

The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

MEMORANDUM

TO: Electronic Distribution List in D.P.U. 17-146 and
Service List in D.P.U. 17-140

FROM: Kate Tohme, Hearing Officer
Staci Rubin, Hearing Officer

RE: Net Metering, Energy Storage Systems, and Forward Capacity Market
Inquiry, D.P.U. 17-146, Notice of Request for Public Comments

DATE: June 19, 2018

CC: Mark Marini, Secretary

I. INTRODUCTION

On October 3, 2017, the Department of Public Utilities (“Department”) opened an inquiry to investigate two issues: (1) the eligibility of energy storage systems to net meter, pursuant to 220 CMR 18.00; and (2) the qualification and participation of certain net metering facilities in the Forward Capacity Market (“FCM”) administered by ISO New England Inc. (“ISO-NE”), pursuant to Net Metering Tariff, D.P.U. 09-03-A (2009). Net Metering, Energy Storage Systems, and Forward Capacity Market Inquiry, D.P.U. 17-146, at 1 (2017). Following receipt of initial and reply comments in D.P.U. 17-146 regarding the eligibility of energy storage systems to net meter, the Department held a technical conference on January 31, 2018.

On September 12, 2017, Fitchburg Gas and Electric Light Company d/b/a Unitil (“Unitil”), Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid (“National Grid”), and NSTAR Electric Company and Western Massachusetts

Electric Company, each d/b/a Eversource Energy (“Eversource”)¹ (collectively Electric Distribution Companies (“EDCs”)) filed a Solar Massachusetts Renewable Target tariff (“SMART Provision”) to implement the SMART program established pursuant to An Act Relative to Solar Energy, St. 2016, c. 75, § 11(b), G. L. c. 25A, § 6, and 225 CMR 20.00 (“SMART Program”). Solar Massachusetts Renewable Target Provision, D.P.U. 17-140. In a Hearing Officer Memorandum dated March 7, 2018, the Department announced that the scope of the D.P.U. 17-140 proceeding would be limited to examination into all matters of the SMART Provision excluding FCM matters and that the Department intends to address the issue of qualifying distributed generation facility participation in the FCM in D.P.U. 17-146 or a subsequent docket (D.P.U. 17-140, Hearing Officer Memorandum at 2 (March 7, 2018)).

Following receipt of initial and reply comments regarding the qualification and participation of certain net metering facilities in this docket, the Department developed a straw proposal, which it issued to stakeholders on May 30, 2018. The Department held a technical conference on June 4, 2018, and facilitated a discussion based on the information contained in the written comments and the Department’s straw proposal. Following the technical conference, the Department has revised its straw proposal. This Memorandum includes the Department’s revised straw proposal, a request for further written comments, and next steps associated with the Department’s investigation in this docket.

II. STRAW PROPOSAL

Following the June 4, 2018 technical conference, the Department has revised its straw proposal (“revised straw proposal”) to facilitate discussion through written comment, attached here as Appendix A. The Department is circulating its revised straw proposal for the purpose of review in this docket and to elicit further discussion from stakeholders prior to issuing an Order. The revised straw proposal is not an indication of the Department’s ultimate decision in this docket nor is it an indication of the Department’s preferences.

III. SOLICITATION OF COMMENTS

The Department seeks initial written comments on the following questions no later than **5:00 p.m. on Monday, July 9, 2018**. The Department seeks reply written comments

¹ The SMART Provision was originally filed by NSTAR Electric Company and Western Massachusetts Electric Company d/b/a Eversource Energy. Effective December 31, 2017, Western Massachusetts Electric Company merged into NSTAR Electric Company following the Department’s approval in NSTAR Electric Company, D.P.U. 17-05, at 44, 765 (2017).

no later than **5:00 p.m. on Wednesday, July 18, 2018**. When providing comments, please clearly identify which question(s) is/are being answered and identify which step/s of the straw proposal is/are being referenced. Comments may be provided on any or all of the following questions.

