

## Net Metering Task Force Framing Memorandum

### I. INTRODUCTION

This memorandum provides an overview of key issues and considerations about the work plan and timeline for the Net Metering Task Force. Our Task Force has limited time and must achieve substantial deliverables. It is with the goal of moving us all forward as quickly and efficiently as possible that we have created this initial document to help frame our work. The legislation that establishes the Task Force, Section 7 of Chapter 251 of the Acts of 2014 states, in part:

(a) There shall be a net metering task force established to review the long-term viability of net metering and develop recommendations on incentives and programs to support the deployment of 1600 MW of solar generation facilities in the commonwealth.

(b) The task force shall assess and report to the legislature on the costs and benefits of the existing net metering framework from the perspectives of the customer-generator, non-participating ratepayers and the citizens of the commonwealth at large.

The task force shall review incentive programs offered in other states, including standard offer, declining block incentives and competitive procurements and shall also include in its findings an analysis on the impact of a minimum bill, paid by all ratepayers in all rate classes, as a mechanism to support a reliable electric distribution system.

It is with this charge in mind that we discuss the goals of the task force.

### II. TASK FORCE GOALS

Any policy we consider must achieve the 1600 megawatt (“MW”) solar goal. The language in the legislation regarding “costs and benefits” is clearly not intended for us to evaluate the costs and benefits of achieving this 1600 MW goal, but is intended to consider the relative costs and benefits of policy options to achieve the goal. Further, given the timeline and deliverables laid out in the statute, it is not possible to engage a rigorous and detailed study of all the costs and benefits of solar.

The legislation seeks a long term solution and program for solar incentives and net metering in the Commonwealth. Solar incentive programs and net metering have worked in tandem, to support well over 650 MW of solar development. Any new program must continue this development, to 1,600 MW and beyond, while providing additional transparency, predictability and cost savings.

### III. FOCUSING OUR WORK

#### A. Proposed Consultant Analysis

The task force has the ability to engage a consultant to provide important analysis for our work. Given the time constraints and legislative requirements, we propose that the focus of the consultant work be the following, as further outlined in the attached consultant scope of work: (1) summarize literature on the cost and benefits of distributed generation in the US, and the significant policy frameworks, including Massachusetts' SREC II program, California's Declining Block program, Connecticut's ZREC program, Rhode Island's Competitive Bid program, New York's program, etc.; (2) compare the costs and benefits of current Massachusetts net metering and solar incentive policy to the proposed H.4185 and other policies; and (3) propose a fair value of solar (or multiple values, potentially) based on steps 1 and 2; and (4) determine the value of an additional incentive for solar attributes necessary to reach the 1,600 MW goal and beyond, in addition to the fair value(s) from part 3.

#### B. Proposed Task Force Work/Deliverables

The co-chairs propose the following responsibilities for the Task Force: (1) the Task Force will meet monthly, approximately seven times (from October 2014 to March 2015) and additional times as the co-chairs determine necessary; (2) establish subcommittees as needed; (3) vote on and prepare proposed draft recommendations (and alternatives for areas where there is no consensus); (4) review consultant drafts/proposals; (5) draft recommendations to the legislature; and (6) host at least two public meetings in different geographical areas of Massachusetts.

#### C. Proposed Assumptions and Goals

The NM/Solar compromise bill offered to Legislature (H.4185) was the result of many hours of discussions between a range of stakeholders and, at the time, represented a general consensus among the various groups represented. Accordingly, and given the limited time available, the co-chairs propose the Task Force use this policy framework as a starting point. The key components of the compromise bill is provided as an Appendix to this memo.

With the broader range of parties represented by the Task Force, this starting point will provide an effective and efficient means to identify areas of the proposed bill that currently do not represent a consensus of the Task Force members. The Task Force will seek to consider alternatives to and new perspectives on the proposed bill in order to determine how to best encourage the continued expansion of solar generation in the Commonwealth.

### IV. PROPOSED TIMELINE FOR TASK FORCE

11/13/14 – **First Task Force Meeting:** (1) discuss framing document and adopt ground rules; (2) discuss timeline; (3) discuss and approve consultant scope of work.

