2024 -- S 2536 SUBSTITUTE A

LC005433/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

AN ACT

RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET METERING

Introduced By: Senators Valverde, Lauria, Miller, DiMario, Gu, Euer, and LaMountain

Date Introduced: March 01, 2024

Referred To: Senate Environment & Agriculture

It is enacted by the General Assembly as follows:

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:

<u>39-26.4-2. Definitions.</u>

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Terms not defined in this section herein shall have the same meaning as contained in chapter 26 of this title. When used in this chapter:

(1) "Community remote net-metering system" means a facility generating electricity using an eligible net-metering resource that allocates net-metering credits to a minimum of one account for a system associated with low- or moderate-income housing eligible credit recipients, or three (3) eligible credit-recipient customer accounts, provided that no more than fifty percent (50%) of the credits produced by the system are allocated to one eligible credit recipient, and provided further at least fifty percent (50%) of the credits produced by the system are allocated to the remaining eligible credit recipients in an amount not to exceed that which is produced annually by twenty-five kilowatt (25 KW) AC capacity. The community remote net-metering system may transfer credits to eligible credit recipients in an amount that is equal to or less than the sum of the usage of the eligible credit recipient accounts measured by the three-year (3) average annual consumption of energy over the previous three (3) years. A projected annual consumption of energy may be used until the actual three-year (3) average annual consumption of energy over the previous three (3) years at the eligible credit recipient accounts becomes available for use in determining eligibility of the generating system. The community remote net-metering system may be owned by the same

- (2) "Core forest" refers to unfragmented forest blocks of single or multiple parcels totaling two hundred fifty (250) acres or greater unbroken by development and at least twenty-five (25) yards from mapped roads, with eligibility questions to be resolved by the director of the department of environmental management. Such determination shall constitute a contested case as defined in § 42-35-1.
- (3) "Electric distribution company" shall have the same meaning as § 39-1-2, but shall not include Block Island Power Company or Pascoag Utility District, each of whom shall be required to offer net metering to customers through a tariff approved by the public utilities commission after a public hearing. Any tariff or policy on file with the public utilities commission on the date of passage of this chapter shall remain in effect until the commission approves a new tariff.
- (4) "Eligible credit recipient" means one of the following eligible recipients in the electric distribution company's service territory whose electric service account or accounts may receive net-metering credits from a community remote net-metering system. Eligible credit recipients include the following definitions:
 - (i) Residential accounts in good standing.

- (ii) "Low- or moderate-income housing eligible credit recipient" means an electric service account or accounts in good standing associated with any housing development or developments owned or operated by a public agency, nonprofit organization, limited-equity housing cooperative, or private developer that receives assistance under any federal, state, or municipal government program to assist the construction or rehabilitation of housing affordable to low- or moderate-income households, as defined in the applicable federal or state statute, or local ordinance, encumbered by a deed restriction or other covenant recorded in the land records of the municipality in which the housing is located, that:
- (A) Restricts occupancy of no less than fifty percent (50%) of the housing to households with a gross, annual income that does not exceed eighty percent (80%) of the area median income as defined annually by the United States Department of Housing and Urban Development (HUD);
- (B) Restricts the monthly rent, including a utility allowance, that may be charged to residents, to an amount that does not exceed thirty percent (30%) of the gross, monthly income of a household earning eighty percent (80%) of the area median income as defined annually by HUD;
- 31 (C) Has an original term of not less than thirty (30) years from initial occupancy.
 - Electric service account or accounts in good standing associated with housing developments that are under common ownership or control may be considered a single low- or moderate-income housing eligible credit recipient for purposes of this section. The value of the

credits shall be used to provide benefits to tenants.