1. Are there other additional criteria that should be added to the revised straw proposal?
2. What should the penalty be for not transferring lead market participant status and/or sharing information with the Host Customer (“HC”)/SMART Owner?
3. What should the Trigger Event(s) be?
4. In the revised straw proposal, the Department proposes “if EDC qualifies and participates, pay for performance penalties and revenues will be split 90/10 between ratepayers and HC/SMART Owner.”
 - a. Is 90/10 percent the appropriate split?
 - b. Should the EDC share in the risk and revenue (e.g., 85/10/5 percent)?
5. How could the Department implement the pay for performance penalties and revenues to the HC/SMART Owner (e.g., bill reduction/credit or invoice/check)?
6. What data, if any, should the EDCs or HC/SMART Owner provide to the Department regarding qualifying and participating in the FCM?
7. How could an EDC demonstrate that it acted in a commercially reasonable manner?
8. If a HC/SMART Owner participates in the FCM, should it be required to return to ratepayers a portion of any revenues earned? If so how would the HC/SMART Owner return the proceeds to ratepayers?
9. If a complaint process is put in place, explain what complaints may arise and which entities should handle the complaints.
10. Should the revised straw proposal apply to facilities participating in the Small Hydroelectric Net Metering Program?

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11. Should the Department alter the rolling timeline in the revised straw proposal so that the EDCs make decisions regarding asserting title and participating in the FCM on an annual basis? If so, please provide details and a suggested annual timeline.
 12. In the revised straw proposal, the Department proposes a HC/SMART Owner buyout option. The Department included this option in its revised straw proposal as a potential means to enhance ratepayer value, and to show how such an option could be included in the proposed process. The Department seeks written comments on possible terms and process for a buyout option. As part of your comments, please explain:
 - a. Whether HC/SMART Owners would have an incentive, if granted title to the capacity rights associated with a facility, to buyout the EDC's right to the title (as compensation to ratepayers);
 - b. Whether HC/SMART Owners would have an incentive, if granted title to the energy rights associated with a facility, to buyout the EDC's right to the title (as compensation to ratepayers); and
 - c. How the terms of a buyout would lead to lower overall energy costs for ratepayers and be in the interest of ratepayers, including ratepayers not participating in the net metering or SMART programs.
 13. Should EDCs be required to register net metering facilities as settlement only resources in the ISO-NE energy market? Please explain.
 14. Please provide examples of any alternatives to the process proposed in the revised straw proposal that would provide more direct and/or indirect benefits to ratepayers. Explain the alternative proposal in detail, including the possible direct/indirect benefits and structure.
 15. Should a HC/SMART Owner have sole authority to assert title to an energy storage system's capacity rights?
 16. Should the Department treat an energy storage system's capacity differently than the capacity of a net metering or SMART Program facility with which it is co-located?

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17. Please provide a definition for inadvertent export to the electric distribution system, and the types of configurations that could experience inadvertent export.

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 officers Kate.Tohme@state.ma.us and 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. 17-146); (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 17-146).

IV. NEXT STEPS

Following receipt of these written comments, the Department will review and determine the appropriate next steps, which may include additional technical conferences or requests for information, prior to issuing its determinations in this docket.

For further information regarding this memorandum or to request addition to or removal from the electronic distribution list, please contact Kate Tohme or Staci Rubin, Hearing Officers, Department of Public Utilities, at (617) 305-3500.

