



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 16-64

May 11, 2016

Investigation of the Department of Public Utilities, on its own Motion, Commencing a 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.

ORDER ADOPTING EMERGENCY REGULATIONS

I. INTRODUCTION

On April 11, 2016, Governor Charlie Baker signed into law Chapter 75 of the Acts of 2016, An Act Relative to Solar Energy (“Act”). Among other things, the Act requires the Department of Public Utilities (“Department”) to amend its rules and regulations implementing certain changes to the net metering provisions of G.L. c. 164, §§ 138-139.

St. 2016, c. 75, §§ 3-9, 12. Most sections of the Act were effective April 11, 2016, and Section 4 is effective as of May 11, 2016. The Department opens this docket to institute a rulemaking proceeding for the purpose of implementing the Act’s net metering provisions.

By this Order, and pursuant to G.L. c. 30A, § 2, and 220 C.M.R. § 2.00 et seq., the Department commences a rulemaking and adopts Emergency Regulations (“Emergency Net Metering Regulations”) amending 220 C.M.R. § 18.00 et seq.¹ to implement certain changes to the net metering provisions of G.L. c. 164, §§ 138-139. St. 2010, c. 359, §§ 25-30. St. 2012, c. 209, §§ 23-30. St. 2014, c. 251, §§ 5-6. St. 2016, c. 75, §§ 3-9, 12.²

It is established policy of the Commonwealth to provide, forthwith, renewable and alternative energy for the immediate preservation of the public convenience. See e.g., An Act Relative to Green Communities, St. 2008, c. 169 (“GCA”). Since the GCA’s enactment, net metering has become increasingly important to the development of a robust and stable market

¹ We refer to 220 C.M.R. § 18.00 et seq. as Net Metering Regulations.

² Attached hereto as Appendix A are the Emergency Net Metering Regulations at 220 C.M.R. § 18.00 et seq., marked to show the changes incorporated herein. Attached hereto as Appendix B is a clean copy of the Emergency Net Metering Regulations.

for renewable energy projects in the private and the public sectors.³ Prior to the date when all portions of the Act became effective, each Distribution Company⁴ was approaching or had reached its private cap, and one electric distribution company has reached its public cap.⁵

³ Net metering has separate limits for public and private projects, which are respectively referred to as the public cap and the private cap. The public and private caps were established pursuant to Chapter 359 of the Acts of 2010, An Act Making Appropriations for the Fiscal Years 2010 and 2011 to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects, and most recently amended by St. 2016, c. 75, §§ 5-6. G.L. c. 164, § 139(f); See also Net Metering, D.P.U. 11-10-A at 2 (2012); Net Metering, D.P.U. 14-104-A at 2 (2015).

⁴ Unless otherwise defined in this Order, capitalized terms have the same meaning as provided in the Emergency Net Metering Regulations.

⁵ Prior to the cap increase established by the Act, Massachusetts Electric Company's ("MECo") private cap was 205.240 megawatts ("MW") with 134.605 MW of projects interconnected, 7 kilowatts of applications pending, and 164.931 MW of projects on the waiting list. Prior to the cap increase established by the Act, MECo's public cap was 256.550 MW with 210.875 MW of projects interconnected, 3.119 MW of applications pending, and 75.282 MW of projects on the waiting list. See <https://app.massaca.org/allocationreport/report.aspx> (May 10, 2016).

Prior to the cap increase established by the Act, NSTAR Electric Company's ("NSTAR Electric") private cap was 199.120 MW with 104.462 MW of projects interconnected, 2.156 MW of applications pending, and 6.993 MW of projects on the waiting list. Prior to the cap increase established by the Act, NSTAR Electric's public cap was 248.900 MW with 131.157 MW of projects interconnected, 2.817 MW of applications pending, and no projects on the waiting list. See <https://app.massaca.org/allocationreport/report.aspx> (May 10, 2016).

Prior to the cap increase established by the Act, Western Massachusetts Electric Company's ("WMECo") private cap was 34.160 MW with 15.128 MW of projects interconnected, 6.859 MW of applications pending, and 1.608 MW of projects on the waiting list. Prior to the cap increase established by the Act, WMECo's public cap was 42.700 MW with 19.456 MW of projects interconnected, and no applications pending or projects on the waiting list. See <https://app.massaca.org/allocationreport/report.aspx> (May 10, 2016).

Pursuant to the Act's directive, as of April 11, 2016, the private and public caps were increased.⁶ To maintain the stability of this market and to foster continued growth of net metering projects by the public and private sectors, the Department finds that implementation of the Emergency Net Metering Regulations, without delay, will allow for expansion of net metering services with direct benefits and value realized by electric distribution customers, consistent with the Legislature's intent to transition to a stable and equitable solar market at a

Prior to the cap increase established by the Act, Fitchburg Gas and Electric Light Company d/b/a Unitil's ("Unitil") private cap was 4.080 MW with 3.369 MW of projects interconnected, and no applications pending or projects on the waiting list. Prior to the cap increase established by the Act, Unitil's public cap was 5.100 MW with 3.047 MW of projects interconnected, and no applications pending or projects on the waiting list. See <https://app.massaca.org/allocationreport/report.aspx> (May 10, 2016).

Prior to the cap increase established by the Act, Nantucket Electric Company's private cap was 1.819 MW with no projects interconnected, and no applications pending or projects on the waiting list. Prior to the cap increase established by the Act, Nantucket Electric Company's public cap was 2.274 MW with 0.100 MW of projects interconnected, and no applications pending or projects on the waiting list. See <https://app.massaca.org/allocationreport/report.aspx> (May 10, 2016).

⁶ The current net metering caps effective as of the date of this Order are:

MECo's private cap is 359.170 MW. MECo's public cap is 410.480 MW.

NSTAR Electric's private cap is 348.460 MW. NSTAR Electric's public cap is 398.240 MW.

WMECo's private cap is 59.780 MW. WMECo's public cap is 68.320 MW.

Unitil's private cap is 7.140 MW. Unitil's public cap is 8.160 MW.

Nantucket Electric Company's private cap is 3.183 MW. Nantucket Electric Company's public cap is 3.638 MW. See <https://app.massaca.org/allocationreport/report.aspx> (May 11, 2016).

reasonable cost to ratepayers in the Commonwealth. St. 2016, c. 75, Emergency Preamble.

The Emergency Net Metering Regulations are designated as 220 C.M.R. § 18.00 et seq. and are effective upon filing with the Secretary of the Commonwealth.⁷

II. EMERGENCY REGULATIONS

A. Introduction

To implement all changes to the net metering provisions of the Act, the Department has promulgated these Emergency Net Metering Regulations.⁸ The Department intends to further review the net metering provisions of the Act, solicit comments on the Emergency Net Metering Regulations and related issues, conduct a public hearing, and promulgate final regulations amending 220 C.M.R. § 18.00 et seq. The Department will conclude this rulemaking process before the end of the effective period of the Emergency Net Metering Regulations. Below, we discuss how the Emergency Net Metering Regulations will implement the amendments to G.L. c. 164, §§ 138-139.

⁷ Legislative authority for the establishment of the Net Metering Regulations can be found at: “An Act Relative to Green Communities,” St. 2008, c. 169, § 78; “An Act Making Appropriations for the Fiscal Years 2010 and 2011 to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects,” St. 2010, c. 359, §§ 25 through 30; “An Act Relative to Competitively Priced Electricity in the Commonwealth,” St. 2012, c. 209, §§ 23 through 30.

