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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET METERING

Introduced By: Representatives Cotter, Speakman, Cortvriend, Place, McGaw, Tanzi,
Donovan, Bennett, and Kennedy

Date Introduced: February 15, 2023

Referred To: House Corporations

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 this title. When used in this chapter:

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

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

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

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

11 (i) Residential accounts in good standing.

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

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

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

26 (C) Has an original term of not less than thirty (30) years from initial occupancy.

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

31 (iii) "Educational institutions" means public and private schools at the primary, secondary,
32 and postsecondary levels.

33 (4) "Eligible net-metering resource" means eligible renewable energy resource, as defined
34 in § 39-26-5 including biogas created as a result of anaerobic digestion, but, specifically excluding

1 all other listed eligible biomass fuels.

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

24 (6) “Eligible net-metering system site” means the site where the eligible net-metering
25 system or community remote net-metering system is located or is part of the same campus or
26 complex of sites contiguous to one another and the site where the eligible net-metering system or
27 community remote net-metering system is located or a farm in which the eligible net-metering
28 system or community remote net-metering system is located. Except for an eligible net-metering
29 system owned by or operated on behalf of a public entity, educational institution, hospital,
30 nonprofit, or multi-municipal collaborative through a net-metering financing arrangement, the
31 purpose of this definition is to reasonably assure that energy generated by the eligible net-metering
32 system is consumed by net-metered electric service account(s) that are actually located in the same
33 geographical location as the eligible net-metering system. All energy generated from any eligible
34 net-metering system is, and will be considered, consumed at the meter where the renewable energy

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

14 (7) "Excess renewable net-metering credit" means a credit that applies to an eligible net-
15 metering system or community remote net-metering system for that portion of the production of
16 electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-five
17 percent (125%) of the renewable self-generator's own consumption at the eligible net-metering
18 system site or the sum of the usage of the eligible credit recipient accounts associated with the
19 community remote net-metering system during the applicable billing period. Such excess
20 renewable net-metering credit shall be equal to the electric distribution company's avoided cost
21 rate, which is hereby declared to be the electric distribution company's standard-offer service
22 kilowatt hour (KWh) charge for the rate class and time-of-use billing period (if applicable)
23 applicable to the customer of record for the eligible net-metering system or applicable to the
24 customer of record for the community remote net-metering system. The commission shall have the
25 authority to make determinations as to the applicability of this credit to specific generation facilities
26 to the extent there is any uncertainty or disagreement.

27 (8) "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 (ii)
30 The buildings are on the same farmland as the project on either a tract of land contiguous with, or
31 reasonably proximate to, such farmland or across a public way from such farmland.

32 (9) "Hospital" means and shall be defined and established as set forth in chapter 17 of title
33 23.

34 [\(10\) "Most important forest" as defined by the Rhode Island forest conservation](#)

1 [commission in accordance with § 2-27-5\(l\)](#).

2 ~~(10)~~[\(11\)](#) “Multi-municipal collaborative” means a group of towns and/or cities that enter
3 into an agreement for the purpose of co-owning a renewable-generation facility or entering into a
4 financing arrangement pursuant to subsection (14).

5 ~~(11)~~[\(12\)](#) “Municipality” means any Rhode Island town or city, including any agency or
6 instrumentality thereof, with the powers set forth in title 45.

7 ~~(12)~~[\(13\)](#) “Net metering” means using electrical energy generated by an eligible net-
8 metering system for the purpose of self-supplying electrical energy and power at the eligible net-
9 metering system site, or with respect to a community remote net-metering system, for the purpose
10 of generating net-metering credits to be applied to the electric bills of the eligible credit recipients
11 associated with the community net-metering system. The amount so generated will thereby offset
12 consumption at the eligible net-metering system site through the netting process established in this
13 chapter, or with respect to a community remote net-metering system, the amounts generated in
14 excess of that amount will result in credits being applied to the eligible credit-recipient accounts
15 associated with the community remote net-metering system.

16 ~~(13)~~[\(14\)](#) “Net-metering customer” means a customer of the electric distribution company
17 receiving and being billed for distribution service whose distribution account(s) are being net
18 metered.

