

2015 -- S 0082 SUBSTITUTE A

LC000105/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS

Introduced By: Senator Louis P. DiPalma

Date Introduced: January 22, 2015

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 39-26.3 of the General Laws entitled "Distributed Generation
2 Interconnection" is hereby amended by adding thereto the following section:

3 **39-26.3-7. Interconnection standards.** -- (a) The electric distribution company may only
4 charge an interconnecting renewable energy customer for any system modifications to its electric
5 power system specifically necessary for and directly related to its interconnection. Any system
6 modifications benefiting other customers shall be included in rates as determined by the public
7 utilities commission.

8 (b) If the commission determines that a specific system modification benefiting other
9 customers had been accelerated due to an interconnection request, it may order the
10 interconnecting customer to fund the modification subject to repayment of the value of the
11 modification as of the time the modification would have been necessary as determined by the
12 public utilities commission.

13 (c) If an interconnecting customer pays for system modifications and then a new
14 customer is supplied service from that modified system within five (5) years of the earlier
15 developer's payment, the new customer(s) will repay the earlier developer for the system
16 modifications on a prorated basis.

17 (d) All interconnection work must be performed no later than sixty (60) days from
18 completion of the renewable energy customer's interconnection impact study pursuant to § 39-
19 26.3-3, if required, or else no more than one hundred eighty (180) calendar days from the

1 customer's initial application for interconnection. These deadlines cannot be extended due to
2 customer delays in providing required information, all of which must be requested and obtained
3 before completion of the impact study. The electric distribution company shall be liable to the
4 customer for all actual and consequential damages resulting from the noncompliant
5 interconnection delay including, but not limited to, the full value of any lost energy production,
6 and any reasonable legal fees and costs associated with the recovery of those damages. These
7 penalties and damages shall be borne by the electric distribution company's shareholders, not by
8 electric distribution company's ratepayers.

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

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

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

16 (2) "Eligible Net Metering System" means a facility generating electricity using an
17 eligible net metering resource that is reasonably designed and sized to annually produce
18 electricity in an amount that is equal to or less than the renewable self-generator's usage at the
19 eligible net metering system site measured by the three (3) year average annual consumption of
20 energy over the previous three (3) years at the electric distribution account(s) located at the
21 eligible net metering system site. A projected annual consumption of energy may be used until
22 the actual three (3) year average annual consumption of energy over the previous three (3) years
23 at the electric distribution account(s) located at the eligible net metering system site becomes
24 available for use in determining eligibility of the generating system. The eligible net metering
25 system must be owned by the same entity that is the customer of record on the net metered
26 accounts. Notwithstanding any other provisions of this chapter, any eligible net metering
27 resource: (i) owned by a public entity or multi-municipal collaborative or (ii) owned and operated
28 by a renewable generation developer on behalf of a public entity or multi-municipal collaborative
29 through public entity net metering financing arrangement shall be treated as an eligible net
30 metering system and all accounts designated by the public entity or multi-municipal collaborative
31 for net metering shall be treated as accounts eligible for net metering within an eligible net
32 metering system site.

33 (3) "Eligible Net Metering System Site" means the site where the eligible net metering
34 system is located or is part of the same campus or complex of sites contiguous to one another and

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

19 (4) "Excess Renewable Net Metering Credit" means a credit that applies to an eligible
20 net metering system for that portion of the renewable self-generator's production of electricity
21 beyond one hundred percent (100%) and no greater than one hundred twenty-five percent (125%)
22 of the renewable self-generator's own consumption at the eligible net metering system site during
23 the applicable billing period. Such excess renewable net metering credit shall be equal to the
24 electric distribution company's avoided cost rate, which is hereby declared to be the electric
25 distribution company's standard offer service kilo-watt hour (kWh) charge for the rate class and
26 time-of-use billing period (if applicable) applicable to the distribution customer account(s) at the
27 eligible net metering system site. Where there are accounts at the eligible net metering system site
28 in different rate classes, the electric distribution company may calculate the excess renewable net
29 metering credit based on the average of the standard offer service rates applicable to those on- site
30 accounts. The electric distribution company has the option to use the energy received from such
31 excess generation to serve the standard offer service load. The commission shall have the
32 authority to make determinations as to the applicability of this credit to specific generation
33 facilities to the extent there is any uncertainty or disagreement.

