

2024 -- S 2151

LC004281

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET METERING

Introduced By: Senator Alana DiMario

Date Introduced: January 24, 2024

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 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) "Core forest" refers to unfragmented forest blocks of single or multiple parcels totaling
3 two hundred fifty (250) acres or greater unbroken by development and at least twenty-five (25)
4 yards from mapped roads, with eligibility questions to be resolved by the director of the department
5 of environmental management. Such determination shall constitute a contested case as defined in
6 § 42-35-1.

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

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

16 (i) Residential accounts in good standing.

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

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

28 (B) Restricts the monthly rent, including a utility allowance, that may be charged to
29 residents, to an amount that does not exceed thirty percent (30%) of the gross, monthly income of
30 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.

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

1 credits shall be used to provide benefits to tenants.

2 (iii) “Educational institutions” means public and private schools at the primary, secondary,
3 and postsecondary levels.

4 (iv) “Commercial or industrial customers” means any nonresidential customer of the
5 electric distribution company.

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

9 (6) “Eligible net-metering system” means a facility generating electricity using an eligible
10 net-metering resource that is reasonably designed and sized to annually produce electricity in an
11 amount that is equal to, or less than, the renewable self-generator’s usage at the eligible net-
12 metering system site measured by the three-year (3) average annual consumption of energy over
13 the previous three (3) years at the electric distribution account(s) located at the eligible net-metering
14 system site. A projected annual consumption of energy may be used until the actual three-year (3)
15 average annual consumption of energy over the previous three (3) years at the electric distribution
16 account(s) located at the eligible net-metering system site becomes available for use in determining
17 eligibility of the generating system. The eligible net-metering system may be owned by the same
18 entity that is the customer of record on the net-metered accounts or may be owned by a third party
19 that is not the customer of record at the eligible net-metering system site and which may offer a
20 third-party, net-metering financing arrangement or net-metering financing arrangement, as
21 applicable. Notwithstanding any other provisions of this chapter, any eligible net-metering
22 resource: (i) Owned by a public entity, educational institution, hospital, nonprofit, or multi-
23 municipal collaborative; or (ii) Owned and operated by a renewable-generation developer on behalf
24 of a public entity, educational institution, hospital, nonprofit, or multi-municipal collaborative
25 through a net-metering financing arrangement shall be treated as an eligible net-metering system
26 and all accounts designated by the public entity, educational institution, hospital, nonprofit, or
27 multi-municipal collaborative for net metering shall be treated as accounts eligible for net metering
28 within an eligible net-metering system site; or (iii) Owned and operated by a renewable-generation
29 developer on behalf of one or more commercial or industrial customer(s) through net-metering
30 financing arrangement(s) shall be treated as an eligible net-metering system within an eligible net-
31 metering system site. Notwithstanding any other provision to the contrary, effective July 1, 2060,
32 an eligible net-metering system means a facility generating electricity using an eligible net-
33 metering resource that is interconnected behind the same meter as the net-metering customer’s load.

34 (7) “Eligible net-metering system site” means the site where the eligible net-metering

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

25 (8) "Excess renewable net-metering credit" means a credit that applies to an eligible net-
26 metering system or community remote net-metering system for that portion of the production of
27 electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-five
28 percent (125%) of the renewable self-generator's own consumption at the eligible net-metering
29 system site or the sum of the usage of the eligible credit recipient accounts associated with the
30 community remote net-metering system during the applicable billing period. Such excess
31 renewable net-metering credit shall be equal to the electric distribution company's avoided cost
32 rate, which is hereby declared to be the electric distribution company's last resort service kilowatt
33 hour (KWh) charge for the rate class and time-of-use billing period (if applicable) applicable to the
34 customer of record for the eligible net-metering system or applicable to the customer of record for

1 the community remote net-metering system. The commission shall have the authority to make
2 determinations as to the applicability of this credit to specific generation facilities to the extent
3 there is any uncertainty or disagreement.

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

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

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

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

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

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

1 multi-municipal collaborative, or commercial or industrial customer as applicable; and (ii) The
2 production from the eligible net-metering resource and primary compensation paid by the public
3 entity, educational institution, hospital, nonprofit, multi-municipal collaborative, or commercial or
4 industrial customer to the private entity for such production is directly tied to the consumption of
5 electricity occurring at the designated net-metered accounts.