⁸ Net metering is available in the Commonwealth pursuant to: (1) 220 C.M.R. § 8.00 et seq., Sales of Electricity by Qualifying Facilities and On-site Generating Facilities to Distribution Companies, and Sales of Electricity by Distribution Companies to Qualifying Facilities and On-site Generating Facilities; (2) 220 C.M.R. § 11.00 et seq., Rules Governing the Restructuring of the Electric Industry; and (3) 220 C.M.R. § 18.00 et seq. For additional procedural history on net metering regulations, see Net Metering Rulemaking, D.P.U. 08-75, at 1-2 (2009) and Net Metering Rulemaking, D.P.U. 11-10, at 1 (2011).

B. Amendments to G.L. c. 164, § 138

The Act amends the provisions of G.L. c. 164, § 138, adding a definition of Market Net Metering Credit. St. 2016, c. 75, §§ 3-4. Specifically, as incorporated into the Emergency Net Metering Regulations, the Department adds definitions for Market Net Metering Credit, Net Metering Credit, and Notification Date. To distinguish between net metering facilities using sunlight to generate electricity and net metering facilities using other sources to generate electricity, the Department also added definitions for Class I Solar Net Metering Facility, Class II Solar Net Metering Facility, Class III Solar Net Metering Facility, and Solar Neighborhood Net Metering Facility.

C. Amendments to G.L. c. 164, § 139

The Act amends the provisions of G.L. c. 164, § 139, by: (a) directing Distribution Companies to calculate Market Net Metering Credits after a specified time frame; (b) updating the net metering capacity limits; and (c) defining the process for Distribution Companies to submit proposals for adding a monthly minimum reliability contribution to electric bills for customers receiving Net Metering Credits. St. 2016, c. 75, §§ 4-9. Specifically, as incorporated into the Emergency Net Metering Regulations, the Department establishes the methods for calculating Net Metering Credits and Market Net Metering Credits (Apps. A and B, § 18.04). The private cap is now raised to seven percent of each Distribution Company's historical peak load and the public cap is now raised to eight percent of each

Distribution Company's historical peak load (Apps. A and B, §§ 18.07(1)(a-b)).⁹ The Emergency Net Metering Regulations now include a new section describing the process for Distribution Companies to seek Department approval to include a monthly minimum reliability contribution on electric bills for customers receiving Net Metering Credits (Apps. A and B, § 18.10).

III. SOLICITATION OF COMMENTS

The Department seeks initial written comments on the Emergency Net Metering Regulations no later than 5:00 p.m. on **Wednesday, June 15, 2016**. The Department seeks reply written comments on the Emergency Net Metering Regulations not later than 5:00 p.m. on **Monday, June 20, 2016**. The Department welcomes specific recommended language changes to the Emergency Net Metering Regulations. Additionally, the Department seeks comments on the following topics:

1. The process for Distribution Companies to calculate Net Metering Credits for Solar Net Metering Facilities that are interconnected prior to the Notification Date and seek to expand such facilities after the Notification Date;
2. Whether the Act permits Distribution Companies to provide payment to Class III Solar Net Metering Facilities receiving Market Net Metering Credits in lieu of a Net Metering Credit on an electric bill;

⁹ Prior to the Act, the private cap was four percent of each Distribution Company's historical peak load and the public cap was five percent of each Distribution Company's historical peak load. St. 2014, c. 251, §§ 5-6.

3. Whether the term “government entity” as used in the Act, Section 3, which states that “credits shall only be allocated to an account of a municipality or government entity,” should be interpreted to have the same meaning as “other governmental entity” as used in G.L. c. 164, § 139;
4. Whether including in the definitions of Class I Net Metering Facility and Class I Solar Net Metering Facility the phrase “is not a transmission facility” is appropriate; and if so, whether the definitions of Class II Net Metering Facility, Class II Solar Net Metering Facility, Class III Net Metering Facility, and Class III Solar Net Metering Facility also should reference that the facility is not a transmission facility;
5. At what time and under what circumstances the Department may consider proposals for a monthly minimum reliability contribution;
6. What process should the Department use to consider the monthly minimum reliability contribution;
7. Whether the Department should exempt or modify a monthly minimum reliability contribution for low-income ratepayers;
8. Whether the Department should exempt any class or sub-class of net metering facilities that were in service before December 31, 2016;
9. What would be a reasonable amount of time between (a) the Department of Energy Resource’s (“DOER”) determination that the aggregate nameplate capacity of Solar Net Metering Facilities qualified under G.L. c. 25A, § 11F(g),

is equal to or greater than 1,600 MW direct current and (b) the Notification Date to be established pursuant to Department Order following receipt of the DOER's determination; and

10. In defining the process for calculating Net Metering Credits in 220 C.M.R. § 18.04, should the term "Basic Service" be used rather than the term "Default Service."

Written comments shall be limited in length to a maximum of twenty one-sided, double-spaced typewritten pages. Any person who desires to file written comments shall file an original and one (1) copy of such written comments with Mark D. Marini, Secretary, Department of Public Utilities, One South Station, Boston, Massachusetts, 02110. All documents should also be submitted to the Department in electronic format using one of the following methods: (1) by e-mail attachment to dpu.efiling@state.ma.us and the hearing officer [Staci.Rubin@state.ma.us]; or (2) on a CD-ROM. The text of the e-mail or CD-ROM must specify: (1) the docket number of the proceeding (D.P.U. 16-64); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. The electronic filing should also include the name, title, and telephone number of a person to contact in the event of questions about the filing. Documents filed with the Department will be available for public inspection at its offices during business hours and through our website by looking up the docket by its number in the docket database at <http://web1.env.state.ma.us/DPU/FileRoom/dockets/bynumber> (insert 16-64).

To provide further opportunity for comment, and pursuant to G.L. c. 30A, §§ 2 and 4, and 220 C.M.R. § 2.05, the Department will hold a public hearing on **Wednesday, June 15, 2016, at 10:00 a.m.**, at the Department's offices, One South Station, 5th Floor, Boston, Massachusetts. The Department's office is wheelchair accessible. Any person seeking an accommodation to meaningfully participate at the public hearing should contact Staci Rubin, Hearing Officer, at (617) 305-3500 or Staci.Rubin@state.ma.us at least two days prior to the public hearing with requests for such accommodations.¹⁰ Interested persons may present facts, opinions, or arguments relating to the Emergency Net Metering Regulations at the public hearing.

IV. ADOPTION OF THE REGULATIONS

By this Order, the Department amends 220 C.M.R. § 18.00 et seq. to implement the net metering provisions of the Act as Emergency Regulations. These Emergency Net Metering Regulations become effective today, upon filing with the Secretary of the Commonwealth, and will remain in effect for a period not to exceed three months.¹¹

V. RELEVANT ACTIONS AND NEXT STEPS

Following receipt of public comments, the Department will further amend its Net Metering Regulations, as appropriate, and replace the Emergency Net Metering Regulations with Final Net Metering Regulations, which will become effective July 29, 2016. The

¹⁰ Mass.Gov, Executive Office of Energy and Environmental Affairs' Environmental Justice Policy, <http://www.mass.gov/eea/docs/eea/ej/ej-policy-english.pdf>.