34 (5) "Farm" shall be defined in accordance with § 44-27-2, except that all buildings

1 associated with the farm shall be eligible for net metering credits as long as: (i) The buildings are
2 owned by the same entity operating the farm or persons associated with operating the farm; and
3 (ii) The buildings are on the same farmland as the project on either a tract of land contiguous with
4 or reasonably proximate to such farmland or across a public way from such farmland.

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

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

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

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

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

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

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

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

6 ~~(i) Standard offer service kilowatt hour charge for the rate class applicable to the net~~
7 ~~metering customer;~~

8 ~~(ii) Distribution kilowatt hour charge;~~

9 ~~(iii) Transmission kilowatt hour charge; and~~

10 ~~(iv) Transition kilowatt hour charge.~~ all retail delivery service charges applicable to the
11 customer's retail delivery service rate class and standard offer service charges, if applicable,
12 appearing on the customer's bill, excluding only the customer charge, the LIHEAP enhancement
13 charge, any fixed distribution charge, demand charges and any applicable taxes.

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

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

19 **39-26.4-3. Net metering.** -- (a) The following policies regarding net metering of
20 electricity from eligible net metering systems and regarding any person that is a renewable self-
21 generator shall apply:

22 (1) The maximum, allowable capacity for eligible net-metering systems, based on
23 nameplate capacity, shall be ~~five~~ ten megawatts ~~(5-mw)~~ (10 mw). The aggregate amount of net
24 metering in the Block Island Power Company and the Pascoag Utility District shall not exceed
25 three percent (3%) of peak load for each utility district.

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

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

30 (ii) Aggregate consumption of the net-metered accounts at the eligible net-metering
31 system site and establish a monthly billing plan that reflects the expected credits that would be
32 applied to the net-metered accounts over twelve (12) months. The billing plan would be designed
33 to even out monthly billings over twelve (12) months, regardless of actual production and usage.
34 If such election is made by the electric-distribution company, the electric-distribution company

1 would reconcile payments and credits under the billing plan to actual production and
2 consumption at the end of the twelve-month (12) period and apply any credits or charges to the
3 net-metered accounts for any positive or negative difference, as applicable. Should there be a
4 material change in circumstances at the eligible net-metering system site or associated accounts
5 during the twelve-month (12) period, the estimates and credits may be adjusted by the electric-
6 distribution company during the reconciliation period. The electric-distribution company also
7 may elect (but is not required) to issue checks to any net metering customer in lieu of billing
8 credits or carry forward credits or charges to the next billing period. For residential eligible net
9 metering systems twenty-five kilowatts (25 kw) or smaller, the electric-distribution company, at
10 its option, may administer renewable net-metering credits month to month allowing unused
11 credits to carry forward into following billing period.

12 (3) If the electricity generated by an eligible net-metering system during a billing period
13 is equal to, or less than the net-metering customer's usage during the billing period for electric-
14 distribution-company customer accounts at the eligible net-metering system site, the customer
15 shall receive renewable net-metering credits, that shall be applied to offset the net-metering
16 customer's usage on accounts at the eligible net-metering-system site.

17 (4) If the electricity generated by an eligible net-metering system during a billing period
18 is greater than the net-metering customer's usage on accounts at the eligible net-metering-system
19 site during the billing period, the customer shall be paid by excess renewable net-metering credits
20 for the excess electricity generated beyond the net-metering customer's usage at the eligible net-
21 metering-system site up to an additional twenty-five percent (25%) of the renewable self-
22 generator's consumption during the billing period; unless the electric-distribution company and
23 net-metering customer have agreed to a billing plan pursuant to subdivision (3).

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

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

32 (c) Any prudent and reasonable costs incurred by the electric-distribution company
33 pursuant to achieving compliance with subsection (a) and the annual amount of the distribution
34 component of any renewable net-metering credits or excess, renewable net-metering credits

1 provided to accounts associated with eligible net-metering systems, shall be aggregated by the
2 distribution company and billed to all distribution customers on an annual basis through a
3 uniform, per-kilowatt-hour (kwh) surcharge embedded in the distribution component of the rates
4 reflected on customer bills.

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

7 SECTION 3. This act shall take effect sixty (60) days after passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PUBLIC UTILITIES AND CARRIERS

1 This act would allow an electric distribution company to only charge an interconnecting
2 renewable customer for modifications related to interconnection, and would require work be
3 completed no later than sixty (60) days from the impact study or one hundred eighty (180) days
4 from application. The act would also revise the manner of calculating the renewable net metering
5 credit.

6 This act would take effect sixty (60) days after passage.

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