6 (16) "Nonprofit" means a nonprofit corporation as defined and established through chapter
7 6 of title 7, and shall include religious organizations that are tax exempt pursuant to 26 U.S.C. §
8 501(d).

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

13 (18) "Preferred site" means a location for a renewable energy system that has had prior
14 development, including, but not limited to: landfills, gravel pits and quarries, highway and major
15 road median strips, brownfields, superfund sites, parking lots or sites that are designated
16 appropriate for carpools, and all rooftops including, but not limited to, residential, commercial,
17 industrial, and municipal buildings.

18 (19) "Project" means a distinct installation of an eligible net-metering system or a
19 community remote net-metering system. An installation will be considered distinct if it is installed
20 in a different location, or at a different time, or involves a different type of renewable energy.
21 Subject to the safe-harbor provisions in § 39-26.4-3(a)(1), new and distinct projects cannot be
22 located on adjoining parcels of land within core forests, except for preferred sites.

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

27 (21) "Public entity net-metering system" means a system generating renewable energy at
28 a property owned or controlled by the public entity that is participating in a net-metering financing
29 arrangement where the public entity has designated accounts in its name to receive net-metering
30 credits.

31 (22) "Renewable net-metering credit" means a credit that applies to an eligible net-
32 metering system or a community remote net-metering system up to one hundred percent (100%) of
33 either the renewable self-generator's usage at the eligible net-metering system site or the sum of
34 the usage of the eligible credit-recipient accounts associated with the community remote net-

1 metering system over the applicable billing period. This credit shall be equal to the total kilowatt
2 hours of electrical energy generated up to the amount consumed on-site, and/or generated up to the
3 sum of the eligible credit-recipient account usage during the billing period multiplied by the sum
4 of the distribution company's:

5 (i) Last resort service kilowatt-hour charge for the rate class applicable to the net-metering
6 customer, except that for remote public entity and multi-municipality collaborative net-metering
7 systems that submit an application for an interconnection study on or after July 1, 2017, and
8 community remote net-metering systems, the last resort service kilowatt-hour charge shall be net
9 of the renewable energy standard charge or credit;

10 (ii) Distribution kilowatt-hour charge;

11 (iii) Transmission kilowatt-hour charge; and

12 (iv) Transition kilowatt-hour charge.

13 For projects after April 15, 2023, subject to the allowable two hundred seventy-five
14 megawatts alternating current (275 MWac), under § 39-26.4-3(a)(1)(vi), the credit shall be reduced
15 by twenty percent (20%).

16 Notwithstanding the foregoing, except for systems that have requested an interconnection
17 study for which payment has been received by the distribution company, or if an interconnection
18 study is not required, a completed and paid interconnection application, by December 31, 2018, the
19 renewable net-metering credit for all remote public entity and multi-municipal collaborative net-
20 metering systems shall not include the distribution kilowatt-hour charge commencing on January
21 1, 2050.

22 (23) "Renewable self-generator" means an electric distribution service customer of record
23 for the eligible net-metering system or community remote net-metering system at the eligible net-
24 metering system site which system is primarily designed to produce electrical energy for
25 consumption by that same customer at its distribution service account(s), and/or, with respect to
26 community remote net-metering systems, electrical energy which generates net-metering credits to
27 be applied to offset the eligible credit-recipient account usage.

28 (24) "Third party" means and includes any person or entity, other than the renewable self-
29 generator, who or that owns or operates the eligible net-metering system or community remote net-
30 metering system on the eligible net-metering system site for the benefit of the renewable self-
31 generator.

32 (25) "Third-party, net-metering financing arrangement" means the financing of eligible
33 net-metering systems or community remote net-metering systems through lease arrangements or
34 power/credit purchase agreements between a third party and renewable self-generator, except for

1 those entities under a public entity net-metering financing arrangement. A third party engaged in
2 providing financing arrangements related to such net-metering systems with a public or private
3 entity is not a public utility as defined in § 39-1-2.