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- (iii) "Educational institutions" means public and private schools at the primary, secondary,
 and postsecondary levels.
- 4 (iv) "Commercial or industrial customers" means any nonresidential customer of the 5 electric distribution company.
 - (5) "Eligible net-metering resource" means eligible renewable energy resource, as defined in § 39-26-5 including biogas created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass fuels.
 - (6) "Eligible net-metering system" means a facility generating electricity using an eligible net-metering resource that, for any system with a nameplate capacity in excess of twenty-five kilowatts (25 kW), is reasonably designed and sized to annually produce electricity in an amount that is equal to, or less than, the renewable self-generator's usage at the eligible net-metering system site measured by the three-year (3) average annual consumption of energy over the previous three (3) years at the electric distribution account(s) located at the eligible net-metering system site. A projected annual consumption of energy may be used until the actual three-year (3) average annual consumption of energy over the previous three (3) years at the electric distribution account(s) located at the eligible net-metering system site becomes available for use in determining eligibility of the generating system. For any system with a nameplate capacity equal to or less than twentyfive kilowatts (25 kW), eligibility shall not be restricted based on prior consumption. The eligible net-metering system may be owned by the same entity that is the customer of record on the netmetered accounts or may be owned by a third party that is not the customer of record at the eligible net-metering system site and which may offer a third-party, net-metering financing arrangement or net-metering financing arrangement, as applicable. Notwithstanding any other provisions of this chapter, any eligible net-metering resource: (i) Owned by a public entity, educational institution, hospital, nonprofit, multi-municipal collaborative; or (ii) Owned and operated by a renewablegeneration developer on behalf of a public entity, educational institution, hospital, nonprofit, multimunicipal collaborative through a net-metering financing arrangement shall be treated as an eligible net-metering system and all accounts designated by the public entity, educational institution, hospital, nonprofit, multi-municipal collaborative for net metering shall be treated as accounts eligible for net metering within an eligible net-metering system site; or (iii) Owned and operated by a renewable-generation developer on behalf of one or more commercial or industrial customer(s) through net-metering financing arrangement(s) shall be treated as an eligible net-metering system within an eligible net-metering system site. Notwithstanding any other provision to the contrary, effective July 1, 2060, an eligible net-metering system means a facility generating electricity using

an eligible net-metering resource that is interconnected behind the same meter as the net-metering customer's load.

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

(8) "Excess renewable net-metering credit" means a credit that applies to an eligible net-metering system or community remote net-metering system for that portion of the production of electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-five percent (125%), except for any system with a nameplate capacity equal to or less than twenty-five kilowatts (25 kW) for which excess renewable net metering credit applies to all production of electrical energy beyond one hundred percent (100%) of the renewable self-generator's own consumption at the eligible net-metering system site or the sum of the usage of the eligible credit

recipient accounts associated with the community remote net-metering system during the
applicable billing period. Such excess renewable net metering credit shall be equal to the electric
distribution company's avoided cost rate, which is hereby declared to be the electric distribution
company's last resort service kilowatt hour (KWh) charge for the rate class and time of use billing
period (if applicable) applicable to the customer of record for the eligible net metering system or
applicable to the customer of record for the community remote net metering system. The
commission shall have the authority to make determinations as to the applicability of this credit to
specific generation facilities to the extent there is any uncertainty or disagreement.

For electrical energy produced greater than one hundred percent (100%) of the renewable self-generator's own electricity consumption at the eligible net-metering system site or the sum of the usage of the eligible credit recipient accounts associated with the community remote net-metering system during the applicable billing period, excess renewable net-metering credits shall be equal to the wholesale electricity rate, which is hereby declared to be the ISO-New England energy clearing price. When applying the ISO-New England energy clearing price to calculate the value of excess renewable net-metering credits, the electric distribution company, subject to commission approval and subject to amendment from time to time, may use an annual average, monthly average or other time increment and may use Rhode Island zone pricing or other applicable locational pricing. The commission shall have the authority to make determinations as to the applicability of this credit to specific generation facilities to the extent there is any uncertainty or disagreement.

- (9) "Farm" shall be defined in accordance with § 44-27-2, except that all buildings associated with the farm shall be eligible for net-metering credits as long as: (i) The buildings are owned by the same entity operating the farm or persons associated with operating the farm; and (ii) The buildings are on the same farmland as the project on either a tract of land contiguous with, or reasonably proximate to, such farmland or across a public way from such farmland.
- 26 (10) "Hospital" means and shall be defined and established as set forth in chapter 17 of title 23.
 - (11) "Multi-municipal collaborative" means a group of towns and/or cities that enter into an agreement for the purpose of co-owning a renewable-generation facility or entering into a financing arrangement pursuant to subsection (15).
- 31 (12) "Municipality" means any Rhode Island town or city, including any agency or 32 instrumentality thereof, with the powers set forth in title 45.
 - (13) "Net metering" means using electrical energy generated by an eligible net-metering system for the purpose of self-supplying electrical energy and power at the eligible net-metering

system site, or with respect to a community remote net-metering system, for the purpose of generating net-metering credits to be applied to the electric bills of the eligible credit recipients associated with the community net-metering system. The amount so generated will thereby offset consumption at the eligible net-metering system site through the netting process established in this chapter, or with respect to a community remote net-metering system, the amounts generated in excess of that amount will result in credits being applied to the eligible credit-recipient accounts associated with the community remote net-metering system.

