

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Mark J. Cusack

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act reducing the cost of solar power through increased competition.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: | DATE ADDED: |
|--------------------------------|-----------------------|------------------|
| <i>Mark J. Cusack</i> | <i>5th Norfolk</i> | <i>2/25/2014</i> |
| <i>George N. Peterson, Jr.</i> | <i>9th Worcester</i> | <i>2/27/2014</i> |
| <i>John J. Mahoney</i> | <i>13th Worcester</i> | <i>2/27/2014</i> |

HOUSE No.

By Mr. Cusack of Braintree, a petition (subject to Joint Rule 12) of Mark J. Cusack, George N. Peterson, Jr. and John J. Mahoney relative to the cost of renewable energy. Telecommunications, Utilities and Energy.

The Commonwealth of Massachusetts

In the Year Two Thousand Fourteen

An Act reducing the cost of solar power through increased competition.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 11F of chapter 25A of the General Laws, as so appearing, is hereby
2 amended by adding the following subsection:-

3 (j) In order to reduce the overall costs to electric consumers from the deployment of solar
4 distributed generation, the department of energy resources shall adopt amendments to its solar
5 renewable energy certificate regulations that authorize electric distribution companies to
6 individually and jointly propose and implement competitive procurement programs for the
7 procurement of solar distributed generation projects 500 kilowatts nameplate and larger and any
8 subsets thereof that commence operation on or after January 1, 2016. Such procurements may
9 include without limitation solar renewable energy certificates and/or other market products. Any
10 such program details, terms, and conditions must be filed with and are subject to the approval of
11 the department of public utilities and, if approved, provide for the recovery of all reasonable
12 program costs. When filed, such programs shall include long term payments and credits made
13 over terms of ten to twenty years that are tied to generation production pursuant to electric
14 distribution company tariff provisions that contain reasonable certainty of payment to the project
15 developers so as to support financing of the solar facilities by the project developers. Upon
16 approval of any such programs, participation in such approved programs by the applicable
17 projects would be a condition for project eligibility to sell solar renewable energy certificates.
18 Such procurements may be conducted jointly among electric distribution companies with cost
19 recovery provisions that uniformly and equitably spread costs to all electric distribution
20 customers across the Commonwealth, as approved by the department of public utilities.

21 SECTION 2. Section 138 of chapter 164 of the General Laws, as so appearing, is hereby
22 amended by striking out the definition “Class I net metering facility” and inserting in place
23 thereof the following definition:-

24 "Class I net metering facility", a plant or equipment that is used to produce, manufacture
25 or otherwise generate electricity and that is not a transmission facility and that has a design
26 capacity of 60 kilowatts or less. Any Class I net metering facility that commences operation on
27 or after July 1, 2015 (i) may not be a remote generation facility and (ii) when behind-the-meter
28 may not exceed the matched load size limit, provided, however, these limitations shall not apply
29 to a neighborhood net metering facility or a remote net metering facility of a municipality or
30 other governmental entity. To the extent a project has been under development and for
31 circumstances beyond its reasonable control cannot commence operation by July 1, 2015, the
32 project may seek extensions of time from the department, provided, however, that no extensions
33 shall be granted beyond December 31, 2015.

34 SECTION 3. Said section 138 of said chapter 164, as so appearing, is hereby further
35 amended by striking out the definition "Class II net metering facility" and inserting in place
36 thereof the following definition:-

37 "Class II net metering facility", an agricultural net metering facility, an anaerobic
38 digestion net metering facility, solar net metering facility, or wind net metering facility with a
39 generating capacity of more than 60 kilowatts but less than or equal to 1 megawatt; provided,
40 however, that a Class II net metering facility of a municipality or other governmental entity may
41 have a generating capacity of more than 60 kilowatts but less than or equal to 1 megawatt per
42 unit. Any Class II net metering facility that commences operation on or after July 1, 2015 (i) may
43 not be a remote generation facility and (ii) when behind-the-meter may not exceed the matched
44 load size limit, provided, however, these limitations shall not apply to a neighborhood net
45 metering facility or a remote net metering facility of a municipality or other governmental entity.
46 To the extent a project has been under development and for circumstances beyond its reasonable
47 control cannot commence operation by July 1, 2015, the project may seek extensions of time
48 from the department, provided, however, that no extensions shall be granted beyond December
49 31, 2015.

50 SECTION 4. Said section 138 of said chapter 164, as so appearing, is hereby further
51 amended by striking out the definition "Class III net metering facility" and inserting in place
52 thereof the following definition:-

53 "Class III net metering facility", an agricultural net metering facility, an anaerobic
54 digestion net metering facility, solar net metering facility, or wind-net-metering facility with a
55 generating capacity of more than 1 megawatt but less than or equal to 2 megawatts; provided,
56 however, that a Class III net metering facility of a municipality or other governmental entity may
57 have a generating capacity of more than 1 megawatt but less than or equal to 2 megawatts per

58 solar net metering, anaerobic digestion net metering, or wind net metering unit. Any Class III net
59 metering facility that commences operation on or after July 1, 2015 (i) may not be a remote
60 generation facility and (ii) when behind-the-meter may not exceed the matched load size limit,
61 provided, however, these limitations shall not apply to neighborhood net metering facilities or a
62 remote net metering facility of a municipality or other governmental entity. To the extent a
63 project has been under development and for circumstances beyond its reasonable control cannot
64 commence operation by July 1, 2015, the project may seek extensions of time from the
65 department, provided, however, that no extensions shall be granted beyond December 31, 2015.