19 ~~(14)~~[\(15\)](#) “Net-metering financing arrangement” means arrangements entered into by a
20 public entity, educational institution, hospital, nonprofit, or multi-municipal collaborative with a
21 private entity to facilitate the financing and operation of a net-metering resource, in which the
22 private entity owns and operates an eligible net-metering resource on behalf of a public entity,
23 educational institution, hospital, nonprofit, or multi-municipal collaborative, where: (i) The eligible
24 net-metering resource is located on property owned or controlled by the public entity, educational
25 institution, hospital, or one of the municipalities, as applicable; and (ii) The production from the
26 eligible net-metering resource and primary compensation paid by the public entity, educational
27 institution, hospital, nonprofit, or multi-municipal collaborative to the private entity for such
28 production is directly tied to the consumption of electricity occurring at the designated net-metered
29 accounts.

30 ~~(15)~~[\(16\)](#) “Nonprofit” means a nonprofit corporation as defined and established through
31 chapter 6 of title 7, and shall include religious organizations that are tax exempt pursuant to 26
32 U.S.C. § 501(d).

33 ~~(16)~~[\(17\)](#) “Person” means an individual, firm, corporation, association, partnership, farm,
34 town or city of the state of Rhode Island, multi-municipal collaborative, or the state of Rhode Island

1 or any department of the state government, governmental agency, or public instrumentality of the
2 state.

3 (18) "Preferred sites" means sites that have had previous development or disturbance
4 including: landfills, gravel pits and quarries, brownfields and superfund sites; industrial and
5 commercial zones, parking areas for solar carports, and all rooftops of buildings.

6 ~~(17)~~(19) "Project" means a distinct installation of an eligible net-metering system or a
7 community remote net-metering system. An installation will be considered distinct if it is installed
8 in a different location, or at a different time, or involves a different type of renewable energy.

9 ~~(18)~~(20) "Public entity" means the federal government, the state of Rhode Island,
10 municipalities, wastewater treatment facilities, public transit agencies, or any water distributing
11 plant or system employed for the distribution of water to the consuming public within this state
12 including the water supply board of the city of Providence.

13 ~~(19)~~(21) "Renewable net-metering credit" means a credit that applies to an eligible net-
14 metering system or a community remote net-metering system up to one hundred percent (100%) of
15 either the renewable self-generator's usage at the eligible net-metering system site or the sum of
16 the usage of the eligible credit-recipient accounts associated with the community remote net-
17 metering system over the applicable billing period. This credit shall be equal to the total kilowatt
18 hours of electrical energy generated up to the amount consumed on-site, and/or generated up to the
19 sum of the eligible credit-recipient account usage during the billing period multiplied by the sum
20 of the distribution company's:

21 (i) Standard-offer service kilowatt-hour charge for the rate class applicable to the net-
22 metering customer, except that for remote public entity and multi-municipality collaborative net-
23 metering systems that submit an application for an interconnection study on or after July 1, 2017,
24 and community remote net-metering systems, the standard-offer service kilowatt-hour charge shall
25 be net of the renewable energy standard charge or credit;

26 (ii) Distribution kilowatt-hour charge;

27 (iii) Transmission kilowatt-hour charge; and

28 (iv) Transition kilowatt-hour charge.

29 Notwithstanding the foregoing, except for systems that have requested an interconnection
30 study for which payment has been received by the distribution company, or if an interconnection
31 study is not required, a completed and paid interconnection application, by December 31, 2018, the
32 renewable net-metering credit for all remote public entity and multi-municipal collaborative net-
33 metering systems shall not include the distribution kilowatt-hour charge commencing on January
34 1, 2050.

1 ~~(20)~~(22) “Renewable self-generator” means an electric distribution service customer of
2 record for the eligible net-metering system or community remote net-metering system at the eligible
3 net-metering system site which system is primarily designed to produce electrical energy for
4 consumption by that same customer at its distribution service account(s), and/or, with respect to
5 community remote net-metering systems, electrical energy which generates net-metering credits to
6 be applied to offset the eligible credit-recipient account usage.

7 ~~(21)~~(23) “Third party” means and includes any person or entity, other than the renewable
8 self-generator, who or that owns or operates the eligible net-metering system or community remote
9 net-metering system on the eligible net-metering system site for the benefit of the renewable self-
10 generator.