¹¹ Of even date herewith, the Department filed with the Secretary of the Commonwealth a notice of a public hearing soliciting comment on the Emergency Net Metering Regulations to be published in the June 3, 2016, edition of the Massachusetts Register.

Department anticipates receiving a filing from DOER stating that the Commonwealth has reached a 1,600 MW threshold of solar facilities. Upon receipt of DOER's filing, the Department will certify the date provided by DOER via Department Order. Following the certification, the Department will establish a Notification Date by Department Order. The Department will establish a Notification Date by Department Order that will trigger the implementation of Distribution Companies calculation of Market Net Metering Credits. The Department will issue subsequent Orders to continue implementing the Act in this docket,

D.P.U. 16-64.

VI. ORDER

Accordingly, it is

ORDERED: That immediate adoption of the Emergency Regulations attached hereto and designated at 220 C.M.R. § 18.00 et seq. is necessary in accordance with G.L. c. 30A, § 2; and it is

D.P.U. 16-64

Attachment A

Red-Lined Emergency Net Metering Regulations

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

220 CMR 18.00: NET METERING

Section

- 18.01: Purpose and Scope
- 18.02: Definitions
- 18.03: Net Metering Services
- 18.04: Calculation of Net Metering Credits
- 18.05: Allocation of Net Metering Credits
- 18.06: Eligibility for Net Metering
- 18.07: Net Metering Capacity
- 18.08: Net Metering Reports
- 18.09: Miscellaneous

18.10: Minimum Reliability Contribution

18.01: Purpose and Scope

(1) Purpose. 220 CMR 18.00 establishes regulations governing how Distribution Companies are to provide Net Metering services to Customers consistent with the net metering provisions of M.G.L. c. 164, §§ 138 through 140, ~~as amended by an Act Relative to Credit for Thermal Energy Generated with Renewable Fuels, St. 2014, c. 251, §§ 5 and 6.~~

(2) Scope. 220 CMR 18.00 applies to all Distribution Companies subject to the jurisdiction of the Department.

18.02: Definitions

The terms set forth in 220 CMR 18.02 shall be defined as follows, unless the context otherwise requires.

Agricultural Net Metering Facility means a Renewable Energy generating facility that is operated as part of an agricultural business, generates electricity, does not have a generation capacity of more than two megawatts, is located on land owned or controlled by the agricultural business, and is used to provide energy to metered accounts of the business. "Agriculture" has the same meaning as provided in M.G.L. c. 128, § 1A; provided that, when necessary, the Commissioner of the Department of Agricultural Resources shall determine if a business is an agricultural business and whether the facility is operated as part of that business.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Anaerobic Digestion Net Metering Facility means a facility that

- (a) generates electricity from a biogas produced by the accelerated biodegradation of organic materials under controlled anaerobic conditions;
- (b) has been determined by the Department of Energy Resources, in coordination with the Department of Environmental Protection, to qualify under the Department of Energy Resources' regulations as a Class I renewable energy generating source under 225 CMR 14:00: *Renewable Energy Portfolio Standard – Class I* and M.G.L. c. 25A, § 11F; and
- (c) is interconnected to a Distribution Company.

Billing Period means the period of time set forth in a Distribution Company's terms and conditions for which a Distribution Company bills a Customer for its electricity consumed or estimated to have been consumed.

Class I Net Metering Facility means a plant or equipment that is used to produce, manufacture, or otherwise generate electricity and that is not a transmission facility and that has a design capacity of 60 kilowatts or less.

Class I Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity and that is not a transmission facility and with a design capacity of 60 kilowatts or less and is interconnected to a Distribution Company.

Class II Net Metering Facility means an Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than 60 kilowatts but less than or equal to one megawatt; provided, however, that a Class II Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than 60 kilowatts but less than or equal to one megawatt per unit.

Class II Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity with a generating capacity of more than 60 kilowatts but less than or equal to one megawatt and is interconnected to a Distribution Company; provided however, that a Solar Class II Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than 60 kilowatts but less than or equal to one megawatt per unit.

Class III Net Metering Facility means an Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than one megawatt but less than or equal to two megawatts; provided, however, that a Class III Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than one megawatt but less than or equal to two megawatts per unit up to a total capacity of ten megawatts per Municipality or Other Governmental Entity.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Class III Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity with a generating capacity of more than one megawatt but less than or equal to two megawatts and is interconnected to a Distribution Company; provided however, that a Solar Class III Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than one megawatt but less than or equal to two megawatts per unit and up to a total capacity of ten megawatts per Municipality or Other Governmental Entity.

Department means Department of Public Utilities.

Governmental Cooperative means a cooperative, organized pursuant to M.G.L. c. 164, § 136, whose members or shareholders are all Municipalities or Other Governmental Entities.

Customer means any person, partnership, corporation, or any other entity, whether public or private, who obtains distribution service at a customer delivery point and who is a customer of record of the Distribution Company for its own electricity consumption.

Distribution Company means a company engaging in the distribution of electricity or owning, operating or controlling distribution facilities; provided, however, that a distribution company shall not include any entity which owns or operates plant or equipment used to produce electricity, except for facilities provided in M.G.L. c. 164, § 1A(f), steam and chilled water, or an affiliate engaged solely in the provision of such electricity, steam and chilled water, where the electricity produced by such entity or its affiliate is primarily for the benefit of hospitals and non-profit educational institutions, and where such plant or equipment was in operation before January 1, 1986.

Host Customer means a Customer with a Class I, II, or III Net Metering Facility that generates electricity on the Customer's side of the meter.

ISO-NE means ISO New England Inc., the independent system operator for New England, or its successor, authorized by the Federal Energy Regulatory Commission to operate the New England bulk power system and administer New England's organized wholesale electricity market pursuant to the ISO-NE Tariff and operation agreements with transmission owners.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Market Net Metering Credit means a Net Metering Credit provided by a Distribution Company for the excess electricity generated and fed back to the Distribution Company by a Class I Solar Net Metering Facility, Class II Solar Net Metering Facility, Class III Solar Net Metering Facility or Solar Neighborhood Net Metering Facility that is interconnected to a Distribution Company after the Notification Date.

Municipality means a city or town.

Neighborhood means a geographic area within a Municipality, subject to the right of the Department to grant exceptions pursuant to 220 CMR 18.09(7), that:

- (a) is recognized by the residents as including a unique community of interests;
- (b) falls within the service territory of a single Distribution Company and within a single ISO-NE load zone; and
- (c) may encompass residential, commercial, and undeveloped properties.

Neighborhood Net Metering Facility means a Class I, II, or III Net Metering Facility that:

- (a) is owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single Distribution Company;
- (b) may also be owned by, or serve the energy needs of, other Customers who reside in the same Neighborhood and are served by the same Distribution Company as the residential Customers that own or are served by the facility; and
- (c) is located within the same Neighborhood as the Customers that own or are served by the facility.

Net Metering means the process of measuring the difference between electricity delivered by a Distribution Company and electricity generated by a Class I, Class II, Class III Net Metering Facility and fed back to the Distribution Company.

Net Metering Credit means any credit, including a Market Net Metering Credit, provided by a Distribution Company for the excess electricity generated and fed back to the Distribution Company by a Class I, Class II, Class III or Neighborhood Net Metering Facility.

