

**2019 -- S 0760 SUBSTITUTE A**

LC002020/SUB A

**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2019**

**A N A C T**

**RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET METERING**

Introduced By: Senators McCaffrey, Lynch Prata, and Miller

Date Introduced: April 04, 2019

Referred To: Senate Environment & Agriculture

It is enacted by the General Assembly as follows:

1           SECTION 1. Sections 39-26.4-2 and 39-26.4-3 of the General Laws in Chapter 39-26.4  
2 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 title 39 of the general laws. When used in this chapter:

6           (1) "Community remote-net-metering system" means a facility generating electricity  
7 using an eligible net-metering resource that allocates net-metering credits to a minimum of one  
8 account for system associated with low or moderate housing eligible credit recipients, or three (3)  
9 eligible credit-recipient customer accounts, provided that no more than fifty percent (50%) of the  
10 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  
15 of the eligible credit recipient accounts measured by the three-year (3) average annual  
16 consumption of energy over the previous three (3) years. A projected annual consumption of  
17 energy may be used until the actual three-year (3) average annual consumption of energy over the  
18 previous three (3) years at the eligible credit recipient accounts becomes available for use in  
19 determining eligibility of the generating system. The community remote-net-metering system

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

3 (2) "Electric-distribution company" shall have the same meaning as § 39-1-2, but shall  
4 not include block island power company or Pascoag utility district, each of whom shall be  
5 required to offer net metering to customers through a tariff approved by the public utilities  
6 commission after a public hearing. Any tariff or policy on file with the public utilities  
7 commission on the date of passage of this chapter shall remain in effect until the commission  
8 approves a new tariff.

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

13 (i) Residential accounts in good standing.

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

22 (A) Restricts occupancy of no less than fifty percent (50%) of the housing to households  
23 with a gross, annual income that does not exceed eighty percent (80%) of the area median income  
24 as defined annually by the United States Department of Housing and Urban Development (HUD);

25 (B) Restricts the monthly rent, including a utility allowance, that may be charged to  
26 residents, to an amount that does not exceed thirty percent (30%) of the gross, monthly income of  
27 a household earning eighty percent (80%) of the area, median income as defined annually by  
28 HUD;

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

30 Electric service account or accounts in good standing associated with housing  
31 developments that are under common ownership or control may be considered a single low- or  
32 moderate-income housing-eligible credit recipient for purposes of this section. The value of the  
33 credits shall be used to provide benefits to tenants.

34 (iii) "Educational institutions" means public and private schools at the primary,

1 secondary, and postsecondary levels.

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

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

26 (6) "Eligible net-metering-system site" means the site where the eligible net-metering  
27 system or community remote net-metering system is located or is part of the same campus or  
28 complex of sites contiguous to one another and the site where the eligible net-metering system or  
29 community remote-net-metering system is located or a farm in which the eligible net-metering  
30 system or community remote-net-metering system is located. Except for an eligible net-metering  
31 system owned by or operated on behalf of a public entity, educational institution, hospital,  
32 nonprofit, [industrial or commercial customer](#), or multi- ~~municipal~~ [party](#) collaborative through a  
33 net-metering financing arrangement, the purpose of this definition is to reasonably assure that  
34 energy generated by the eligible net-metering system is consumed by net-metered electric service

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

17 (7) "Eligible Off-Taker" means the following accounts eligible for net metering with an  
18 eligible net metering system site in accordance with this chapter: public entities, educational  
19 institutions, hospitals, nonprofits, industrial or commercial customers, and multi-party  
20 collaboratives through net metering financing arrangements.

21 (7) "Excess renewable net-metering credit" means a credit that applies to an eligible net-  
22 metering system or community remote-net-metering system for that portion of the production of  
23 electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-  
24 five percent (125%) of the renewable self-generator's own consumption at the eligible net-  
25 metering-system site or the sum of the usage of the eligible credit recipient accounts associated  
26 with the community remote-net-metering system during the applicable billing period. Such excess  
27 renewable net-metering credit shall be equal to the electric-distribution company's avoided cost  
28 rate, which is hereby declared to be the electric-distribution company's standard offer service  
29 kilowatt hour (kWh) charge for the rate class and time-of-use billing period (if applicable)  
30 applicable to the customer of record for the eligible net-metering system or applicable to the  
31 customer of record for the community remote-net-metering system. The commission shall have  
32 the 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 (8) "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  
4 with, or reasonably proximate to, such farmland or across a public way from such farmland.

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

7 (10) "Industrial or commercial customer" means industrial or commercial user of  
8 electricity, who are classified as such by the company rates that apply to business customers,  
9 including: the C-06 small commercial rate; the G-02 general commercial rate; the G-32 large  
10 demand rate; and the B-32 back-up service rate.

