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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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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.** -- To reduce the time and cost of distributed  
4 generation interconnection, within ninety (90) days from the enactment of this section, the  
5 electric distribution company must revise its interconnection tariff to provide that:

6           (1) The electric distribution company may not charge an interconnecting renewable  
7 energy customer for any upgrades to its electric power system that can and should be funded  
8 through rates assessed pursuant to its electric infrastructure, safety and reliability provision and  
9 plan, including specifically any maintenance, repair or upgrade of any component of the electric  
10 power system that has been deferred for more than thirty (30) years.

11           (2) All interconnection work must be performed no later than sixty (60) days from  
12 completion of the renewable energy customer's interconnection impact study, if required, or sixty  
13 (60) days from the customer's initial application for interconnection. These deadlines cannot be  
14 extended due to customer delays in providing required information, all of which must be  
15 requested and obtained before completion of the impact study. The electric distribution company  
16 shall be liable to the customer for all actual and consequential damages resulting from the  
17 noncompliant interconnection delay including, but not limited to, the full value of any lost energy  
18 production, and any legal fees and costs associated with the recovery of those damages. These  
19 penalties and damages shall be borne by the electric distribution company's shareholders, not by

1 [electric distribution company's ratepayers.](#)

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

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

6 (1) "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  
8 excluding all other listed eligible biomass fuels;

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

26 (3) "Eligible Net Metering System Site" means the site where the eligible net metering  
27 system is located or is part of the same campus or complex of sites contiguous to one another and  
28 the site where the eligible net metering system is located or a farm in which the eligible net  
29 metering system is located. Except for an eligible net metering system owned by or operated on  
30 behalf of a public entity or multi-municipal collaborative through a public entity net metering  
31 financing arrangement, the purpose of this definition is to reasonably assure that energy generated  
32 by the eligible net metering system is consumed by net metered electric service account(s) that  
33 are actually located in the same geographical location as the eligible net metering system. Except  
34 for an eligible net metering system owned by or operated on behalf of a public entity or multi-

1 municipal collaborative through a public entity net metering financing arrangement, all of the net  
2 metered accounts at the eligible net metering system site must be the accounts of the same  
3 customer of record and customers are not permitted to enter into agreements or arrangements to  
4 change the name on accounts for the purpose of artificially expanding the eligible net metering  
5 system site to contiguous sites in an attempt to avoid this restriction. However, a property owner  
6 may change the nature of the metered service at the accounts at the site to be master metered in  
7 the owner's name, or become the customer of record for each of the accounts, provided that the  
8 owner becoming the customer of record actually owns the property at which the account is  
9 located. As long as the net metered accounts meet the requirements set forth in this definition,  
10 there is no limit on the number of accounts that may be net metered within the eligible net  
11 metering system site.

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

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

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

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

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

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

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

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

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

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

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

1           ~~(ii) Distribution kilowatt hour charge;~~  
2           ~~(iii) Transmission kilowatt hour charge; and~~  
3           ~~(iv) Transition kilowatt hour charge.~~ sum of all retail delivery service charges applicable  
4 to the customer's retail delivery service rate class and standard offer service charges, if applicable,  
5 appearing on the customer's bill, excluding only the customer charge and any applicable taxes.

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

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

11           **39-26.4-3. Net metering.** -- (a) The following policies regarding net metering of  
12 electricity from eligible net metering systems and regarding any person that is a renewable self-  
13 generator shall apply:

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

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

- 21           (i) The production from the eligible net metering system; and  
22           (ii) Aggregate consumption of the net-metered accounts at the eligible net-metering  
23 system site and establish a monthly billing plan that reflects the expected credits that would be  
24 applied to the net-metered accounts over twelve (12) months. The billing plan would be designed  
25 to even out monthly billings over twelve (12) months, regardless of actual production and usage.  
26 If such election is made by the electric-distribution company, the electric-distribution company  
27 would reconcile payments and credits under the billing plan to actual production and  
28 consumption at the end of the twelve-month (12) period and apply any credits or charges to the  
29 net-metered accounts for any positive or negative difference, as applicable. Should there be a  
30 material change in circumstances at the eligible net-metering system site or associated accounts  
31 during the twelve-month (12) period, the estimates and credits may be adjusted by the electric-  
32 distribution company during the reconciliation period. The electric-distribution company also  
33 may elect (but is not required) to issue checks to any net metering customer in lieu of billing  
34 credits or carry forward credits or charges to the next billing period. For residential eligible net

1 metering systems twenty-five kilowatts (25 kw) or smaller, the electric-distribution company, at  
2 its option, may administer renewable net-metering credits month to month allowing unused  
3 credits to carry forward into following billing period.

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

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

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

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

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

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

1 SECTION 3. 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

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1           This act would prohibit electric distribution companies from charging an interconnecting  
2 renewable energy customer for upgrades that can be funded through rates assessed pursuant to an  
3 electric infrastructure, safety and reliability plan, and that any interconnection work must be  
4 completed no later than sixty (60) days from the renewable energy customer's impact study or  
5 initial application. This act would also revise the definition of "Renewable Net Metering Credit"  
6 and increase the maximum allowable capacity for eligible net-metering systems from 5  
7 megawatts to 10 megawatts.

8           This act would take effect upon passage.

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