Net Metering Facility of a Municipality or Other Governmental Entity means a Class II or III Net Metering Facility:

- (a) that is owned or operated by a Municipality or Other Governmental Entity; or
- (b) of which the Municipality or Other Governmental Entity is the Host Customer and is assigned 100% of the output.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Notification Date means the date established by Department Order after which all new Class I Solar Net Metering Facilities, Class II Solar Net Metering Facilities, and Class III Solar Net Metering Facilities shall generate Market Net Metering Credits only as determined pursuant to M.G.L. c. 164, § 139 (b½).

Other Governmental Entity means a department or agency of the Federal government or of the Commonwealth, and any other entity as approved by the Department.

Renewable Energy means energy generated from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

Solar Neighborhood Net Metering Facility means a Class I, II, or III Solar Net Metering Facility that:

- (a) is owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single Distribution Company;
- (b) may also be owned by, or serve the energy needs of, other Customers who reside in the same Neighborhood and are served by the same Distribution Company as the residential Customers that own or are served by the facility; and
- (c) is located within the same Neighborhood as the Customers that own or are served by the facility.

Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity and is interconnected to a Distribution Company.

Wind Net Metering Facility means a facility for the production of electrical energy that uses wind to generate electricity and is interconnected to a Distribution Company.

18.03: Net Metering Services

(1) Each Distribution Company shall provide services to Customers and Host Customers necessary to permit Net Metering, including those related to interconnection, metering, ~~and~~ calculation, and billing of Net Metering ~~credits~~ Credits, as provided by 220 CMR 18.04 and -as specified in ~~the a~~ Distribution Company's Net Metering tariffs pursuant to 220 CMR 18.09(2) and ~~220 CMR 18.09~~(3).

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(2) Each Distribution Company shall be prohibited from imposing special fees on a Host Customer with a Class I Net Metering Facility, such as backup charges and demand charges, or additional controls or liability insurance, with the exception of a minimum reliability contribution, if approved by the Department, provided that the facility meets the other requirements of the interconnection tariff, and all relevant safety and power quality standards.

(3) Each Distribution Company shall calculate a Net Metering ~~credit~~ Credit as set forth in 220 CMR 18.04, and not bill a Host Customer for kilowatt-hour usage, for any Billing Period in which the kilowatt-hours generated by a Class I, II, or III Net Metering Facility exceed the kilowatt-hour usage of the Host Customer.

(4) Each Distribution Company shall bill a Host Customer for excess consumption for any Billing Period in which the kilowatt-hours consumed by a Host Customer exceed the kilowatt-hours generated by a Class I, II or III Net Metering Facility.

18.04: Calculation of Net Metering Credits

(1) For a Class I Wind Net Metering Facility, Class I Solar Net Metering Facility, Class I Agricultural Net Metering Facility, Class I Anaerobic Digestion Net Metering Facility, Class II Net Metering Facility, ~~and-or~~ Net Metering Facility of a Municipality or Other Governmental Entity, except those Solar Net Metering Facilities governed by 220 CMR 18.04(3) and (4), each Distribution Company shall calculate for each Billing Period a Net Metering ~~credit~~ Credit equal to ~~the product of the:~~

the excess kilowatt-hours, by time-of-use, if applicable; ~~and~~

(a) ~~sum of~~ multiplied by the sum of the following Distribution Company charges applicable to the rate class under which the Host Customer takes service:

1. ~~the~~ default service kilowatt-hour charge (in the ISO-NE load zone where the Host Customer is located);
2. ~~the~~ distribution kilowatt-hour charge;
3. ~~the~~ transmission kilowatt-hour charge; and
4. ~~the~~ transition kilowatt-hour charge;

(b) Except that a private Class I Solar Net Metering Facility or Class II Solar Net Metering Facility interconnected to a Distribution Company before the Notification Date shall receive Market Net Metering Credits after 25 years from the date on which the Solar Net Metering Facility was authorized to interconnect to the distribution system, as provided in 220 CMR 18.04(3).

(2) For a Class I Net Metering Facility other than a Class I Wind Net Metering Facility, Class I Agricultural Net Metering Facility, Class I Anaerobic Digestion Net Metering Facility, or a Class I Solar Net Metering Facility, each Distribution Company shall calculate a Net Metering ~~e~~ Credit for each Billing Period as the product of the:

- (a) excess kilowatt-hours, by time-of-use, if applicable; and
- (b) average monthly clearing price at the ISO-NE.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(3) For a Class I Solar Net Metering Facility, Class II Solar Net Metering Facility or Class III Solar Net Metering Facility interconnected to a Distribution Company after the Notification Date, except for a Solar Net Metering Facility of a Municipality or Other Governmental Entity, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to:

(a) 60% of the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
2. distribution kilowatt-hour charge;
3. transmission kilowatt-hour charge; and
4. transition kilowatt-hour charge, except:

(b) A Class I Solar Net Metering Facility that has a nameplate rating equal to or less than ten kilowatts on a single-phase circuit or 25 kilowatts on a three-phase circuit shall receive a Net Metering Credit equal to 100% of the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
2. distribution kilowatt-hour charge;
3. transmission kilowatt-hour charge; and
4. transition kilowatt-hour charge.

(4) For a Class I Solar Net Metering Facility, Class II Solar Net Metering Facility, and Class III Solar Net Metering Facility of a Municipality or Other Governmental Entity interconnected to a Distribution Company after the Notification Date, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to:

(a) 100% of the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
2. distribution kilowatt-hour charge;
3. transmission kilowatt-hour charge; and
4. transition kilowatt-hour charge, provided that Credits shall only be allocated to an account of a municipality or government entity.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

~~(35)~~ For a Neighborhood Net Metering Facility or a Class III Net Metering Facility other than a Net Metering Facility of a Municipality or Other Governmental Entity, and those Solar Net Metering Facilities governed by 220 CMR 18.04(6), each Distribution Company shall calculate for each Billing Period a Net Metering ~~credit~~ Credit for each Billing Period as the product of the equal to:

(a) 100% of the excess kilowatt-hours, by time-of-use, if applicable, ~~;~~ and (b) sum of multiplied by the sum of the following Distribution Company charges applicable to the rate class under which the Host Customer takes service:

1. ~~the~~ default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
2. ~~the~~ transmission kilowatt-hour charge; and
3. ~~the~~ transition kilowatt-hour charge; ~~;~~

(b) Except that a private Solar Neighborhood Net Metering Facility or a Class III Solar Net Metering Facility, other than a Solar Net Metering Facility of a Municipality or Other Governmental Entity, interconnected to a Distribution Company before the Notification Date shall receive Market Net Metering Credits after 25 years from the date on which the Solar Net Metering Facility was authorized to interconnect to the distribution system, as described in 220 CMR 18.04(3).

(6) For a Solar Neighborhood Net Metering Facility or a Class III Solar Net Metering Facility other than a Solar Net Metering Facility of a Municipality or Other Governmental Entity, interconnected to a Distribution Company after the Notification Date, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to:

- (a) 60% of the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:
1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
 2. distribution kilowatt-hour charge;
 3. transmission kilowatt-hour charge; and
 4. transition kilowatt-hour charge.

~~(67)~~ The calculation of Net Metering ~~credits~~ Credits under 220 CMR 18.04 shall not include the demand side management and renewable energy kilowatt-hour charges set forth in M.G.L. c. 25, §§ 19 through 20.