4 **39-26.4-3. Net metering.**

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

8 (1)(i) The maximum allowable capacity for eligible net-metering systems, based on
9 nameplate capacity, shall be ten megawatts (10 MW).

10 (ii) Eligible net-metering systems shall be sited outside of core forests with the exception
11 of development on preferred sites in the core forest and the exception of systems that, as of April
12 15, 2023, (A) Have submitted a complete application to the appropriate municipality for any
13 required permits and/or zoning changes, or (B) Have requested an interconnection study for which
14 payment has been received by the distribution company, or (C) If an interconnection study is not
15 required, systems that have a completed and paid interconnection application.

16 (iii) For systems developed in core forests on preferred sites, no more than one hundred
17 thousand square feet (100,000 sq. ft) of core forest shall be removed, including for work required
18 for utility interconnection or development of a brownfield, in which case no more core forest than
19 necessary for interconnection or brownfield development shall be removed.

20 (iv) The aggregate amount of net metering in the Block Island Utility District doing
21 business as Block Island Power Company and the Pascoag Utility District shall not exceed a
22 maximum percentage of peak load for each utility district as set by the utility district based on its
23 operational characteristics, subject to commission approval.

24 (v) Through December 31, 2018, the maximum aggregate amount of community remote
25 net-metering systems built shall be thirty megawatts (30 MW). Any of the unused MW amount
26 after December 31, 2018, shall remain available to community remote net-metering systems until
27 the MW aggregate amount is interconnected.

28 (vi) The maximum aggregate capacity of remote net metering allowable for ground-
29 mounted eligible net-metering systems, as defined by § 39-26.4-2(6), with the exception of systems
30 that have, as of April 15, 2023, submitted a complete application to the appropriate municipality
31 for any required permits and/or zoning changes or have requested an interconnection study for
32 which payment has been received by the distribution company, or if an interconnection study is not
33 required, a completed and paid interconnection application by the distribution company ~~date of~~
34 ~~passage~~ [as of June 24, 2023](#), shall be two hundred seventy-five megawatts, alternating current (275

1 ~~MWae~~ MWAC), excluding off-shore wind. None of the systems to which this cap applies shall be
2 in core forests unless on a preferred site located within the core forest. A project counts against this
3 maximum if it is in operation or under construction by July 1, 2030, as determined by the local
4 distribution company. All eligible ground-mounted net-metering systems must be under
5 construction or in operation by July 1, 2030. This restriction shall not apply to the following: (A)
6 The eligible net-metering system is interconnected behind the same meter as the net-metering
7 customer's load; and/or (B) The energy generated by the eligible net-metering system is consumed
8 by net-metered electric service account(s) of the same owner of record that are actually located on
9 the same or contiguous parcels as the eligible net-metering system.

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

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

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

32 (3) If the electricity generated by an eligible net-metering system or community remote
33 net-metering system during a billing period is equal to, or less than, the net-metering customer's
34 usage at the eligible net-metering system site or the sum of the usage of the eligible credit-recipient

1 accounts associated with the community remote net-metering system during the billing period, the
2 customer shall receive renewable net-metering credits, that shall be applied to offset the net-
3 metering customer's usage on accounts at the eligible net-metering system site, or shall be used to
4 credit the eligible credit-recipient's electric account.

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

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

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

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

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

32 (e) The Rhode Island office of energy resources shall redesign the community solar remote
33 net metering program to reflect the provisions of this chapter and to include a commercial or
34 industrial anchor tenant up to but not to exceed fifty percent (50%) of the project. The remaining

1 fifty percent (50%) must be allocated or subscribed to low- and moderate-income (LMI) residents
2 and/or those living in areas defined as disadvantaged and environmental justice communities. The
3 Rhode Island office of energy resources shall design the net metering credit rate and factor in
4 federal energy funding and tax credits to develop the most cost-effective rate for community solar
5 projects. It is expected that these projects will be operational for a twenty-year (20) period. The
6 Rhode Island office of energy resources shall file a benefit and cost analysis with any program
7 proposal filed to the Rhode Island public utilities commission. Once the Rhode Island office of
8 energy resources files a program proposal to the Rhode Island public utilities commission, a docket
9 shall be established, and the Rhode Island public utilities commission shall issue a ruling on the
10 program no later than one hundred and fifty (150) days. If a program is approved, it will be subject
11 to no greater than twenty megawatts (20 MW) per year for two years until the forty megawatts (40
12 MW) cap is met. Eligible net-metering systems shall be sited outside of core forests with the
13 exception of development on preferred sites in the core forest.