- (14) "Net-metering customer" means a customer of the electric distribution company receiving and being billed for distribution service whose distribution account(s) are being net metered.
- (15) "Net-metering financing arrangement" means arrangements entered into by a public entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or a commercial or industrial customer with a private entity to facilitate the financing and operation of a net-metering resource, in which the private entity owns and operates an eligible net-metering resource on behalf of a public entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or commercial or industrial customer, where: (i) The eligible net-metering resource is located on property owned or controlled by the public entity, educational institution, hospital, municipality, multi-municipal collaborative, or commercial or industrial customer as applicable; and (ii) The production from the eligible net-metering resource and primary compensation paid by the public entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or commercial or industrial customer to the private entity for such production is directly tied to the consumption of electricity occurring at the designated net-metered accounts.
- (16) "Nonprofit" means a nonprofit corporation as defined and established through chapter 6 of title 7, and shall include religious organizations that are tax exempt pursuant to 26 U.S.C. § 501(d).
- (17) "Person" means an individual, firm, corporation, association, partnership, farm, town or city of the state of Rhode Island, multi-municipal collaborative, or the state of Rhode Island or any department of the state government, governmental agency, or public instrumentality of the state.
- (18) "Preferred site" means a location for a renewable energy system that has had prior development, including, but not limited to: landfills, gravel pits and quarries, highway and major road median strips, brownfields, superfund sites, parking lots or sites that are designated appropriate for carports, and all rooftops including, but not limited to, residential, commercial, industrial, and municipal buildings.

1	(19) "Project" means a distinct installation of an eligible net-metering system or a
2	community remote net-metering system. An installation will be considered distinct if it is installed
3	in a different location, or at a different time, or involves a different type of renewable energy.
4	Subject to the safe-harbor provisions in § 39-26.4-3(a)(1), new and distinct projects cannot be
5	located on adjoining parcels of land within core forests, except for preferred sites.
6	(20) "Public entity" means the federal government, the state of Rhode Island,
7	municipalities, wastewater treatment facilities, public transit agencies, or any water distributing
8	plant or system employed for the distribution of water to the consuming public within this state
9	including the water supply board of the city of Providence.
10	(21) "Public entity net-metering system" means a system generating renewable energy at
11	a property owned or controlled by the public entity that is participating in a net-metering financing
12	arrangement where the public entity has designated accounts in its name to receive net-metering
13	credits.
14	(22) "Renewable net-metering credit" means a credit that applies to an eligible net-
15	metering system or a community remote net-metering system up to one hundred percent (100%) of
16	either the renewable self-generator's usage at the eligible net-metering system site or the sum of
17	the usage of the eligible credit-recipient accounts associated with the community remote net-
18	metering system over the applicable billing period. This credit shall be equal to the total kilowatt
19	hours of electrical energy generated up to the amount consumed on-site, and/or generated up to the
20	sum of the eligible credit-recipient account usage during the billing period multiplied by the sum
21	of the distribution company's:
22	(i) Last resort service kilowatt-hour charge for the rate class applicable to the net-metering
23	customer, except that for remote public entity and multi-municipality collaborative net-metering
24	systems that submit an application for an interconnection study on or after July 1, 2017, and
25	community remote net-metering systems, the last resort service kilowatt-hour charge shall be net
26	of the renewable energy standard charge or credit;
27	(ii) Distribution kilowatt-hour charge;
28	(iii) Transmission kilowatt-hour charge; and
29	(iv) Transition kilowatt-hour charge.
30	For projects after April 15, 2023, subject to the allowable two hundred seventy-five
31	megawatts alternating current (275 MWac), under § 39-26.4-3(a)(1)(vi), the credit shall be reduced
32	by twenty percent (20%).
33	Notwithstanding the foregoing, except for systems that have requested an interconnection
34	study for which payment has been received by the distribution company, or if an interconnection