~~(58)~~ For any Billing Period for which a Distribution Company calculates a Net Metering ~~e~~ Credit for a Host Customer, the Distribution Company shall apply the Net Metering ~~e~~ Credit to the Host Customer's account for the subsequent Billing Period, unless the Host Customer provides otherwise pursuant to 220 CMR 18.05. The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering ~~C~~ eredit balance.

18.05: Allocation of Net Metering Credits

(1) For a Class I, II or III Net Metering Facility, each Distribution Company shall allocate Net Metering ~~credits~~Credits, as designated in writing by the Host Customer, to other Customers who are in the Distribution Company's service territory and are located in the same ISO-NE load zone. The manner and form of credit designation shall be as specified in the Distribution Company's Net Metering Tariff pursuant to 220 CMR 18.09(2). Notwithstanding the foregoing, if the Host Customer is a Municipality or Other Governmental Entity, including a Governmental Cooperative, it may direct its Distribution Company to allocate Net Metering ~~credits~~Credits only to other Customers that are Municipalities or Other Governmental Entities.

(2) For a Neighborhood Net Metering Facility, the Distribution Company may only allocate Net Metering ~~credits~~Credits to residential or other Customers who reside in the same Neighborhood in which the Neighborhood Net Metering Facility is located and have an ownership interest in, or are served by, the Neighborhood Net Metering Facility.

(3) The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering ~~credit~~Credit balance.

(4) For a Class III Net Metering Facility, a Distribution Company may elect to pay to the Host Customer Net Metering ~~credits~~Credits rather than allocating such credits pursuant to 220 CMR 18.05(1).

18.06: Eligibility for Net Metering

(1) Distribution Companies shall not provide Net Metering services to a Host Customer who is an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 CMR 11.00: *Rules Governing the Restructuring of the Electric Industry*.

(2) A Governmental Cooperative shall not be considered an electric company, generation company, aggregator, supplier, energy marketer or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 CMR 11.00: *Rules Governing the Restructuring of the Electric Industry*.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

18.07: Net Metering Capacity

- (1) Each Distribution Company shall make Net Metering services available to Host Customers such that the aggregate capacity of:
 - (a) Net Metering Facilities that are not Net Metering Facilities of a Municipality or Other Governmental Entity does not exceed 477% of the Distribution Company's highest historical peak load; and
 - (b) Net Metering Facilities of a Municipality or Other Governmental Entity does not exceed 588% of the Distribution Company's highest historical peak load.

- (2) The maximum amount of generating capacity eligible for Net Metering by a Municipality or Other Governmental Entity shall be ten megawatts, as determined by the sum of the nameplate ratings of Class II and III Net Metering Facilities for which the Municipality or Other Governmental Entity is the Host Customer; except as provided in 220 CMR 18.07(6).

- (3) Each Distribution Company shall identify on an annual basis its highest historical peak load and post that data on its website by February 1st of the following year.

- (4) For the purpose of calculating the aggregate capacity of Class I, II, and III Net Metering Facilities, the capacity of a:
 - (a) Solar Net Metering Facility shall be 80% of the facility's direct current rating at standard test conditions; and
 - (b) Wind Net Metering Facility, and all other non-solar net metering facilities, shall be the nameplate rating.

- (5) A Class I Net Metering Facility shall be exempt from the calculation of the aggregate capacity of Net Metering facilities that are not Net Metering facilities of a Municipality or Other Governmental Entity if:
 - (a) it is a Renewable Energy generating facility; and
 - (b) its nameplate rating is equal to or less than
 1. ten kilowatts on a single-phase circuit; or
 2. 25 kilowatts on a three-phase circuit.

- (6) A Municipality or Other Governmental Entity that is a member of a Governmental Cooperative may transfer any or all of the net metering generating capacity associated with one or more Class II or III Net Metering Facilities to said Governmental Cooperative by providing written assent to the Governmental Cooperative and obtaining approval from the Department.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(7) A Governmental Cooperative may serve as a Host Customer for a Net Metering Facility of a Municipality or Other Governmental Entity for all capacity allocated pursuant to 220 CMR 18.07(6) and its own capacity as an Other Governmental Entity, provided that the ~~net-Net metering-Metering credits-Credits~~ for which such Governmental Cooperative serves as Host Customer shall only be allocated to that same Governmental Cooperative or its members.

(8) Notwithstanding the capacity limits set forth herein 220 CMR 18.07, a Class I Net Metering Facility shall be eligible for Net Metering if it qualifies under the Department of Energy Resources' regulations as a Class I renewable energy generating source under 225 CMR 14:00: *Renewable Energy Portfolio Standard – Class I* and M.G.L. c. 25A, § 11F and its nameplate capacity is either:

- (a) equal to or less than ten kilowatts on a single-phase circuit; or
- (b) equal to or less than 25 kilowatts on a three-phase circuit.

18.08: Net Metering Reports

- (1) Each Distribution Company shall track at least the following:
 - (a) the size, generation type, Net Metering class, fuel type, and the Municipality within which each Net Metering facility receives Net Metering services;
 - (b) the size, generation type, fuel type, and the Municipality within which each Net Metering facility has requested interconnection with the Distribution Company; and
 - (c) the aggregate capacity of Net Metering facilities that have interconnected, and that have requested interconnection, to the Distribution Company.
- (2) Each Distribution Company shall file with the Department information regarding the provision of Net Metering services to its Customers, in a format and according to a schedule as determined by the Department.
- (3) Each Distribution Company shall post data to a publicly accessible website tracking the aggregate capacity of eligible Net Metering facilities that have connected, and that have requested interconnection, relative to the Net Metering capacity set forth in 220 CMR 18.07. The data shall be updated on a monthly basis.

18.09: Miscellaneous

- (1) The provision of Net Metering services does not entitle Distribution Companies to ownership of, or title to, the renewable energy or environmental attributes, including renewable energy certificates, associated with any electricity produced by a Net Metering facility.
- (2) Each Distribution Company shall implement its responsibilities and obligations regarding the provision of Net Metering services to Customers and Host Customers pursuant to a Department-approved tariff.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(3) Each Distribution Company shall implement its responsibilities and obligations regarding the provision of interconnection services to Customers and Host Customers pursuant to a Department-approved tariff.

(4) Each Distribution Company shall be allowed to recover the aggregate of the distribution portion of any ~~Class I, II, or III~~ Net Metering ~~credits~~ Credits and the Distribution Company delivery charges displaced by a Class I, II or III Net Metering Facility through a uniform per kilowatt-hour surcharge or surcharges billed to all of its Customers on an annual basis.

(5) Nothing in 220 CMR 18.00 is intended in any way to limit eligibility for Net Metering services based upon a third-party ownership or financing agreement related to a Net Metering facility, where Net Metering services would otherwise be available.

(6) Unless otherwise indicated, all capacity and energy measurements referenced in 220 CMR 18.00 refer to alternating current.

(7) The Department may, where appropriate, grant an exception from any provision of 220 CMR 18.00.

18.10: Minimum Reliability Contribution

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(1) Distribution Companies may submit to the Department proposals for a monthly minimum reliability contribution to be included on electric bills for distribution utility accounts that receive Net Metering Credits.