11 ~~(22)~~(24) “Third-party, net-metering financing arrangement” means the financing of
12 eligible net-metering systems or community remote net-metering systems through lease
13 arrangements or power/credit purchase agreements between a third party and renewable self-
14 generator, except for those entities under a public entity net-metering financing arrangement. A
15 third party engaged in providing financing arrangements related to such net-metering systems with
16 a public or private entity is not a public utility as defined in § 39-1-2.

17 **39-26.4-3. Net metering.**

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

21 (1)(i) The maximum allowable capacity for eligible net-metering systems, based on
22 nameplate capacity, shall be ten megawatts (10 MW), ~~effective sixty (60) days after passage. The~~
23 ~~aggregate amount of net metering in the Block Island Utility District doing business as Block Island~~
24 ~~Power Company and the Pascoag Utility District shall not exceed a maximum percentage of peak~~
25 ~~load for each utility district as set by the utility district based on its operational characteristics,~~
26 ~~subject to commission approval~~ for systems that have requested an interconnection study for which
27 payment has been received by the distribution company, or if an interconnection study is not
28 required, a completed and paid interconnection application by date of passage. All other systems
29 shall be on or in preferred sites to be considered an "eligible net-metering system"; and

30 (ii) Through December 31, 2018, the maximum aggregate amount of community remote
31 net-metering systems built shall be thirty megawatts (30 MW). Any of the unused MW amount
32 after December 31, 2018, shall remain available to community remote net-metering systems until
33 the MW aggregate amount is interconnected. After December 31, 2018, the commission may
34 expand or modify the aggregate amount after a public hearing upon petition by the office of energy

1 resources. The commission shall determine within six (6) months of such petition being docketed
2 by the commission whether the benefits of the proposed expansion exceed the cost. This aggregate
3 amount shall not apply to any net-metering financing arrangement involving public entity facilities,
4 multi-municipal collaborative facilities, educational institutions, the federal government, hospitals,
5 or nonprofits. By June 30, 2018, the commission shall conduct a study examining the cost and
6 benefit to all customers of the inclusion of the distribution charge as a part of the net-metering
7 calculation.

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

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

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

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

1 metering customer's usage on accounts at the eligible net-metering system site, or shall be used to
2 credit the eligible credit-recipient's electric account.

3 (4) If the electricity generated by an eligible net-metering system or community remote
4 net-metering system during a billing period is greater than the net-metering customer's usage on
5 accounts at the eligible net-metering system site or the sum of the usage of the eligible credit-
6 recipient accounts associated with the community remote net-metering system during the billing
7 period, the customer shall be paid by excess renewable net-metering credits for the excess
8 electricity generated up to an additional twenty-five percent (25%) beyond the net-metering
9 customer's usage at the eligible net-metering system site, or the sum of the usage of the eligible
10 credit-recipient accounts associated with the community remote net-metering system during the
11 billing period; unless the electric distribution company and net-metering customer have agreed to
12 a billing plan pursuant to subsection (a)(2).

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

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

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

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

30 SECTION 2. Sections 39-26.6-1, 39-26.6-3, 39-26.6-5 and 39-26.6-22 of the General Laws
31 in Chapter 39-26.6 entitled "The Renewable Energy Growth Program" are hereby amended to read
32 as follows:

33 **39-26.6-1. Purpose.**

34 The purpose of this chapter is [to enable the state to meet its climate and resilience goals,](#)

1 [including those established in chapter 6.2 of title 42 \(act on climate\). This includes the goals](#) to
2 facilitate and promote installation of grid-connected generation of renewable energy; support and
3 encourage development of distributed renewable energy generation systems, [while protecting the](#)
4 [most important forest areas essential to climate resilience and complying with Rhode Island's](#)
5 [climate change mandates](#); reduce environmental impacts; reduce carbon emissions that contribute
6 to climate change by ~~encouraging~~ [limiting](#) the siting of renewable energy projects in [preferred sites](#)
7 [in](#) the load zone of the electric distribution company; diversify the energy-generation sources within
8 the load zone of the electric distribution company; stimulate economic development; improve
9 distribution-system resilience and reliability within the load zone of the electric distribution
10 company; and reduce distribution system costs.