11 ~~(10)~~(11) "Multi- ~~municipal party~~ collaborative" means a group of ~~towns and/or cities~~  
12 eligible off-takers that enter into an agreement for the purpose of co-owning a renewable-  
13 generation facility or entering into a financing arrangement pursuant to subdivision ~~(14)~~ (15).

14 ~~(11)~~(12) "Municipality" means any Rhode Island town or city, including any agency or  
15 instrumentality thereof, with the powers set forth in title 45 of the general laws.

16 ~~(12)~~(13) "Net metering" means using electrical energy generated by an eligible, net-  
17 metering system for the purpose of self-supplying electrical energy and power at the eligible net-  
18 metering-system site, or with respect to a community remote-net-metering system, for the  
19 purpose of generating net-metering credits to be applied to the electric bills of the eligible credit  
20 recipients associated with the community net-metering system. The amount so generated will  
21 thereby offset consumption at the eligible net-metering system site through the netting process  
22 established in this chapter, or with respect to a community remote-net-metering system, the  
23 amounts generated in excess of that amount will result in credits being applied to the eligible  
24 credit-recipient accounts associated with the community remote-net-metering system.

25 ~~(13)~~(14) "Net-metering customer" means a customer of the electric-distribution company  
26 receiving and being billed for distribution service whose distribution account(s) are being net  
27 metered.

28 ~~(14)~~(15) "Net-metering financing arrangement" means arrangements entered into by a  
29 public entity, educational institution, hospital, nonprofit, industrial or commercial customer, or  
30 multi- ~~municipal party~~ collaborative with a private entity to facilitate the financing and operation  
31 of a net-metering resource, in which the private entity owns and operates an eligible net-metering  
32 resource on behalf of a public entity, educational institution, hospital, nonprofit, industrial or  
33 commercial customer, or multi- ~~municipal party~~ collaborative, where: (i) The eligible net-  
34 metering resource is located on property owned or controlled by the public entity, educational

1 institution, hospital, nonprofit, industrial or commercial customer, or one of the multi-party  
2 collaborative members, municipalities, as applicable, or on property owned or controlled by a  
3 renewable energy developer on behalf of a public entity, educational institution, hospital,  
4 nonprofit, industrial or commercial customer, or multi-party collaborative, and (ii) The  
5 production from the eligible net-metering resource and primary compensation paid by the public  
6 entity, educational institution, hospital, nonprofit, industrial or commercial customer, or multi-  
7 ~~municipal~~ party collaborative to the private entity for such production is directly tied to the  
8 consumption of electricity occurring at the designated net-metered accounts.

9 ~~(15)~~(16) "Nonprofit" means a nonprofit corporation as defined and established through  
10 chapter 6 of title 7, and shall include religious organizations that are tax exempt pursuant to 26  
11 U.S.C. § 501(d).

12 ~~(16)~~(17) "Person" means an individual, firm, corporation, association, partnership, farm,  
13 town or city of the State of Rhode Island, multi- ~~municipal~~ party collaborative, or the State of  
14 Rhode Island or any department of the state government, governmental agency, or public  
15 instrumentality of the state.

16 ~~(17)~~(18) "Project" means a distinct installation of an eligible net-metering system or a  
17 community remote-net-metering system. An installation will be considered distinct if it is  
18 installed in a different location, or at a different time, or involves a different type of renewable  
19 energy.

20 ~~(18)~~(19) "Public entity" means the federal government, the state of Rhode Island,  
21 municipalities, wastewater treatment facilities, public transit agencies, or any water distributing  
22 plant or system employed for the distribution of water to the consuming public within this state  
23 including the water supply board of the city of Providence.

24 ~~(19)~~(20) "Renewable net-metering credit" means a credit that applies to an eligible net-  
25 metering system or a community remote-net-metering system up to one hundred percent (100%)  
26 of either the renewable self-generator's usage at the eligible net-metering-system site or the sum  
27 of the usage of the eligible credit-recipient accounts associated with the community remote net-  
28 metering system over the applicable billing period. This credit shall be equal to the total kilowatt  
29 hours of electrical energy generated up to the amount consumed on-site, and/or generated up to  
30 the sum of the eligible credit-recipient account usage during the billing period multiplied by the  
31 sum of the distribution company's:

32 (i) Standard offer service kilowatt hour charge for the rate class applicable to the net-  
33 metering customer, except that for remote public entity and multi- ~~municipal~~ party collaborative  
34 net-metering systems that submit an application for an interconnection study on or after July 1,

1 2017, and community remote-net-metering systems, the standard offer service kilowatt-hour  
2 charge shall be net of the renewable energy standard charge or credit;

3 (ii) Distribution kilowatt-hour charge;

4 (iii) Transmission kilowatt-hour charge; and

5 (iv) Transition kilowatt-hour charge.