(2) The Department may only consider a proposal for a monthly minimum reliability contribution after the aggregate nameplate capacity of installed solar generating facilities in the Commonwealth is equal to or greater than 1,600 megawatts direct current and determines that such contributions meet the requirements set forth in M.G.L. c. 164, § 139(j).

(3) The Department shall conduct a full adjudicatory proceeding when reviewing proposals for a monthly minimum reliability contribution, which shall include at least one public hearing and an opportunity for public comment.

(4) The Department may exempt or modify any monthly minimum reliability contribution for low-income ratepayers. The Department may also exempt, for any period through the year 2020, any class or sub-class of Class I, Class II, or Class III Net Metering Facilities that were in service not later than December 31, 2016 from any minimum reliability contribution.

(5) Minimum monthly reliability contributions shall take effect on such date designated by Department Order, provided that the date designated by the Department shall be not later than December 31, 2018.

REGULATORY AUTHORITY

220 CMR 18.00: M.G.L. c. 164, §§ 138 through 140; ~~St. 2014, c. 251, §§ 5 and 6.~~

D.P.U. 16-64

Attachment B

Clean Emergency Net Metering Regulations

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

220 CMR 18.00: NET METERING

Section

- 18.01: Purpose and Scope
- 18.02: Definitions
- 18.03: Net Metering Services
- 18.04: Calculation of Net Metering Credits
- 18.05: Allocation of Net Metering Credits
- 18.06: Eligibility for Net Metering
- 18.07: Net Metering Capacity
- 18.08: Net Metering Reports
- 18.09: Miscellaneous
- 18.10: Minimum Reliability Contribution

18.01: Purpose and Scope

(1) Purpose. 220 CMR 18.00 establishes regulations governing how Distribution Companies are to provide Net Metering services to Customers consistent with the net metering provisions of M.G.L. c. 164, §§ 138 through 140.

(2) Scope. 220 CMR 18.00 applies to all Distribution Companies subject to the jurisdiction of the Department.

18.02: Definitions

The terms set forth in 220 CMR 18.02 shall be defined as follows, unless the context otherwise requires.

Agricultural Net Metering Facility means a Renewable Energy generating facility that is operated as part of an agricultural business, generates electricity, does not have a generation capacity of more than two megawatts, is located on land owned or controlled by the agricultural business, and is used to provide energy to metered accounts of the business. "Agriculture" has the same meaning as provided in M.G.L. c. 128, § 1A; provided that, when necessary, the Commissioner of the Department of Agricultural Resources shall determine if a business is an agricultural business and whether the facility is operated as part of that business.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Anaerobic Digestion Net Metering Facility means a facility that

- (a) generates electricity from a biogas produced by the accelerated biodegradation of organic materials under controlled anaerobic conditions;
- (b) has been determined by the Department of Energy Resources, in coordination with the Department of Environmental Protection, to qualify under the Department of Energy Resources' regulations as a Class I renewable energy generating source under 225 CMR 14:00: *Renewable Energy Portfolio Standard – Class I* and M.G.L. c. 25A, § 11F; and
- (c) is interconnected to a Distribution Company.

Billing Period means the period of time set forth in a Distribution Company's terms and conditions for which a Distribution Company bills a Customer for its electricity consumed or estimated to have been consumed.

Class I Net Metering Facility means a plant or equipment that is used to produce, manufacture, or otherwise generate electricity and that is not a transmission facility and that has a design capacity of 60 kilowatts or less.

Class I Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity and that is not a transmission facility and with a design capacity of 60 kilowatts or less and is interconnected to a Distribution Company.

Class II Net Metering Facility means an Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than 60 kilowatts but less than or equal to one megawatt; provided, however, that a Class II Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than 60 kilowatts but less than or equal to one megawatt per unit.

Class II Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity with a generating capacity of more than 60 kilowatts but less than or equal to one megawatt and is interconnected to a Distribution Company; provided however, that a Solar Class II Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than 60 kilowatts but less than or equal to one megawatt per unit.

Class III Net Metering Facility means an Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than one megawatt but less than or equal to two megawatts; provided, however, that a Class III Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than one megawatt but less than or equal to two megawatts per unit up to a total capacity of ten megawatts per Municipality or Other Governmental Entity.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Class III Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity with a generating capacity of more than one megawatt but less than or equal to two megawatts and is interconnected to a Distribution Company; provided however, that a Solar Class III Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than one megawatt but less than or equal to two megawatts per unit and up to a total capacity of ten megawatts per Municipality or Other Governmental Entity.

Department means Department of Public Utilities.

Governmental Cooperative means a cooperative, organized pursuant to M.G.L. c. 164, § 136, whose members or shareholders are all Municipalities or Other Governmental Entities.

Customer means any person, partnership, corporation, or any other entity, whether public or private, who obtains distribution service at a customer delivery point and who is a customer of record of the Distribution Company for its own electricity consumption.

Distribution Company means a company engaging in the distribution of electricity or owning, operating or controlling distribution facilities; provided, however, that a distribution company shall not include any entity which owns or operates plant or equipment used to produce electricity, except for facilities provided in M.G.L. c. 164, § 1A(f), steam and chilled water, or an affiliate engaged solely in the provision of such electricity, steam and chilled water, where the electricity produced by such entity or its affiliate is primarily for the benefit of hospitals and non-profit educational institutions, and where such plant or equipment was in operation before January 1, 1986.

Host Customer means a Customer with a Class I, II, or III Net Metering Facility that generates electricity on the Customer's side of the meter.

ISO-NE means ISO New England Inc., the independent system operator for New England, or its successor, authorized by the Federal Energy Regulatory Commission to operate the New England bulk power system and administer New England's organized wholesale electricity market pursuant to the ISO-NE Tariff and operation agreements with transmission owners.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Market Net Metering Credit means a Net Metering Credit provided by a Distribution Company for the excess electricity generated and fed back to the Distribution Company by a Class I Solar Net Metering Facility, Class II Solar Net Metering Facility, Class III Solar Net Metering Facility or Solar Neighborhood Net Metering Facility that is interconnected to a Distribution Company after the Notification Date.

Municipality means a city or town.

Neighborhood means a geographic area within a Municipality, subject to the right of the Department to grant exceptions pursuant to 220 CMR 18.09(7), that:

- (a) is recognized by the residents as including a unique community of interests;
- (b) falls within the service territory of a single Distribution Company and within a single ISO-NE load zone; and
- (c) may encompass residential, commercial, and undeveloped properties.

Neighborhood Net Metering Facility means a Class I, II, or III Net Metering Facility that:

- (a) is owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single Distribution Company;
- (b) may also be owned by, or serve the energy needs of, other Customers who reside in the same Neighborhood and are served by the same Distribution Company as the residential Customers that own or are served by the facility; and
- (c) is located within the same Neighborhood as the Customers that own or are served by the facility.

Net Metering means the process of measuring the difference between electricity delivered by a Distribution Company and electricity generated by a Class I, Class II, Class III Net Metering Facility and fed back to the Distribution Company.

Net Metering Credit means any credit, including a Market Net Metering Credit, provided by a Distribution Company for the excess electricity generated and fed back to the Distribution Company by a Class I, Class II, Class III or Neighborhood Net Metering Facility.

