

2016 -- S 2592

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - NET METERING

Introduced By: Senators DiPalma, Sosnowski, Miller, Archambault, and Kettle

Date Introduced: February 25, 2016

Referred To: Senate Environment & Agriculture

It is enacted by the General Assembly as follows:

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

3 **39-26.4-1. Purpose.** -- The purpose of this chapter is to facilitate and promote installation
4 of ~~customer-sited~~, grid-connected generation of renewable energy; to support and encourage
5 customer development of renewable generation systems; to reduce environmental impacts; to
6 reduce carbon emissions that contribute to climate change by encouraging the local siting of
7 renewable energy projects; to diversify the state's energy generation sources; to stimulate
8 economic development; to improve distribution system resilience and reliability; and to reduce
9 distribution system costs.

10 **39-26.4-2. Definitions.** -- Terms not defined in this section herein shall have the same
11 meaning as contained in chapter 26 of title 39 of the general laws. When used in this chapter:

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

15 (2) "Eligible Net Metering System" means a facility generating electricity using an
16 eligible net metering resource that is connected to the electric distribution company's distribution
17 system. ~~is reasonably designed and sized to annually produce electricity in an amount that is~~
18 ~~equal to or less than the renewable self-generator's usage at the eligible net metering system site~~
19 ~~measured by the three (3) year average annual consumption of energy over the previous three (3)~~

1 ~~years at the electric distribution account(s) located at the eligible net metering system site. A~~
2 ~~projected annual consumption of energy may be used until the actual three (3) year average~~
3 ~~annual consumption of energy over the previous three (3) years at the electric distribution~~
4 ~~account(s) located at the eligible net metering system site becomes available for use in~~
5 ~~determining eligibility of the generating system. The eligible net metering system must be owned~~
6 ~~by the same entity that is the customer of record on the net metered accounts. Notwithstanding~~
7 ~~any other provisions of this chapter, any eligible net metering resource: (i) owned by a public~~
8 ~~entity or multi-municipal collaborative or (ii) owned and operated by a renewable generation~~
9 ~~developer on behalf of a public entity or multi-municipal collaborative through public entity net~~
10 ~~metering financing arrangement shall be treated as an eligible net metering system and all~~
11 ~~accounts designated by the public entity or multi-municipal collaborative for net metering shall~~
12 ~~be treated as accounts eligible for net metering within an eligible net metering system site.~~

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

33 (4) ~~"Excess Renewable Net Metering Credit" means a credit that applies to an eligible net~~
34 ~~metering system for that portion of the renewable self-generator's production of electricity~~

1 ~~beyond one hundred percent (100%) and no greater than one hundred twenty five percent (125%)~~
2 ~~of the renewable self-generator's own consumption at the eligible net metering system site during~~
3 ~~the applicable billing period. Such excess renewable net metering credit shall be equal to the~~
4 ~~electric distribution company's avoided cost rate, which is hereby declared to be the electric~~
5 ~~distribution company's standard offer service kilo-watt hour (kWh) charge for the rate class and~~
6 ~~time of use billing period (if applicable) applicable to the distribution customer account(s) at the~~
7 ~~eligible net metering system site. Where there are accounts at the eligible net metering system site~~
8 ~~in different rate classes, the electric distribution company may calculate the excess renewable net~~
9 ~~metering credit based on the average of the standard offer service rates applicable to those on-site~~
10 ~~accounts. The electric distribution company has the option to use the energy received from such~~
11 ~~excess generation to serve the standard offer service load. The commission shall have the~~
12 ~~authority to make determinations as to the applicability of this credit to specific generation~~
13 ~~facilities to the extent there is any uncertainty or disagreement.~~

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

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

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

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

1 (9) "Net metering customer" means a customer of the electric distribution company
2 receiving and being billed for distribution service in the same load zone as the eligible net
3 metering system whose ~~distribution~~ account(s) are being net metered, including those receiving
4 renewable net metering credits from an off-site eligible net metering system.

5 (10) ~~"Person" means an individual, firm, corporation, association, partnership, farm,~~
6 ~~town or city of the State of Rhode Island, multi-municipal collaborative, or the State of Rhode~~
7 ~~Island or any department of the state government, governmental agency or public instrumentality~~
8 ~~of the state.~~

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

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

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

- 21 (i) Standard offer service kilowatt hour charge for the rate class applicable to the net
22 metering customer;
- 23 (ii) Distribution kilowatt hour charge;
- 24 (iii) Transmission kilowatt hour charge; and
- 25 (iv) Transition kilowatt hour charge.