11 **39-26.6-3. Definitions.**

12 When used in this chapter, the following terms shall have the following meanings:

13 (1) “Board” shall mean the distributed-generation board as established pursuant to the
14 provisions of § 39-26.2-10 under the title distributed generation standard contract board, but shall
15 also fulfill the responsibilities set forth in this chapter.

16 (2) “Ceiling price” means the bidding price cap applicable to an enrollment for a given
17 distributed-generation class, that shall be approved annually for each renewable energy class
18 pursuant to the procedure established in this chapter. The ceiling price for each technology should
19 be a price that would allow a private owner to invest in a given project at a reasonable rate of return,
20 based on recently reported and forecast information on the cost of capital and the cost of generation
21 equipment. The calculation of the reasonable rate of return for a project shall include, where
22 applicable, any state or federal incentives, including, but not limited to, tax incentives.

23 (3) “Commercial-scale solar project” means a solar distributed-generation project with the
24 nameplate capacity specified in § 39-26.6-7.

25 (4) “Commission” means the Rhode Island public utilities commission.

26 (5) “Community remote distributed-generation system” means a distributed-generation
27 facility greater than two hundred fifty kilowatt (250 KW) nameplate direct current that allocates
28 bill credits for each kilowatt hour (KWh) generated to a minimum of three (3), eligible recipient-
29 customer accounts, provided that no more than fifty percent (50%) of the credits produced by the
30 system are allocated to one eligible recipient-customer account, and provided further that at least
31 fifty percent (50%) of the credits produced by the system are allocated to eligible recipients in an
32 amount not to exceed that which is produced annually by twenty-five kilowatt (25 KW) AC
33 capacity. The community remote distributed-generation system may transfer credits to eligible
34 recipient-customer accounts in an amount that is equal to, or less than, the sum of the usage of the

1 eligible recipient-customer accounts measured by the three-year-average (3) annual consumption
2 of energy over the previous three (3) years. A projected, annual consumption of energy may be
3 used until the actual three-year-average (3) annual consumption of energy over the previous three
4 (3) years at the eligible recipient-customer accounts becomes available for use in determining
5 eligibility of the generating system. The community remote distributed-generation system may be
6 owned by the same entity that is the customer of record on the net-metered account or may be
7 owned by a third party.

8 (6) “Distributed-generation facility” means an electrical-generation facility located in the
9 electric distribution company’s load zone with a nameplate capacity no greater than five megawatts
10 (5 MW), using eligible renewable energy resources as defined by § 39-26-5, including biogas
11 created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass
12 fuels, and connected to an electrical power system owned, controlled, or operated by the electric
13 distribution company. For purposes of this chapter, a distributed-generation facility must be a new
14 resource that:

15 (i) Has not begun operation;

16 (ii) Is not under construction, but excluding preparatory site work that is less than twenty-
17 five percent (25%) of the estimated total project cost; and

18 (iii) Except for small-scale solar projects, does not have in place investment or lending
19 agreements necessary to finance the construction of the facility prior to the submittal of an
20 application or bid for which the payment of performance-based incentives is sought under this
21 chapter except to the extent that such financing agreements are conditioned upon the project owner
22 being awarded performance-based incentives under the provisions of this chapter. For purposes of
23 this definition, preexisting hydro generation shall be exempt from the provisions of subsection
24 (6)(i) regarding operation, if the hydro-generation facility will need a material investment to restore
25 or maintain reliable and efficient operation and meet all regulatory, environmental, or operational
26 requirements. For purposes of this provision, “material investment” shall mean investment
27 necessary to allow the project to qualify as a new, renewable energy resource under § 39-26-2. To
28 be eligible for this exemption, the hydro-project developer at the time of submitting a bid in the
29 applicable procurement must provide reasonable evidence with its bid application showing the level
30 of investment needed, along with any other facts that support a finding that the investment is
31 material, the determination of which shall be a part of the bid review process set forth in § 39-26.6-
32 16 for the award of bids.

33 (7) “Distributed-generation project” means a distinct installation of a distributed-
34 generation facility. An installation will be considered distinct if it does not violate the segmentation

1 prohibition set forth in § 39-26.6-9.