Net Metering Facility of a Municipality or Other Governmental Entity means a Class II or III Net Metering Facility:

- (a) that is owned or operated by a Municipality or Other Governmental Entity; or
- (b) of which the Municipality or Other Governmental Entity is the Host Customer and is assigned 100% of the output.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Notification Date means the date established by Department Order after which all new Class I Solar Net Metering Facilities, Class II Solar Net Metering Facilities, and Class III Solar Net Metering Facilities shall generate Market Net Metering Credits only as determined pursuant to M.G.L. c. 164, § 139 (b½).

Other Governmental Entity means a department or agency of the Federal government or of the Commonwealth, and any other entity as approved by the Department.

Renewable Energy means energy generated from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

Solar Neighborhood Net Metering Facility means a Class I, II, or III Solar Net Metering Facility that:

- (a) is owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single Distribution Company;
- (b) may also be owned by, or serve the energy needs of, other Customers who reside in the same Neighborhood and are served by the same Distribution Company as the residential Customers that own or are served by the facility; and
- (c) is located within the same Neighborhood as the Customers that own or are served by the facility.

Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity and is interconnected to a Distribution Company.

Wind Net Metering Facility means a facility for the production of electrical energy that uses wind to generate electricity and is interconnected to a Distribution Company.

18.03: Net Metering Services

(1) Each Distribution Company shall provide services to Customers and Host Customers necessary to permit Net Metering, including those related to interconnection, metering, calculation, and billing of Net Metering Credits, as provided by 220 CMR 18.04 and as specified in a Distribution Company's Net Metering tariff pursuant to 220 CMR 18.09(2) and (3).

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

- (2) Each Distribution Company shall be prohibited from imposing special fees on a Host Customer with a Class I Net Metering Facility, such as backup charges and demand charges, or additional controls or liability insurance, with the exception of a minimum reliability contribution, if approved by the Department, provided that the facility meets the other requirements of the interconnection tariff, and all relevant safety and power quality standards.
- (3) Each Distribution Company shall calculate a Net Metering Credit as set forth in 220 CMR 18.04, and not bill a Host Customer for kilowatt-hour usage, for any Billing Period in which the kilowatt-hours generated by a Class I, II, or III Net Metering Facility exceed the kilowatt-hour usage of the Host Customer.
- (4) Each Distribution Company shall bill a Host Customer for excess consumption for any Billing Period in which the kilowatt-hours consumed by a Host Customer exceed the kilowatt-hours generated by a Class I, II or III Net Metering Facility.

18.04: Calculation of Net Metering Credits

- (1) For a Class I Wind Net Metering Facility, Class I Solar Net Metering Facility, Class I Agricultural Net Metering Facility, Class I Anaerobic Digestion Net Metering Facility, Class II Net Metering Facility, or Net Metering Facility of a Municipality or Other Governmental Entity, except those Solar Net Metering Facilities governed by 220 CMR 18.04(3) and (4), each Distribution Company shall calculate for each Billing Period a Net Metering Credit equal to:
 - (a) the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the following Distribution Company charges applicable to the rate class under which the Host Customer takes service:
 1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
 2. distribution kilowatt-hour charge;
 3. transmission kilowatt-hour charge; and
 4. transition kilowatt-hour charge;
 - (b) Except that a private Class I Solar Net Metering Facility or Class II Solar Net Metering Facility interconnected to a Distribution Company before the Notification Date shall receive Market Net Metering Credits after 25 years from the date on which the Solar Net Metering Facility was authorized to interconnect to the distribution system, as provided in 220 CMR 18.04(3).
- (2) For a Class I Net Metering Facility other than a Class I Wind Net Metering Facility, Class I Agricultural Net Metering Facility, Class I Anaerobic Digestion Net Metering Facility, or a Class I Solar Net Metering Facility, each Distribution Company shall calculate a Net Metering Credit for each Billing Period as the product of the:
 - (a) excess kilowatt-hours, by time-of-use, if applicable; and
 - (b) average monthly clearing price at the ISO-NE.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(3) For a Class I Solar Net Metering Facility, Class II Solar Net Metering Facility or Class III Solar Net Metering Facility interconnected to a Distribution Company after the Notification Date, except for a Solar Net Metering Facility of a Municipality or Other Governmental Entity, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to:

(a) 60% of the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
2. distribution kilowatt-hour charge;
3. transmission kilowatt-hour charge; and
4. transition kilowatt-hour charge, except:

(b) A Class I Solar Net Metering Facility that has a nameplate rating equal to or less than ten kilowatts on a single-phase circuit or 25 kilowatts on a three-phase circuit shall receive a Net Metering Credit equal to 100% of the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
2. distribution kilowatt-hour charge;
3. transmission kilowatt-hour charge; and
4. transition kilowatt-hour charge.

(4) For a Class I Solar Net Metering Facility, Class II Solar Net Metering Facility, and Class III Solar Net Metering Facility of a Municipality or Other Governmental Entity interconnected to a Distribution Company after the Notification Date, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to:

(a) 100% of the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
2. distribution kilowatt-hour charge;
3. transmission kilowatt-hour charge; and
4. transition kilowatt-hour charge, provided that Credits shall only be allocated to an account of a municipality or government entity.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(5) For a Neighborhood Net Metering Facility or a Class III Net Metering Facility other than a Net Metering Facility of a Municipality or Other Governmental Entity and those Solar Net Metering Facilities governed by 220 CMR 18.04(6), each Distribution Company shall calculate for each Billing Period a Net Metering Credit equal to:

- (a) 100% of the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company charges applicable to the rate class under which the Host Customer takes service:
 - 1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
 - 2. transmission kilowatt-hour charge; and
 - 3. transition kilowatt-hour charge;
- (b) Except that a private Solar Neighborhood Net Metering Facility or a Class III Solar Net Metering Facility, other than a Solar Net Metering Facility of a Municipality or Other Governmental Entity, interconnected to a Distribution Company before the Notification Date shall receive Market Net Metering Credits after 25 years from the date on which the Solar Net Metering Facility was authorized to interconnect to the distribution system, as described in 220 CMR 18.04(3).

(6) For a Solar Neighborhood Net Metering Facility or a Class III Solar Net Metering Facility other than a Solar Net Metering Facility of a Municipality or Other Governmental Entity, interconnected to a Distribution Company after the Notification Date, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to:

- (a) 60% of the excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:
 - 1. default service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
 - 2. distribution kilowatt-hour charge;
 - 3. transmission kilowatt-hour charge; and
 - 4. transition kilowatt-hour charge.

(7) The calculation of Net Metering Credits under 220 CMR 18.04 shall not include the demand side management and renewable energy kilowatt-hour charges set forth in M.G.L. c. 25, §§ 19 through 20.

(8) For any Billing Period for which a Distribution Company calculates a Net Metering Credit for a Host Customer, the Distribution Company shall apply the Net Metering Credit to the Host Customer's account for the subsequent Billing Period, unless the Host Customer provides otherwise pursuant to 220 CMR 18.05. The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

18.05: Allocation of Net Metering Credits

- (1) For a Class I, II or III Net Metering Facility, each Distribution Company shall allocate Net Metering Credits, as designated in writing by the Host Customer, to other Customers who are in the Distribution Company's service territory and are located in the same ISO-NE load zone. The manner and form of credit designation shall be as specified in the Distribution Company's Net Metering Tariff pursuant to 220 CMR 18.09(2). Notwithstanding the foregoing, if the Host Customer is a Municipality or Other Governmental Entity, including a Governmental Cooperative, it may direct its Distribution Company to allocate Net Metering Credits only to other Customers that are Municipalities or Other Governmental Entities.
- (2) For a Neighborhood Net Metering Facility, the Distribution Company may only allocate Net Metering Credits to residential or other Customers who reside in the same Neighborhood in which the Neighborhood Net Metering Facility is located and have an ownership interest in, or are served by, the Neighborhood Net Metering Facility.
- (3) The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance.
- (4) For a Class III Net Metering Facility, a Distribution Company may elect to pay to the Host Customer Net Metering Credits rather than allocating such credits pursuant to 220 CMR 18.05(1).