26 The credit will also include an energy system benefit credit or charge.

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

30 (15) ~~"Municipality" means any Rhode Island town or city, including any agency or~~
31 ~~instrumentality thereof, with the powers set forth in title 45 of the general laws.~~

32 (16) "Energy system benefit credit or charge" means a credit or charge reflecting the net
33 value or cost of the eligible system accounting for factors including integration cost, avoided
34 distribution infrastructure investments, improved local reliability and reduced vulnerability to

1 failures, reduced line losses, energy price suppression, fuel price risk mitigation and avoided
2 health and environmental compliance costs, as determined by the Public Utilities Commission.

3 **39-26.4-3. Net metering.** -- (a) The following policies shall apply to ~~regarding~~ net
4 metering of electricity from eligible net metering systems ~~and regarding any person that is a~~
5 ~~renewable self-generator shall apply~~ to net metering customers:

6 (1) The maximum, allowable capacity for eligible net-metering systems, based on
7 nameplate capacity, shall be five megawatts (5 mw). ~~The aggregate amount of net metering in the~~
8 ~~Block Island Power Company and the Pascoag Utility District shall not exceed three percent (3%)~~
9 ~~of peak load for each utility district.~~ There shall be no restrictions regarding the number of
10 eligible net metering systems on a single parcel of property.

11 (2) ~~For ease of administering net-metered accounts and stabilizing net-metered account~~
12 ~~bills, the electric distribution company may elect (but is not required) to estimate for any twelve-~~
13 ~~month (12) period:~~ Renewable net metering credits shall be assigned by the eligible net metering
14 system to one or more net metering customer accounts. The electric distribution company shall
15 provide an online platform for eligible net metering systems to allocate their net metering credits
16 to net metering customers and the right to change those allocations two (2) times per year.

17 (i) ~~The production from the eligible net metering system; and~~

18 (ii) ~~Aggregate consumption of the net-metered accounts at the eligible net metering~~
19 ~~system site and establish a monthly billing plan that reflects the expected credits that would be~~
20 ~~applied to the net-metered accounts over twelve (12) months. The billing plan would be designed~~
21 ~~to even out monthly billings over twelve (12) months, regardless of actual production and usage.~~
22 ~~If such election is made by the electric distribution company, the electric distribution company~~
23 ~~would reconcile payments and credits under the billing plan to actual production and~~
24 ~~consumption at the end of the twelve-month (12) period and apply any credits or charges to the~~
25 ~~net-metered accounts for any positive or negative difference, as applicable. Should there be a~~
26 ~~material change in circumstances at the eligible net metering system site or associated accounts~~
27 ~~during the twelve-month (12) period, the estimates and credits may be adjusted by the electric-~~
28 ~~distribution company during the reconciliation period. The electric distribution company also~~
29 ~~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 twenty five kilowatts (25 kw) or smaller, the electric distribution company, at~~
32 ~~its option, may administer renewable net-metering credits month to month allowing unused~~
33 ~~credits to carry forward into following billing period.~~

34 (3) If the electricity generated by an eligible net-metering system during a billing period

1 is equal to, or less than the net-metering ~~customer's~~ customers' usage during the billing period for
2 electric-distribution-company customer accounts ~~at the eligible net metering system site~~, the
3 customer shall receive renewable net-metering credits, that shall be applied to offset the net-
4 metering ~~customer's~~ customers' usage on accounts ~~at the eligible net metering system site~~.

5 (4) If the electricity generated by an eligible net-metering system during a billing period
6 is greater than the net-metering customer's usage on accounts ~~at the eligible net metering system~~
7 ~~site~~ during the billing period, the ~~customer shall be paid by excess renewable net metering credits~~
8 ~~for the excess electricity generated beyond the net metering customer's usage at the eligible net-~~
9 ~~metering system site up to an additional twenty five percent (25%) of the renewable self-~~
10 ~~generator's consumption during the billing period; unless the electric distribution company and~~
11 ~~net metering customer have agreed to a billing plan pursuant to subdivision (3)~~ unused credits
12 shall carry forward into subsequent billing periods.

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

17 (6) If a net metering customer has an independent competitive power supplier, that
18 customer may elect to have combined billing, paying the independent competitive power supplier
19 bill through the electric distribution company's bill. In those cases, the electric distribution
20 company will forward full payment to the independent competitive power supplier within thirty
21 (30) days of receipt, and renewable net metering credits can be applied to pay the entire bill.

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

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

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

1 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 expand the state's net metering policy to include renewable energy
2 projects in which energy is distributed off-site from a customer's account and would establish an
3 energy system credit benefit or charge.

4 This act would take effect upon passage.

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