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

12 ~~(20)~~[\(21\)](#) "Renewable self-generator" means an electric distribution service customer of  
13 record for the eligible net-metering system or community remote-net-metering system at the  
14 eligible net-metering-system site which system is primarily designed to produce electrical energy  
15 for consumption by that same customer at its distribution service account(s), and/or, with respect  
16 to community remote-net-metering systems, electrical energy which generates net-metering  
17 credits to be applied to offset the eligible credit-recipient account usage.

18 ~~(21)~~[\(22\)](#) "Third party" means and includes any person or entity, other than the renewable  
19 self-generator, who or that owns or operates the eligible net-metering system or community  
20 remote-net-metering system on the eligible net-metering-system site for the benefit of the  
21 renewable self-generator.

22 ~~(22)~~[\(23\)](#) "Third-party, net-metering financing arrangement" means the financing of  
23 eligible net-metering systems or community remote-net-metering systems through lease  
24 arrangements or power/credit purchase agreements between a third party and renewable self-  
25 generator, except for those entities under a public entity net-metering finance arrangement. A  
26 third party engaged in providing financing arrangements related to such net-metering systems  
27 with a public or private entity is not a public utility as defined in § 39-1-2.

28 **39-26.4-3. Net metering.**

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

32 (1)(i) The maximum, allowable capacity for eligible net-metering systems, based on  
33 nameplate capacity, shall be ten megawatts (10 MW), effective sixty (60) days after passage. The  
34 aggregate amount of net metering in the Block Island Power Company and the Pascoag Utility

1 District shall not exceed three percent (3%) of peak load for each utility district; and

2 (ii) Through December 31, 2018, the maximum, aggregate amount of community remote-  
3 net-metering systems built shall be thirty megawatts (30 MW). Beginning July 1, 2020, an  
4 additional 30 megawatts shall be added to the aggregate amount of the community remote-net-  
5 metering systems built. Any of the unused MW amount ~~after December 31, 2018~~, shall remain  
6 available to community remote-net-metering systems until the MW aggregate amount is  
7 interconnected. ~~After December 31, 2018, the~~ The commission may expand or modify the  
8 aggregate amount after a public hearing upon petition by the office of energy resources. The  
9 commission shall determine within six (6) months of such petition being docketed by the  
10 commission whether the benefits of the proposed expansion exceed the cost. This aggregate  
11 amount shall not apply to any net-metering financing arrangement involving public entity  
12 facilities, multi- ~~municipal~~ party collaborative facilities, educational institutions, the federal  
13 government, hospitals, ~~or~~ nonprofits, or industrial or commercial customers. By June 30, 2018,  
14 the commission shall conduct a study examining the cost and benefit to all customers of the  
15 inclusion of the distribution charge as a part of the net-metering calculation.

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

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

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



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

5 (3) If the electricity generated by an eligible net-metering system or community remote-  
6 net-metering system during a billing period is equal to, or less than, the net-metering customer's  
7 usage at the eligible net-metering-system site or the sum of the usage of the eligible credit-  
8 recipient accounts associated with the community remote-net-metering system during the billing  
9 period, the customer shall receive renewable net-metering credits, that shall be applied to offset  
10 the net-metering customer's usage on accounts at the eligible net-metering-system site, or shall be  
11 used to credit the eligible credit-recipient's electric account.

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

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

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

30 (c) Any prudent and reasonable costs incurred by the electric-distribution company  
31 pursuant to achieving compliance with subsection (a) and the annual amount of any renewable  
32 net-metering credits or excess, renewable net-metering credits provided to accounts associated  
33 with eligible net-metering systems or community remote-net-metering systems, shall be  
34 aggregated by the distribution company and billed to all distribution customers on an annual basis

1 through a uniform, per-kilowatt-hour (kwh) surcharge embedded in the distribution component of  
2 the rates reflected on customer bills.

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

5 SECTION 2. This act shall take effect April 1, 2020.

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LC002020/SUB A  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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

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1           This act would add a definition for "eligible off-taker" and would include the entity under  
2 the provisions of the net-metering statute and would amend the definition for multi municipal  
3 collaborative to be called multi-party collaborative. It will add 30 megawatts to the aggregate  
4 amount of the community remote-net-metering systems built. This act would take effect April 1,  
5 2020.

6           This act would take effect upon passage.

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