



MassSolar
SolarIsWorking.org

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, Massachusetts 02110

May 30, 2017

RE: MassSolar comments on D.P.U. #17-05, Petition of NSTAR Electric Company and Western Massachusetts Electric Company, each doing business as Eversource Energy, pursuant to G.L. c. 164, § 94 and 220 C.M.R. § 5.00 et seq., for Approval of General Increases in Base Distribution Rates for Electric Service and a Performance Based Ratemaking Mechanism

Dear Secretary Marini:

Eversource's rate proposal is a study in contrasts. The utility is asking for certainty, simplicity and guarantees for their business, while asking that solar customers face a highly uncertain and complex future, with no guarantees.

Eversource's proposal would increase their revenue by \$100 million with a guaranteed rate of return on equity of 10.5%, far exceeding the rates awarded to other more efficient utilities in the New England region. In addition, Eversource proposes that ratepayers guarantee the utility a revenue increase of 4% a year or \$50 million a year for the next four years and probably much longer.

Meanwhile the utility proposes to single out solar customers for highly complex rate structures that impose new demand charges and new fixed charges, while eliminating existing time of use rate structures that many solar customers depended on to justify their investments.

Small customer electricity rates have primarily been based on per kWh energy consumption, often called volumetric charges. These rates are easily understood and provide clear signals that allow customers to manage their bills and encourage energy efficiency. Although demand charges may be appropriate for more sophisticated and large C&I customers, Eversource is proposing to apply demand charges to residential and small business customers who install solar generation systems.

Demand charges are much more difficult to understand and manage – especially with current metering technology. Small customers will not know what their peak demand is or what steps they can or should take to manage their demand. In effect, demand charges act as fixed charges for all but the largest commercial customers who can afford to install sophisticated energy management systems and may actually increase electricity demand. Additionally, if demand charges are not linked to local or system peak periods, they do not provide an efficient signal to control system costs driven by peaks.

MassSolar requests that the DPU reject Eversource's proposal to impose demand based rates on residential and small commercial solar customers.

MassSolar also strongly urges the Department to reject Eversource's proposed elimination of Rate T-1 (also known as Rate B-5) and its replacement with a G-1 (Demand) Rate. At a minimum, Rate T-1 should be grandfathered and remain available to the relatively few net metered facilities that are under contract as of the date the Eversource rate review is approved.

Under the Eversource proposed replacement of the non-demand Rate T-1 with the Rate G-1 (Demand), the net metering credit received by those net metered facilities will drop from ~22 cents per kWh to ~13 cents per kWh, in some cases falling below the rates host customers are obligated to pay for their solar energy production under existing PPAs. In other words, this change would force many solar projects under water – solar projects whose economics and financial approvals were based on the expectation of the continued availability of non-demand net metering credit rates.

Principles of rate continuity weigh strongly in favor of grandfathering existing net metering facilities. A rate reduction of 41%, particularly where host customers have made long-term investment decisions in reliance on the original rate, is seriously inconsistent with DPU precedent. Long-term contracts for solar projects are highly dependent upon rate structure and policy stability. Electric utilities should not be allowed to change rates in a way that undermines solar net metered projects that are already subject to long-term contracts. Introducing this massive level of policy instability threatens the confidence host customers—and all stakeholders—must have when making the long-term commitments required to finance new energy producing assets. As one example, reaching agreement on change in law provisions in power purchase agreements will become extremely problematic in an environment where there can no longer be any assurance of a stable regulatory environment for host customers and financing partners. Who will take the risk and bear the costs of any future regulatory change?

Eversource has also proposed higher fixed monthly charges for residential customers as part of a monthly minimum reliability contribution (MMRC). This proposal would also lower per-kWh rates for that portion of the rate that defines the value of net metering credits for distributed generation. There are several significant concerns with the Eversource MMRC proposal. In a rate case last year, the DPU ruled that National Grid did not provide sufficient evidence to show that a cost shift from DG customers to other customers exists. Eversource must meet this same burden. Singling out distributed generation customers for higher charges is bad public policy. Instead, any rate should equitably recover costs from all customers, while appropriately valuing all the benefits of the solar energy exported by DG customers.

MassSolar requests that the DPU cap fixed monthly charges at the actual cost of connecting a customer to the system after accounting for interconnection upgrade fees paid by solar customers, offer opt-in non-demand Time of Use rates for all distributed generation

systems, and align net metering credit rates with ratepayer value provided by distributed generation systems.

MassSolar requests that the DPU protect existing and future solar customers by rejecting the imposition of new fixed charges, new demand charges, and the elimination of existing time of use rates that solar customers currently depend on.

In 2008, the Commonwealth enacted the Global Warming Solutions Act that established emission reduction targets of 25% by 2020 and 80% by 2050. Last year the Supreme Judicial Court ruled that Massachusetts was not moving fast enough to achieve those emissions reductions targets. The Commonwealth should be accelerating our transition to a renewable energy future, not imposing additional barriers.

MassSolar requests that the DPU provide a regulatory and policy environment for solar customers that has the same certainty and simplicity that the utility is requesting for its own business.

Thank you for your consideration of our comments and requests.

Sincerely,



Mark Sandeen
President, MassSolar