chapter 39-26.4 entitled "Net
2 Metering" is hereby amended to read as follows:

3 **39-26.4-2. Definitions.** -- Terms not defined in this section herein shall have the same
4 meaning as contained in chapter 26 of title 39 of the general laws. When used in this chapter:

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

8 (2) "Eligible Net Metering System" means a facility generating electricity using an
9 eligible net metering resource that is reasonably designed and sized to annually produce
10 electricity in an amount that is equal to or less than the renewable self-generator's usage at the
11 eligible net metering system site measured by the three (3) year average annual consumption of
12 energy over the previous three (3) years at the electric distribution account(s) located at the
13 eligible net metering system site. A projected annual consumption of energy may be used until
14 the actual three (3) year average annual consumption of energy over the previous three (3) years
15 at the electric distribution account(s) located at the eligible net metering system site becomes
16 available for use in determining eligibility of the generating system. The eligible net metering
17 system must be owned by the same entity that is the customer of record on the net metered
18 accounts. Notwithstanding any other provisions of this chapter, any eligible net metering
19 resource: (i) owned by a public entity ~~municipality~~ or multi-municipal collaborative or (ii) owned

1 and operated by a renewable generation developer on behalf of a public entity ~~municipality~~ or
2 multi-municipal collaborative through public entity ~~municipal~~ net metering financing
3 arrangement shall be treated as an eligible net metering system and all municipal accounts
4 designated by the public entity ~~municipality~~ or multi-municipal collaborative for net metering
5 shall be treated as accounts eligible for net metering within an eligible net metering system site.

6 (3) "Eligible Net Metering System Site" means the site where the eligible net metering
7 system is located or is part of the same campus or complex of sites contiguous to one another and
8 the site where the eligible net metering system is located or a farm in which the eligible net
9 metering system is located. Except for an eligible net metering system owned by or operated on
10 behalf of a public entity ~~municipality~~ or multi-municipal collaborative through a public entity
11 ~~municipal~~ net metering financing arrangement, the purpose of this definition is to reasonably
12 assure that energy generated by the eligible net metering system is consumed by net metered
13 electric service account(s) that are actually located in the same geographical location as the
14 eligible net metering system. Except for an eligible net metering system owned by or operated on
15 behalf of a public entity ~~municipality~~ or multi- municipal collaborative through a public entity
16 ~~municipal~~ net metering financing arrangement, all of the net metered accounts at the eligible net
17 metering system site must be the accounts of the same customer of record and customers are not
18 permitted to enter into agreements or arrangements to change the name on accounts for the
19 purpose of artificially expanding the eligible net metering system site to contiguous sites in an
20 attempt to avoid this restriction. However, a property owner may change the nature of the
21 metered service at the accounts at the site to be master metered in the owner's name, or become
22 the customer of record for each of the accounts, provided that the owner becoming the customer
23 of record actually owns the property at which the account is located. As long as the net metered
24 accounts meet the requirements set forth in this definition, there is no limit on the number of
25 accounts that may be net metered within the eligible net metering system site.

26 (4) "Excess Renewable Net Metering Credit" means a credit that applies to an eligible
27 net metering system for that portion of the renewable self-generator's production of electricity
28 beyond one hundred percent (100%) and no greater than one hundred twenty-five percent (125%)
29 of the renewable self-generator's own consumption at the eligible net metering system site during
30 the applicable billing period. Such excess renewable net metering credit shall be equal to the
31 electric distribution company's avoided cost rate, which is hereby declared to be the electric
32 distribution company's standard offer service kilo-watt hour (kWh) charge for the rate class and
33 time-of-use billing period (if applicable) applicable to the distribution customer account(s) at the
34 eligible net metering system site. Where there are accounts at the eligible net metering system site

1 in different rate classes, the electric distribution company may calculate the excess renewable net
2 metering credit based on the average of the standard offer service rates applicable to those on- site
3 accounts. The electric distribution company has the option to use the energy received from such
4 excess generation to serve the standard offer service load. The commission shall have the
5 authority to make determinations as to the applicability of this credit to specific generation
6 facilities to the extent there is any uncertainty or disagreement.

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

12 (6) "Multi-municipal collaborative" means a group of towns and/or cities that enter into
13 an agreement for the purpose of co-owning a renewable generation facility or entering into a
14 financing arrangement pursuant to subdivision (7).

15 (7) "Public entity ~~Municipal~~ net metering financing arrangement" means arrangements
16 entered into by a public entity ~~municipality~~ or multi-municipal collaborative with a private entity
17 to facilitate the financing and operation of a net metering resource, in which the private entity
18 owns and operates an eligible net metering resource on behalf of a public entity ~~municipality~~ or
19 multi-municipal collaborative, where: (i) The eligible net metering resource is located on property
20 owned or controlled by the municipality or one of the municipalities, as applicable, and (ii) The
21 production from the eligible net metering resource and primary compensation paid by the public
22 entity ~~municipality~~ or multi-municipal collaborative to the private entity for such production is
23 directly tied to the consumption of electricity occurring at the designated net metered accounts.

24 (8) "Net metering" means using electricity generated by an eligible net metering system
25 for the purpose of self-supplying power at the eligible net metering system site and thereby
26 offsetting consumption at the eligible net metering system site through the netting process
27 established in this chapter.

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

31 (10) "Person" means an individual, firm, corporation, association, partnership, farm,
32 town or city of the State of Rhode Island, multi-municipal collaborative, or the State of Rhode
33 Island or any department of the state government, governmental agency or public instrumentality
34 of the state.

1 (11) "Project" means a distinct installation of an eligible net metering system. An
2 installation will be considered distinct if it is installed in a different location, or at a different
3 time, or involves a different type of renewable energy.

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

8 ~~(12)~~(13) "Renewable Net Metering Credit" means a credit that applies to an Eligible Net
9 Metering System up to one hundred percent (100%) of the renewable self-generator's usage at the
10 Eligible Net Metering System Site over the applicable billing period. This credit shall be equal to
11 the total kilowatt hours of electricity generated and consumed on-site during the billing period
12 multiplied by the sum of the distribution company's:

13 (i) Standard offer service kilowatt hour charge for the rate class applicable to the net
14 metering customer;

15 (ii) Distribution kilowatt hour charge;

16 (iii) Transmission kilowatt hour charge; and

17 (iv) Transition kilowatt hour charge.

18 ~~(13)~~(14) "Renewable self-generator" means an electric distribution service customer who
19 installs or arranges for an installation of renewable generation that is primarily designed to
20 produce electricity for consumption by that same customer at its distribution service account(s).

21 ~~(14)~~(15) "Municipality ~~and towns and cities~~" means any Rhode Island town or city,
22 including any agency or instrumentality thereof, with the powers set forth in title 45 of the
23 general laws.

24 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO PUBLIC UTILITIES AND CARRIERS - NET METERING

1 This act would define "public entities" for purposes of net metering. Net metering is a
2 process whereby certain electric consumers are permitted to generate electricity and offset their
3 own electric consumption.

4 This act would take effect upon passage.

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