66 SECTION 5. Said section 138 of said chapter 164, as so appearing, is hereby further
67 amended by inserting after the definition "Customer" and the following definition:-

68 "Matched load size limit", the size limit on behind-the- meter generation commencing
69 operation on or after July 1, 2015 or by no later than December 31, 2015 if an extension of time
70 has been granted to commence operation. Specifically, the generation must be sized to annually
71 produce electricity in an amount that is equal to or less than the self-generator's expected usage at
72 the eligible net metering system site measured by the three (3) year average annual consumption
73 of energy over the previous three (3) years at the electric distribution account(s) located at the
74 eligible net metering system site, or if there is no three-year history at the account that reflects
75 expected future use, a reasonable forecast of usage taking into account planned electric use at the
76 net metered site.

77 SECTION 6. Said section 138 of said chapter 164, as so appearing, is hereby further
78 amended by inserting after the definition "Net metering facility of a municipality or other
79 governmental entity" the following 2 definitions:-

80 "Remote generation facility" is a generating facility that is not electrically,
81 geographically, and physically located behind the retail meter of an electric distribution customer
82 account for whom net metering credits are intended and from which production is consumed by
83 such customer at the location when the generating facility is producing electricity and the
84 customer is using electricity at that location.

85 "Remote net metering facility of a municipality or other governmental entity," a net
86 metering facility of a municipality or other governmental entity that is a remote generating
87 facility producing electricity that by agreement with a municipality or other governmental entity
88 is intended to provide net metering credits for the accounts of the municipality or other
89 governmental entity, provided that such remote generating facility is (i) on the property owned
90 by the municipality or governmental entity receiving net metering credits, and (ii) the size of the
91 remote generating facility is no more than two megawatts (2 MW) in nameplate capacity on a
92 single parcel or contiguous parcel(s) of land which facility is not a portion of a larger segmented
93 project. In addition, in the case of municipalities, the remote generating facility must be located
94 within the geographical boundaries of the municipality receiving net metering credits. The

95 remote net metering facility of a municipality or other governmental entity may be located
96 behind-the-meter of a municipal or governmental entity account(s) to which a portion of the
97 output is providing on-site net metering and have the balance of any output provide net metering
98 credits remotely to other municipal or governmental accounts of the same municipality or entity,
99 as applicable, provided that the facility is no greater than two megawatts (2 MW) nameplate
100 behind-the-meter. Any agreement(s) entered into after the effective date of this section between a
101 municipality and an owner of a remote generating facility for the purposes of receiving net
102 metering credits must contain a provision that requires the filing of such agreement(s) with the
103 office of the attorney general sixty days before the agreement(s) can become effective. During
104 the sixty day waiting period, the municipality shall have the unconditional right to terminate the
105 agreement for any reason without financial or other consequences.

106 SECTION 7. Subsection (d) of section 139 of said chapter 164, as so appearing, is hereby
107 amended by striking out, in line 51, the word "Distribution", and inserting in place thereof the
108 following words:- Except as provided in subsection (j), distribution.

109 SECTION 8. Subsection (f) of said section 139 of said chapter 164, as so appearing,
110 hereby further amended by striking out, in lines 68 and 70, each time appears, the figure "3" and
111 inserting in place thereof the following:- 4.

112 SECTION 9. Said section 139 of said chapter 164, as so appearing, is hereby further
113 amended by adding the following subsection:-

114 (j) By no later than July 1, 2015, the department of public utilities shall open a generic
115 docket to establish minimum distribution bill charges for net metered customers in order to
116 assure appropriate distribution cost allocation among rate classes in light of the reliance of net
117 metering customers on the distribution system for distribution services when the net metering
118 facility is not producing electricity or when excess is being delivered into the system. Such
119 minimum bill charges shall be set at a level that results in a reasonable contribution to the cost of
120 distribution services without eliminating the financial convenience of net metering as a means to
121 encourage the installation and investment by end-use customers in renewable distributed
122 generation. The department may exempt for any period through the year 2020 any classes or sub-
123 classes of existing net metered facilities that were in service by no later than December 31, 2015
124 from any minimum bill charges that may be adopted. The new rates shall take effect on such date
125 designated by the department, which shall be no later than April 1, 2016. After the rates are set in
126 the first docket specified above, the department may approve changes to the minimum bill
127 charges for individual electric distribution companies in any future distribution base rate cases
128 when a fully allocated embedded cost of service study is being reviewed in the rate case.