Appendix A

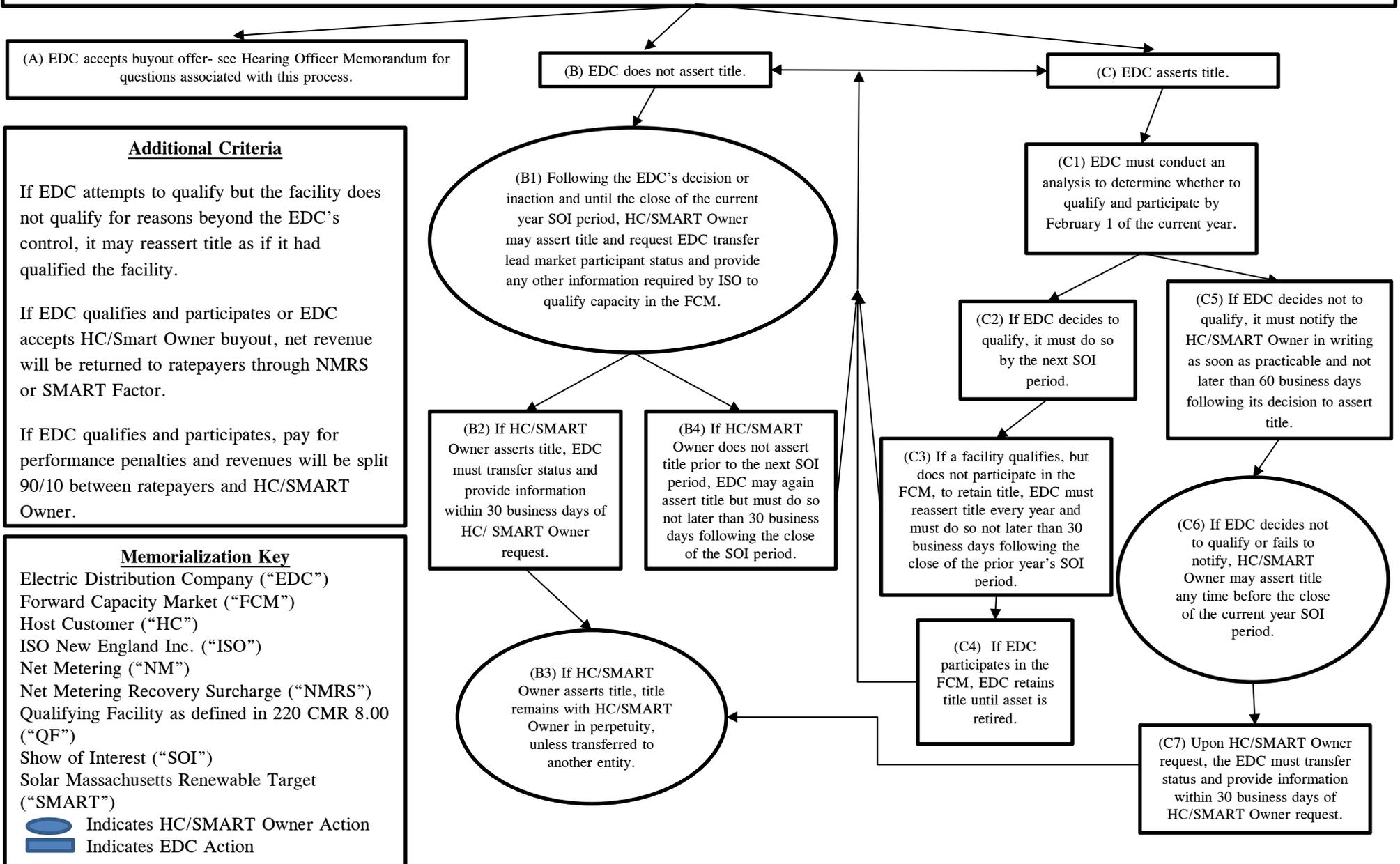
Department Revised Straw Proposal

Massachusetts Department of Public Utilities - D.P.U. 17-146 Revised FCM Straw Proposal

This straw proposal applies to Class II, III NM facilities and SMART facilities that are not QFs; it does not apply to QFs or utility-owned solar facilities. An EDC must notify NM HC or SMART Owner not later than 30 business days after a Trigger Event whether it will assert title to the capacity associated with the facility. Trigger Events include:

1. NM facility: HC files a complete Schedule Z prior to authorization to interconnect; and/or
2. SMART facility: Owner files a complete Payment/Credit Form.

At the time of the Trigger Event, HC/SMART Owner may present an EDC with a buyout offer for title to the capacity associated with a NM/SMART facility. If the HC/SMART Owner presents a buyout offer, an EDC must accept or reject such an offer not later than 30 business days after the Trigger Event.



Additional Criteria

If EDC attempts to qualify but the facility does not qualify for reasons beyond the EDC's control, it may reassert title as if it had qualified the facility.

If EDC qualifies and participates or EDC accepts HC/Smart Owner buyout, net revenue will be returned to ratepayers through NMRS or SMART Factor.

If EDC qualifies and participates, pay for performance penalties and revenues will be split 90/10 between ratepayers and HC/SMART Owner.

Memorialization Key

- Electric Distribution Company ("EDC")
- Forward Capacity Market ("FCM")
- Host Customer ("HC")
- ISO New England Inc. ("ISO")
- Net Metering ("NM")
- Net Metering Recovery Surcharge ("NMRS")
- Qualifying Facility as defined in 220 CMR 8.00 ("QF")
- Show of Interest ("SOI")
- Solar Massachusetts Renewable Target ("SMART")

-  Indicates HC/SMART Owner Action
-  Indicates EDC Action