18.06: Eligibility for Net Metering

- (1) Distribution Companies shall not provide Net Metering services to a Host Customer who is an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 CMR 11.00: *Rules Governing the Restructuring of the Electric Industry*.
- (2) A Governmental Cooperative shall not be considered an electric company, generation company, aggregator, supplier, energy marketer or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 CMR 11.00: *Rules Governing the Restructuring of the Electric Industry*.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

18.07: Net Metering Capacity

- (1) Each Distribution Company shall make Net Metering services available to Host Customers such that the aggregate capacity of:
 - (a) Net Metering Facilities that are not Net Metering Facilities of a Municipality or Other Governmental Entity does not exceed 7% of the Distribution Company's highest historical peak load; and
 - (b) Net Metering Facilities of a Municipality or Other Governmental Entity does not exceed 8% of the Distribution Company's highest historical peak load.

- (2) The maximum amount of generating capacity eligible for Net Metering by a Municipality or Other Governmental Entity shall be ten megawatts, as determined by the sum of the nameplate ratings of Class II and III Net Metering Facilities for which the Municipality or Other Governmental Entity is the Host Customer; except as provided in 220 CMR 18.07(6).

- (3) Each Distribution Company shall identify on an annual basis its highest historical peak load and post that data on its website by February 1st of the following year.

- (4) For the purpose of calculating the aggregate capacity of Class I, II, and III Net Metering Facilities, the capacity of a:
 - (a) Solar Net Metering Facility shall be 80% of the facility's direct current rating at standard test conditions; and
 - (b) Wind Net Metering Facility, and all other non-solar net metering facilities, shall be the nameplate rating.

- (5) A Class I Net Metering Facility shall be exempt from the calculation of the aggregate capacity of Net Metering facilities that are not Net Metering facilities of a Municipality or Other Governmental Entity if:
 - (a) it is a Renewable Energy generating facility; and
 - (b) its nameplate rating is equal to or less than
 1. ten kilowatts on a single-phase circuit; or
 2. 25 kilowatts on a three-phase circuit.

- (6) A Municipality or Other Governmental Entity that is a member of a Governmental Cooperative may transfer any or all of the net metering generating capacity associated with one or more Class II or III Net Metering Facilities to said Governmental Cooperative by providing written assent to the Governmental Cooperative and obtaining approval from the Department.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(7) A Governmental Cooperative may serve as a Host Customer for a Net Metering Facility of a Municipality or Other Governmental Entity for all capacity allocated pursuant to 220 CMR 18.07(6) and its own capacity as an Other Governmental Entity, provided that the Net Metering Credits for which such Governmental Cooperative serves as Host Customer shall only be allocated to that same Governmental Cooperative or its members.

(8) Notwithstanding the capacity limits set forth herein 220 CMR 18.07, a Class I Net Metering Facility shall be eligible for Net Metering if it qualifies under the Department of Energy Resources' regulations as a Class I renewable energy generating source under 225 CMR 14:00: *Renewable Energy Portfolio Standard – Class I* and M.G.L. c. 25A, § 11F and its nameplate capacity is either:

- (a) equal to or less than ten kilowatts on a single-phase circuit; or
- (b) equal to or less than 25 kilowatts on a three-phase circuit.

18.08: Net Metering Reports

- (1) Each Distribution Company shall track at least the following:
 - (a) the size, generation type, Net Metering class, fuel type, and the Municipality within which each Net Metering facility receives Net Metering services;
 - (b) the size, generation type, fuel type, and the Municipality within which each Net Metering facility has requested interconnection with the Distribution Company; and
 - (c) the aggregate capacity of Net Metering facilities that have interconnected, and that have requested interconnection, to the Distribution Company.
- (2) Each Distribution Company shall file with the Department information regarding the provision of Net Metering services to its Customers, in a format and according to a schedule as determined by the Department.
- (3) Each Distribution Company shall post data to a publicly accessible website tracking the aggregate capacity of eligible Net Metering facilities that have connected, and that have requested interconnection, relative to the Net Metering capacity set forth in 220 CMR 18.07. The data shall be updated on a monthly basis.

18.09: Miscellaneous

- (1) The provision of Net Metering services does not entitle Distribution Companies to ownership of, or title to, the renewable energy or environmental attributes, including renewable energy certificates, associated with any electricity produced by a Net Metering facility.
- (2) Each Distribution Company shall implement its responsibilities and obligations regarding the provision of Net Metering services to Customers and Host Customers pursuant to a Department-approved tariff.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

- (3) Each Distribution Company shall implement its responsibilities and obligations regarding the provision of interconnection services to Customers and Host Customers pursuant to a Department-approved tariff.
- (4) Each Distribution Company shall be allowed to recover the aggregate of the distribution portion of any Net Metering Credits and the Distribution Company delivery charges displaced by a Class I, II or III Net Metering Facility through a uniform per kilowatt-hour surcharge or surcharges billed to all of its Customers on an annual basis.
- (5) Nothing in 220 CMR 18.00 is intended in any way to limit eligibility for Net Metering services based upon a third-party ownership or financing agreement related to a Net Metering facility, where Net Metering services would otherwise be available.
- (6) Unless otherwise indicated, all capacity and energy measurements referenced in 220 CMR 18.00 refer to alternating current.
- (7) The Department may, where appropriate, grant an exception from any provision of 220 CMR 18.00.

18.10: Minimum Reliability Contribution

- (1) Distribution Companies may submit to the Department proposals for a monthly minimum reliability contribution to be included on electric bills for distribution utility accounts that receive Net Metering Credits.
- (2) The Department may only consider a proposal for a monthly minimum reliability contribution after the aggregate nameplate capacity of installed solar generating facilities in the Commonwealth is equal to or greater than 1,600 megawatts direct current and determines that such contributions meet the requirements set forth in M.G.L. c. 164, § 139(j).
- (3) The Department shall conduct a full adjudicatory proceeding when reviewing proposals for a monthly minimum reliability contribution, which shall include at least one public hearing and an opportunity for public comment.
- (4) The Department may exempt or modify any monthly minimum reliability contribution for low-income ratepayers. The Department may also exempt, for any period through the year 2020, any class or sub-class of Class I, Class II, or Class III Net Metering Facilities that were in service not later than December 31, 2016 from any minimum reliability contribution.
- (5) Minimum monthly reliability contributions shall take effect on such date designated by Department Order, provided that the date designated by the Department shall be not later than December 31, 2018.

D.P.U. 16-64

Appendix B

220 CMR: DEPARTMENT OF PUBLIC UTILITIES
REGULATORY AUTHORITY

220 CMR 18.00: M.G.L. c. 164, §§ 138 through 140.