- study is not required, a completed and paid interconnection application, by December 31, 2018, the renewable net-metering credit for all remote public entity and multi-municipal collaborative net-metering systems shall not include the distribution kilowatt-hour charge commencing on January 1, 2050.
- (23) "Renewable self-generator" means an electric distribution service customer of record for the eligible net-metering system or community remote net-metering system at the eligible net-metering system site which system is primarily designed to produce electrical energy for consumption by that same customer at its distribution service account(s), and/or, with respect to community remote net-metering systems, electrical energy which generates net-metering credits to be applied to offset the eligible credit-recipient account usage.
- (24) "Third party" means and includes any person or entity, other than the renewable selfgenerator, who or that owns or operates the eligible net-metering system or community remote netmetering system on the eligible net-metering system site for the benefit of the renewable selfgenerator.
- (25) "Third-party, net-metering financing arrangement" means the financing of eligible net-metering systems or community remote net-metering systems through lease arrangements or power/credit purchase agreements between a third party and renewable self-generator, except for those entities under a public entity net-metering financing arrangement. A third party engaged in providing financing arrangements related to such net-metering systems with a public or private entity is not a public utility as defined in § 39-1-2.

39-26.4-3. Net metering.

- (a) The following policies regarding net metering of electricity from eligible net-metering systems and community remote net-metering systems and regarding any person that is a renewable self-generator shall apply:
- (1)(i) The maximum allowable capacity for eligible net-metering systems, based on nameplate capacity, shall be ten megawatts (10 MW).
- (ii) Eligible net-metering systems shall be sited outside of core forests with the exception of development on preferred sites in the core forest and the exception of systems that, as of April 15, 2023, (A) Have submitted a complete application to the appropriate municipality for any required permits and/or zoning changes, or (B) Have requested an interconnection study for which payment has been received by the distribution company, or (C) If an interconnection study is not required, systems that have a completed and paid interconnection application.
- (iii) For systems developed in core forests on preferred sites, no more than one hundred thousand square feet (100,000 sq. ft) of core forest shall be removed, including for work required

for utility interconnection or development of a brownfield, in which case no more core forest than necessary for interconnection or brownfield development shall be removed.

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- (iv) The aggregate amount of net metering in the Block Island Utility District doing business as Block Island Power Company and the Pascoag Utility District shall not exceed a maximum percentage of peak load for each utility district as set by the utility district based on its operational characteristics, subject to commission approval.
- (v) Through December 31, 2018, the maximum aggregate amount of community remote net-metering systems built shall be thirty megawatts (30 MW). Any of the unused MW amount after December 31, 2018, shall remain available to community remote net-metering systems until the MW aggregate amount is interconnected.
- (vi) The maximum aggregate capacity of remote net metering allowable for groundmounted eligible net-metering systems, as defined by § 39-26.4-2(6), with the exception of systems that have, as of April 15, 2023, submitted a complete application to the appropriate municipality for any required permits and/or zoning changes or have requested an interconnection study for which payment has been received by the distribution company, or if an interconnection study is not required, a completed and paid interconnection application by the distribution company date of passage, shall be two hundred seventy-five megawatts, alternating current (275 MWac), excluding off-shore wind. None of the systems to which this cap applies shall be in core forests unless on a preferred site located within the core forest. A project counts against this maximum if it is in operation or under construction by July 1, 2030, as determined by the local distribution company. All eligible ground-mounted net-metering systems must be under construction or in operation by July 1, 2030. This restriction shall not apply to the following: (A) The eligible net-metering system is interconnected behind the same meter as the net-metering customer's load; and/or (B) The energy generated by the eligible net-metering system is consumed by net-metered electric service account(s) of the same owner of record that are actually located on the same or contiguous parcels as the eligible net-metering system.
- (2) For ease of administering net-metered accounts and stabilizing net-metered account bills, the electric distribution company may elect (but is not required) to estimate for any twelve-month (12) period:
- 30 (i) The production from the eligible net-metering system or community remote net-31 metering system; and
 - (ii) Aggregate consumption of the net-metered accounts at the eligible net-metering system site or the sum of the consumption of the eligible credit-recipient accounts associated with the community remote net-metering system, and establish a monthly billing plan that reflects the

expected credits that would be applied to the net-metered accounts over twelve (12) months. The billing plan would be designed to even out monthly billings over twelve (12) months, regardless of actual production and usage. If such election is made by the electric distribution company, the electric distribution company would reconcile payments and credits under the billing plan to actual production and consumption at the end of the twelve-month (12) period and apply any credits or charges to the net-metered accounts for any positive or negative difference, as applicable. Should there be a material change in circumstances at the eligible net-metering system site or associated accounts during the twelve-month (12) period, the estimates and credits may be adjusted by the electric distribution company during the reconciliation period. The electric distribution company also may elect (but is not required) to issue checks to any net-metering customer in lieu of billing credits or carry-forward credits or charges to the next billing period. For residential-eligible net-metering systems and community remote net-metering systems twenty-five kilowatts (25 KW) or smaller, the electric distribution company, at its option, may administer renewable net-metering credits month to month allowing unused credits to carry forward into the following billing period.

