



June 12, 2016

Mark D. Marini, Secretary,
Department of Public Utilities
One South Station
Boston, MA 02110

Re: Investigation of the Department of Public Utilities, on its own Motion, Instituting an Emergency Rulemaking pursuant to G.L. c. 164, §§ 138 and 139; G.L. c. 30A, § 2; 220 C.M.R. §§ 2.00 et seq.; and Executive Order 562, to Amend 220 C.M.R. § 18.00 et seq., D.P.U. 16-64.

Dear Secretary Marini:

Thank you for the opportunity to provide comments regarding DPU 16-64 Order Adopting Emergency Net Metering Regulations. This letter sets forth the comments of MassSolar is Working, Inc. ("MassSolar") with respect to the above-referenced matter. MassSolar is a 501(c)(3) organization working to establish a renewable energy economy, ensure fair compensation for solar owners and provide access to solar for everyone in the Commonwealth. Our comments address three issues: (1) Date of notification; (2) Calculation and rollover of Net Metering Credits; and (3) Minimum Monthly Reliability Contribution. We outline our concerns in each of these areas below.

Date of notification

The Department's attempts to draw a clear line between the existing and new net metering regime has created a fair amount of concern and consternation in the solar community. While the Order Clarifying Emergency Net Metering Regulations, D.P.U. 16-64-A helps, in our view, it does not fully address the issue. The transition to a new program would far easier for developers, financiers and potential project owners to understand if the transition itself was tied to the promulgation to the new solar incentive program the Department of Energy Resources is currently developing. In this way, the Notification Date would be set as the date the new solar incentive program takes effect and projects submitting a complete application to the System of Assurance after such date would receive Market Net Metering Credits, as forth in the Emergency Net Metering Regulations.

Calculation and rollover of Net Metering Credits

It is not clear in the Emergency Net Metering Regulations how net metering credits would be calculated for solar systems in the event the Department transitions to time varying rates in the coming years. To the extent that electricity rates would vary over the course of a billing month, how does the Department propose the credit value be calculated for exported generation in such instances? Greater clarity on this matter is needed.

Furthermore, the Emergency Net Metering Regulations should be more specific with respect to net metering credit rollover. While Net Metering Credits never expire and will rollover until they are used, the portion of a net metering credit rolling over from one month to another and the rate used to calculate that credit is not well detailed. This issue is likely to be exacerbated with the issuance of Market Net Metering Credit rates.

MassSolar's primary concern is how a solar system owner or Net Metering Credit recipient will be able to determine, from their electricity bill, whether they have been properly credited for exported generation. For example, if a solar system receiving Market Net Metering Credits net exports 100 kWh in the billing month of June, the host's electricity account should receive a net metering credit on their electricity bill equal to 60% of the retail electricity rate on that account. If in July, the same solar system net exports another 100 kWh, then another credit equal to 60% of the retail electricity rate should be added to the bill. Going into August, the host's electricity account should have a credit on their electricity bill equal to 120 kWh of excess generation. But in light of how electricity bills currently display net metering credits, it would be rather difficult for the host to determine the rate at which their account was being credited and that credits from previous months were being accurately carried over into future months.

To ensure transparency and accessibility of this information, utilities should be required to provide a more detailed accounting of the calculation, carry over, debiting and crediting of exported generation on electricity bills going forward. As such, MassSolar respectfully requests the Department add language to the Emergency Net Metering Regulations to require this.

Minimum Monthly Reliability Contribution

MassSolar has a series of comments in response to the questions posed by the Department on this issue. We've addressed each question, in turn.

- At what time and under what circumstances the Department may consider proposals for a monthly minimum reliability contribution?

The legislation is clear on this point. The Department may only consider proposals for such fees as part of: (i) the distribution company's base distribution rate proceeding; or (ii) a revenue neutral rate design filing that is supported by appropriate cost of service data across all rate classes. The Emergency Net Metering Regulations should be amended to reflect that.

- What process should the Department use to consider the monthly minimum reliability contribution?

The Department should adopt a holistic cost and benefit approach, along the lines of a value of solar study, that considers and quantifies the costs and benefits that solar provides to the grid. Doing so will allow the Department to accurately determine the extent to which solar owners those distribution utility accounts receiving net metering credits are contributing to the maintenance and upkeep of the grid through cash payments or by providing services to the grid.

A series of studies along these lines already show, that in more cases than not, solar is benefitting all ratepayers and solar system owners and beneficiaries are covering their costs to maintain the grid. MassSolar refers the Department to a recent Brookings Institute paper on this topic, which reviewed a number of solar cost-benefit analyses.¹

- Whether the Department should exempt or modify a monthly minimum reliability contribution for low-income ratepayers?

MassSolar believes it is appropriate for the Department to exempt all low-income ratepayers from any monthly minimum reliability contribution. More specifically, MassSolar would suggest that any ratepayer eligible for the R-2 discount rate be exempted from any monthly minimum reliability contribution.

Implementing a fee of this nature on low income ratepayers risks undermining a series of measures the Commonwealth has put in place to lower and make it easier for low-income ratepayers to afford their monthly utility bills. The R-2 discount rate is just one of them. On top of that, solar holds the potential to further lower and stabilize electricity costs for low income households. The Commonwealth is currently exploring ways to expand opportunities for solar in low income communities partly for this reason. Imposing a monthly minimum reliability contribution on low income ratepayers receiving net metering credits could completely negate these efforts. For

¹ See Muro, M. and Sha, D., *Rooftop solar: Net metering is a net benefit* (May 23,2016). Available at: <http://www.brookings.edu/research/papers/2016/05/23-rooftop-solar-net-metering-muro-saha>.

these reasons, MassSolar strongly encourages the Department to exempt all low income ratepayers from any monthly minimum reliability contribution.

- Whether the Department should exempt any class or sub-class of net metering facilities that were in service before December 31, 2016?

MassSolar's view is that all systems placed in service before December 31, 2016 and all electricity accounts receiving net metering credits from these systems should be exempted from monthly minimum reliability contributions. The reasons for this are ones that the Department is likely to be well aware of. First and foremost, the investments made in these systems along with the contracts signed in relation to them were based on certain investor expectations and economic calculations. Imposing a fee of an unknown amount retroactively on these systems and electricity accounts receiving net metering credits could significantly impair the economic viability of such projects and contracts managing the transfer and sale of net metering credits.

Second, a retroactive change such as this would further undermine confidence in the Massachusetts solar market. The market is badly damaged after more than a year of uncertainty around whether the Legislature would address net metering caps. While the caps have been raised, the private cap in National Grid territory has been hit again and there is no sign that the legislature will act to raise caps again this year. What's more, the Commonwealth is in the midst of re-writing its solar incentive program. At this stage of the game, it's entirely unclear what the new regime will entail and what types of solar projects will be viable. Net metering rates are also set to be cut for many new solar projects, including community shared and private low income solar projects over 10 kW (single phase) and 25 kW (three phase). Confidence in our solar market is low and many solar companies are looking to other states to do business. Imposing a fee on existing solar projects and utility accounts that applies retroactively will only make things worse.

Thank you for your consideration of these matters and the anticipated clarification.

Regards,



Mark Sandeen
President, MassSolar