14 SECTION 2. Sections 39-26.6-1 and 39-26.6-3 of the General Laws in Chapter 39-26.6
15 entitled "The Renewable Energy Growth Program" are hereby amended to read as follows:

16 **39-26.6-1. Purpose.**

17 The purpose of this chapter is to enable the state to meet its climate and resilience goals,
18 including those established in the act on climate. This includes the goals to facilitate and promote
19 installation of grid-connected generation of renewable energy; support and encourage development
20 of distributed renewable energy generation systems while protecting important core forest areas
21 essential to climate resilience and complying with Rhode Island's climate change mandates; reduce
22 environmental impacts; reduce carbon emissions that contribute to climate change by encouraging
23 the siting of renewable energy projects in the load zone of the electric distribution company and in
24 preferred areas that have already been disturbed by industry or other uses; diversify the energy-
25 generation sources within the load zone of the electric distribution company; stimulate economic
26 development; and improve distribution-system resilience and reliability ~~with~~ within the load zone
27 of the electric distribution company.

28 **39-26.6-3. Definitions.**

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

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

33 (2) "Ceiling price" means the bidding price cap(s) applicable to each annual enrollment for
34 a given distributed-generation class, that shall be approved for each renewable energy class

1 pursuant to the procedure established in this chapter. The ceiling price(s) are not required to, but
2 may be, approved for up to three years. The ceiling price for each technology should be a price that
3 would allow a private owner to invest in a given project at a reasonable rate of return, based on
4 recently reported and forecast information on the cost of capital and the cost of generation
5 equipment. The calculation of the reasonable rate of return for a project shall include, where
6 applicable, any state or federal incentives, including, but not limited to, tax incentives. Nothing
7 shall prohibit the distributed-generation board from proposing revised ceiling prices prior to a
8 program year to account for changes to available federal or state tax incentives, trade tariffs, or
9 other federal or state incentives that would affect the calculation of the rate of return on a project.

10 (3) "Commercial-scale solar project" means a solar distributed-generation project with the
11 nameplate capacity specified in § 39-26.6-7.

12 (4) "Commission" means the Rhode Island public utilities commission.

13 (5) "Community remote distributed-generation system" means a distributed-generation
14 facility greater than two hundred fifty kilowatt (250 KW) nameplate direct current that allocates
15 bill credits for each kilowatt hour (KWh) generated to a minimum of three (3), eligible recipient-
16 customer accounts, provided that no more than fifty percent (50%) of the credits produced by the
17 system are allocated to one eligible recipient-customer account, and provided further that at least
18 fifty percent (50%) of the credits produced by the system are allocated to eligible recipients in an
19 amount not to exceed that which is produced annually by twenty-five kilowatt (25 KW) AC
20 capacity. The community remote distributed-generation system may transfer credits to eligible
21 recipient-customer accounts in an amount that is equal to, or less than, the sum of the usage of the
22 eligible recipient-customer accounts measured by the three-year-average (3) annual consumption
23 of energy over the previous three (3) years. A projected, annual consumption of energy may be
24 used until the actual three-year-average (3) annual consumption of energy over the previous three
25 (3) years at the eligible recipient-customer accounts becomes available for use in determining
26 eligibility of the generating system. The community remote distributed-generation system may be
27 owned by the same entity that is the customer of record on the net-metered account or may be
28 owned by a third party.

29 (6) "Core forest" refers to unfragmented forest blocks of single or multiple parcels totaling
30 two hundred fifty (250) acres or greater unbroken by development and at least twenty-five (25)
31 ~~acres~~ [yards](#) from mapped roads, with eligibility questions to be resolved by the director of the
32 department of environmental management. Such determination shall constitute a contested case as
33 defined in § 42-35-1. Notwithstanding any other provisions of this chapter, no renewable-
34 distributed-generation project that is located or planned to be located in or on a core forest, shall be

1 considered an eligible renewable-distributed-generation project or otherwise be eligible to
2 participate in this program, unless it is on a preferred site.