2 (8) “Electric distribution company” means a company defined in § 39-1-2(a)(12),
3 supplying standard-offer service, last-resort service, or any successor service to end-use customers,
4 but not including the Block Island Power Company or the Pascoag Utility District.

5 (9) “ISO-NE” means Independent System Operator-New England, the Regional
6 Transmission Organization for New England designated by the Federal Energy Regulatory
7 Commission.

8 (10) “Large distributed-generation project” means a distributed-generation project that has
9 a nameplate capacity that exceeds the size of a small distributed-generation project in a given year,
10 but is no greater than five megawatts (5 MW) nameplate capacity.

11 (11) “Large-scale solar project” means a solar distributed-generation project with the
12 nameplate capacity specified in § 39-26.6-7.

13 (12) “Medium-scale solar project” means a solar distributed-generation project with the
14 nameplate capacity specified in § 39-26.6-7.

15 (13) "Most important forest land" as defined by the forest conservation commission in
16 accordance with §2-27-5(l).

17 ~~(13)~~(14) “Office” means the Rhode Island office of energy resources.

18 (15) "Preferred sites" means sites that have had previous development or disturbance
19 including: landfills, gravel pits and quarries, brownfields and superfund sites, industrial and
20 commercial zones, parking areas for solar carports, and all rooftops of buildings.

21 ~~(14)~~(16) “Program year” means a year beginning April 1 and ending March 31, except for
22 the first program year, that may commence after April 1, 2015, subject to commission approval.

23 ~~(15)~~(17) “Renewable energy certificate” means a New England Generation Information
24 System renewable energy certificate as defined in § 39-26-2(14).

25 ~~(16)~~(18) “Renewable energy classes” means categories for different renewable energy
26 technologies using eligible renewable energy resources as defined by § 39-26-5, including biogas
27 created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass
28 fuels specified in § 39-26-2(6). For each program year, in addition to the classes of solar distributed
29 generation specified in § 39-26.6-7, the board shall determine the renewable energy classes as are
30 reasonably feasible for use in meeting distributed-generation objectives from renewable energy
31 resources and are consistent with the goal of meeting the annual target for the program year. The
32 board may make recommendations to the commission to add, eliminate, or adjust renewable energy
33 classes for each program year, provided that the solar classifications set forth in § 39-26.6-7 shall
34 remain in effect for at least the first two (2) program years and no distributed-generation project

1 may exceed five megawatts (5 MW) of nameplate capacity.

2 ~~(17)~~(19) “Shared solar facility” means a single small-scale or medium-scale solar facility
3 that must allocate bill credits to at least two (2), and no more than fifty (50), accounts in the same
4 customer class and on the same or adjacent parcels of land. Public entities may allocate such bill
5 credits to at least two (2), and up to fifty (50), accounts without regard to physical location so long
6 as the facility and accounts are within the same municipality. In no case will the annual allocated
7 credits in KWh exceed the prior three-year (3) annual average usage, less any reductions for verified
8 energy-efficiency measures installed at the customer premises, of the customer account to which
9 the bill credits are transferred.

10 ~~(18)~~(20) “Small distributed-generation project” means a distributed-generation renewable
11 energy project that has a nameplate capacity within the following: Wind: fifty kilowatts (50 KW)
12 to one and one-half megawatts (1.5 MW); small-scale solar projects and medium-scale solar
13 projects with the capacity limits as specified in § 39-26.6-7. For technologies other than solar and
14 wind, the board shall set the nameplate capacity-size limits, but such limits may not exceed one
15 megawatt (1 MW).

16 ~~(19)~~(21) “Small-scale solar project” means a solar distributed-generation project with the
17 nameplate capacity specified in § 39-26.6-7.