11/14/14 – Issue consultant RFP.

12/1/14 – Deadline to receive proposals.

12/8/14 – Co-chairs select consultant.

12/15/14 – **Second Task Force Meeting:** meet with consultant, answer consultant’s questions and discuss any of the consultant’s initial findings. Consultants begin meeting offline with Task Force Members to gather input.

1/6/15 – **Third Task Force Meeting:** First public comment meeting and solicitation of written public comments.

Late January-Early February – **Fourth Task Force Meeting (first meeting dedicated to public comment):** introduce consultants to public and accept public comments.

Mid-February – **Fifth Task Force Meeting:** Consultant first draft of report presented, answer questions, and solicits stakeholder input on draft report and recommendations.

Mid-Later February: **Sixth Task Force Meeting:** Second public comment meeting and solicitation of written public comments on first draft.

No later than March 15 – **Seventh Task Force Meeting:** Second draft of report due from consultants and presented to Task Force. Corrections proposed.

Late March – **Eighth Task Force Meeting:** Deadline for final consultant report which integrates public input and Task Force recommendations and vote on final report.

3/31/15 – Submit report and recommendations to the legislature.

Note: All task force meetings will be open to the public. Per the participations rules established in the bylaws, members of the public who attend task force meetings will be allowed to express their opinions and make suggestions at appropriate junctures, as time allows and as determined by the Co-Chairs. In addition, two task force meetings will be dedicated to public comment.

Appendix: Key components of the compromise bill H.4185, serving as a starting point for Task Force discussion.

The following goals of the proposed legislation were widely agreed-upon and will serve as the guidelines for the evaluation of the proposed legislation as well as any alternative suggestions as to how the proposed bill could be improved.

1. Continue the deployment of distributed generation in Massachusetts
  - a) 1600 MW solar goal written into statute.
    - h.4185 Section 1 (G.L. c. 25A § 11J)
  - b) Retain Virtual net metering with restrictions
    - h.4185 Section 4 (G.L. c. 164 § 139 ½ (a); § 139 ½ (c)(3))
  - c) Create a fixed known payment stream that lasts for the life of the project
    - h.4185 Section 1 (G.L. c. 25A § 11K)
2. Reduce ratepayer impacts
  - a) Restrictions on virtual net metering
    - h.4185 Section 4 (G.L. c. 164 § 139 ½ (a); § 139 ½ (c)(3))
  - b) Create a fixed known payment stream that lasts for the life of the project
    - h.4185 Section 1 (G.L. c. 25A § 11K)
3. Relieve pressure on renewable energy development from net metering caps
  - a) No NEM caps for solar, effective immediately
    - h.4185 Section 4 (G.L. c.164 § 139(f))
  - b) This would leave cap space for non-solar renewables
    - h.4185 Section 4 (G.L. c.164 § 139(f))
4. Create a sustainable future framework for small scale renewable energy systems.
  - a) The declining block solar incentive program includes a set-aside that reserves a reasonable amount of incentive program capacity for eligible generators up to 25kw in nameplate capacity
    - h.4185 Section 1 (G.L. c. 25A § 11K(b))
5. Preserve availability of both behind the meter and virtual net metering.
  - a) Behind the meter systems will continue to net meter as they would today
    - h.4185 Section 5 (G.L. c.164 § 139 ½ (c)(2))
  - b) Virtual net metering systems may continue to generate credits and assign them to offtakers; credits will be calculated as they are today, minus the distribution kilowatt-hour charge
    - h.4185 Section 5 (G.L. c.164 § 139 ½ (c)(2))

6. Enable market to reach 1600 MW DC goal at lower cost and with comparable market outcomes.
  - a) Maintains SREC II policy goals re: project type, size, and locations as well as reduced ratepayer impacts.
    - h.4185 Section 1 (G.L. c. 25A § 11K)
7. Map out a seamless transition that allows for shift from one incentive regime to another with minimal market disruption; protect existing projects.
  - a) Existing projects are grandfathered under the current net metering/SREC regimes
    - h.4185 Section 8
  - b) During a set transition period, facilities may opt into the new program or continue under the current programs
    - h.4185 Section 8

DRAFT