3 (7) “Distributed-generation facility” means an electrical-generation facility located in the
4 electric distribution company’s load zone with a nameplate capacity no greater than five megawatts
5 (5 MW), except for solar projects as described in § 39-26.6-7 that may exceed five megawatts (5
6 MW) but shall not be greater than fifteen megawatts (15 MW), unless located on preferred sites, in
7 which case they may be sized up to thirty-nine megawatts (39 MW), using eligible renewable
8 energy resources as defined by § 39-26-5, including biogas created as a result of anaerobic
9 digestion, but, specifically excluding all other listed eligible biomass fuels, and connected to an
10 electrical power system owned, controlled, or operated by the electric distribution company. For
11 facilities developed in core forests on preferred sites, no more than one hundred thousand square
12 feet (100,000 sq. ft.) of core forest shall be removed, including for work required for utility
13 interconnection or development of a brownfield, in which case no more core forest than necessary
14 for interconnection or brownfield development shall be removed. For purposes of this chapter, a
15 distributed-generation facility must be a new resource that:

16 (i) Has not begun operation;

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

19 (iii) Except for small-scale solar projects, does not have in place investment or lending
20 agreements necessary to finance the construction of the facility prior to the submittal of an
21 application or bid for which the payment of performance-based incentives is sought under this
22 chapter except to the extent that such financing agreements are conditioned upon the project owner
23 being awarded performance-based incentives under the provisions of this chapter. For purposes of
24 this definition, preexisting hydro generation shall be exempt from the provisions of subsection
25 (7)(i) regarding operation, if the hydro-generation facility will need a material investment to restore
26 or maintain reliable and efficient operation and meet all regulatory, environmental, or operational
27 requirements. For purposes of this provision, “material investment” shall mean investment
28 necessary to allow the project to qualify as a new, renewable energy resource under § 39-26-2. To
29 be eligible for this exemption, the hydro-project developer at the time of submitting a bid in the
30 applicable procurement must provide reasonable evidence with its bid application showing the level
31 of investment needed, along with any other facts that support a finding that the investment is
32 material, the determination of which shall be a part of the bid review process set forth in § 39-26.6-
33 16 for the award of bids.

34 (8) “Distributed-generation project” means a distinct installation of a distributed-

1 generation facility. An installation will be considered distinct if it does not violate the segmentation
2 prohibition set forth in § 39-26.6-9.

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

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

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

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

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

16 (14) “Office” means the Rhode Island office of energy resources.

17 (15) “Preferred sites” means a location for a renewable energy system that has had prior
18 development, including, but not limited to: landfills, gravel pits and quarries, highway and major
19 road median strips, brownfields, superfund sites, parking lots or sites that are designated
20 appropriate for carports, and all rooftops including, but not limited to, residential, commercial,
21 industrial and municipal buildings.

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

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

26 (18) “Renewable energy classes” means categories for different renewable energy
27 technologies using eligible renewable energy resources as defined by § 39-26-5, including biogas
28 created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass
29 fuels specified in § 39-26-2(6). For each program year, in addition to the classes of solar distributed
30 generation specified in § 39-26.6-7, the board shall determine the renewable energy classes as are
31 reasonably feasible for use in meeting distributed-generation objectives from renewable energy
32 resources and are consistent with the goal of meeting the annual target for the program year. The
33 board may make recommendations to the commission to add, eliminate, or adjust renewable energy
34 classes for each program year, provided that the solar classifications set forth in § 39-26.6-7 shall

1 remain in effect for at least the first two (2) program years and no distributed-generation project
2 may exceed five megawatts (5 MW) of nameplate capacity except for solar projects as described
3 in § 39-26.6-7.

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

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

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

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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

1 This act modifies the definition of “core forest” to refer to unfragmented forest blocks or
2 single or multiple parcels totaling two hundred fifty (250) acres or greater unbroken by
3 development and at least twenty-five (25) yards from mapped roads, instead of twenty-five (25)
4 acres from mapped roads.

5 This act would take effect upon passage.

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