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

(4) If the electricity generated by an eligible net-metering system or community remote net-metering system during a billing period is greater than the net-metering customer's usage on accounts at the eligible net-metering system site or the sum of the usage of the eligible credit-recipient accounts associated with the community remote net-metering system during the billing period, the customer shall be paid by excess renewable net-metering credits for the excess electricity generated; provided that, for any excess electricity generated by a system with a nameplate capacity in excess of twenty-five kilowatts (25 kW), excess renewable net-metering credits shall be limited to excess up to an additional twenty-five percent (25%) beyond the net-metering customer's usage at the eligible net-metering system site, or the sum of the usage of the eligible credit-recipient accounts associated with the community remote net-metering system during the billing period; unless the electric distribution company and net-metering customer have agreed to a billing plan pursuant to subsection (a)(2). Subject to the completion of any applicable annual reconciliation of renewable net-metering credits and excess renewable net metering credits.

1	customers shall have the option to cash out any credit balance remaining provided that the amount
2	of the cash out shall be the lower of:
3	(i) The credit balance shown from the annual reconciliation of the applicable account: or

- (ii) The credit balance on the applicable account on the date the electric distribution company processes the cash out.
- (5) The rates applicable to any net-metered account shall be the same as those that apply to the rate classification that would be applicable to such account in the absence of net metering, including customer and demand charges, and no other charges may be imposed to offset net-metering credits.
- (b) The commission shall exempt electric distribution company customer accounts associated with an eligible net-metering system from back-up or standby rates commensurate with the size of the eligible net-metering system, provided that any revenue shortfall caused by any such exemption shall be fully recovered by the electric distribution company through rates.
- (c) Any prudent and reasonable costs incurred by the electric distribution company pursuant to achieving compliance with subsection (a) and the annual amount of any renewable netmetering credits or excess renewable net-metering credits provided to accounts associated with eligible net-metering systems or community remote net-metering systems, shall be aggregated by the distribution company and billed to all distribution customers on an annual basis through a uniform, per-kilowatt-hour (KWh) surcharge embedded in the distribution component of the rates reflected on customer bills.
- (d) The billing process set out in this section shall be applicable to electric distribution companies thirty (30) days after the enactment of this chapter.
- (e) The Rhode Island office of energy resources shall redesign the community solar remote net metering program to reflect the provisions of this chapter and to include a commercial or industrial anchor tenant up to but not to exceed fifty percent (50%) of the project. The remaining fifty percent (50%) must be allocated or subscribed to low- and moderate-income (LMI) residents and/or those living in areas defined as disadvantaged and environmental justice communities. The Rhode Island office of energy resources shall design the net metering credit rate and factor in federal energy funding and tax credits to develop the most cost-effective rate for community solar projects. It is expected that these projects will be operational for a twenty-year (20) period. The Rhode Island office of energy resources shall file a benefit and cost analysis with any program proposal filed to the Rhode Island public utilities commission. Once the Rhode Island office of energy resources files a program proposal to the Rhode Island public utilities commission, a docket shall be established, and the Rhode Island public utilities commission shall issue a ruling on the

- 1 program no later than one hundred and fifty (150) days. If a program is approved, it will be subject
- 2 to no greater than twenty megawatts (20 MW) per year for two years until the forty megawatts (40
- 3 MW) cap is met. Eligible net-metering systems shall be sited outside of core forests with the
- 4 exception of development on preferred sites in the core forest.
- 5 SECTION 2. This act shall take effect upon passage.

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LC005433/SUB A

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

AN ACT

RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET METERING

1 This act would prohibit utility companies from limiting the eligibility of a net metering site 2 based on prior consumption and require excess energy not consumed under the net metering system 3 to be credited to the consumer. It would also amend the definition of excess renewable net-metering 4 credit. This act would take effect upon passage. 5 LC005433/SUB A