18 **39-26.6-5. Tariffs proposed and approved.**

19 (a) Each year, for a period of at least five (5) program years, the electric distribution
20 company shall file tariffs with the commission that are designed to provide a multiyear stream of
21 performance-based incentives to eligible renewable-distributed-generation projects for a term of
22 years, under terms and conditions set forth in the tariffs and approved by the commission. The
23 tariffs shall set forth the rights and obligations of the owner of the distributed-generation project
24 and the conditions upon which payment of performance-based incentives by the electric
25 distribution company will be paid. The tariffs shall include the non-price conditions set forth in §§
26 39-26.2-7(2)(i) — (vii) for small distributed-generation projects (other than small- and medium-
27 scale solar) and large distributed-generation projects; provided, however, that the time periods for
28 the projects to reach ninety percent (90%) of output shall be extended to twenty-four (24) months
29 (other than eligible anaerobic-digestion projects, which shall be thirty-six (36) months, and eligible
30 small-scale hydro, which shall be forty-eight (48) months). The non-price conditions in the tariffs
31 for small- and medium-scale solar shall take into account the different circumstances for
32 distributed-generation projects of the smaller sizes. Notwithstanding any other provision of this
33 chapter, only renewable-distributed-generation projects that are located or planned to be located in
34 or on preferred sites shall be considered an eligible renewable-distributed-generation project or

1 [otherwise be eligible to participate in this program.](#)

2 (b) In addition to the tariff(s), the filing shall include the rules governing the solicitation
3 and enrollment process. The solicitation rules will be designed to ensure the orderly functioning of
4 the distributed-generation growth program and shall be consistent with the legislative purposes of
5 this chapter.

6 (c) In proposing the tariff(s) and solicitation rules applicable to each year, the tariff(s) and
7 rules shall be developed by the electric distribution company and will be reviewed by the office
8 and the board before being sent to the commission for its approval. The proposed tariffs shall
9 include the ceiling prices and term lengths for each tariff that are recommended by the board. The
10 term lengths shall be from fifteen (15) to twenty (20) years; provided, however, that the board may
11 recommend shorter terms for small-scale solar projects. Whatever term lengths between fifteen
12 (15) and twenty (20) years are chosen for any given tariff, the evaluation of the bids for that tariff
13 shall be done on a consistent basis such that the same term lengths for competing bids are used to
14 determine the winning bids.

15 (d) The board shall use the same standards for setting ceiling prices as set forth in § 39-
16 26.2-5. In setting the ceiling prices, the board may specifically consider:

17 (1) Transactions for newly developed renewable energy resources, by technology and size,
18 in the ISO-NE control area and the northeast corridor;

19 (2) Pricing from bids received during the previous program year;

20 (3) Environmental benefits, including, but not limited to, reducing carbon emissions;

21 (4) For community remote distributed-generation systems, administrative costs and
22 financial benefits for participating customers;

23 (5) System benefits; and

24 (6) Cost-effectiveness.

25 (e) At least forty-five (45) days before filing the tariff(s) and solicitation rules, the electric
26 distribution company shall provide the tariff(s) and rules in draft form to the board for review. The
27 commission shall have the authority to determine the final terms and conditions in the tariff and
28 rules. Once approved, the commission shall retain exclusive jurisdiction over the performance-
29 based incentive payments, terms, conditions, rights, enforcement, and implementation of the tariffs
30 and rules, subject to appeals pursuant to chapter 5 of this title.

31 **39-26.6-22. Zonal and other incentive payments.**

32 In order to provide the electric distribution company [and the board](#) with the flexibility to
33 encourage distributed-generation projects to be located in designated geographical areas within its
34 load zone where there is an identifiable system benefit, reliability benefit, ~~or~~ cost savings to the

1 distribution system, conservation benefit, or climate resilience benefit in that geographical area, the
2 electric distribution company, in consultation with the board ~~and~~ or the office, ~~may~~ shall propose
3 to include an incentive-payment adder to the bid price of any winning bidder that proposes a
4 distributed-generation project in the ~~desired geographical area~~ preferred sites that require
5 remediation. The electric distribution company also may propose other incentive payments to
6 achieve other technical or public policy objectives that provide identifiable benefits to customers.
7 Any incentive-payment adders must be approved by the commission, and shall not be counted as
8 part of the bid price when the bids are selected at an enrollment event.

9 SECTION 3. This act shall take effect upon passage.

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LC001651
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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

1 This act would amend various sections of the public utilities and carriers statute, including
2 the net-metering definitions and policies as well as the renewable energy growth program purpose
3 definitions, tariffs and incentive payments.

4 This act would take effect upon passage.

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LC001651
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