**Net Metering Solar Task Force Meeting**

**Monday April 6, 2015**

Task Force members in attendance: Angie O’Connor, Dwayne Breger (alternate for Dan Burgess), Liam Holland, Janet Besser, Amy Rabinowitz, Paul Brennan, Larry Aller (alternate for Geoff Chapin), Camilo Serna, Bob Rio, Lisa Podgurski, Eric Krathwohl (arrived late), Fred Zalcman (arrived late), David Colton (arrived late), Christina Fisher (arrived late), Bill Stillinger (arrived late).

9:03 a.m.

Angie O’Connor– Good morning. Dan is not feeling well this morning, so Dwayne Breger (from DOER) and Benjamin Davis (from DPU) will be filling in. On item number 2, we will vote on minutes from 3/26/15.

Amy Rabinowitz – I have a correction. There are no page numbers, but I was referring to virtual net metering (“VNM”) production on page 6, not behind-the-meter production.

Angie O’Connor– Is there a motion to accept the minutes with Amy’s corrections?

Janet Besser – I move.

Amy Rabinowitz – Second.

Minutes accepted unanimously by Task Force members that did not arrive late (10-0).

Angie O’Connor - A final version of Tasks 1, 2, 5 and a summary of Task 4 will be sent by April 10th.

Dwayne Breger – Introduction and review of process for remaining meetings.

We have limited time and our goal is to come out with a set of recommendations to the Legislature that we are all happy with.

In today’s meeting we will review the recommendation framework. We will keep the conversation at a high level. We should focus on areas where we find commonality, areas where there needs to be more discussion, and areas where we will agree to disagree. We will be asking people to volunteer to write up sections based on a template that we will hand out. These drafts will identify the views of the Task Force as a whole, not necessarily the views of the writer. These will form a basis for discussion at the next meeting.

At the April 16th meeting there will be a more extended discussion of topics that we cover today. We will potentially take some straw votes as to where we stand as a group. We will identify areas where there may not be consensus at the end of the day. The chairs will prepare a final draft of the recommendations to be shared before the April 27th meeting. We are interested in hearing perspectives and finding out how strong people’s positions are regarding different recommendations.

At the April 27th meeting there will be final recommendations and approval of the framework by the Task Force members. The recommendations will be re-written and distributed. We may need to meet on April 29th to review and approve the final document.

Angie O’Connor– DOER is working on a document that will provide all of the recommendations and comments that the Task Force members provided. Today’s discussions will focus on the recommendations framework. There will be a hard stop at 20 minutes for each topic. Sheila Keane from the DPU will be passing out the template for draft statements for different topics. People will need to volunteer to draft the sections.

Larry Aller– Are the consultants planning to present their final reports at the meeting on April 16th?

Mike Judge (from DOER) – They will discuss their preliminary findings at that meeting. The final report will not be discussed until the meeting on April 27th.

Janet Besser – Will meetings run from 9 a.m. to 1 p.m. from now on?

Mike Judge (from DOER) – I think that’s what we are planning on right now. We have the entire day reserved for April 27th, though we may not need it.

Dwayne Breger – Ok, we will jump into the remainder of the agenda. You all now have a template in front of you. This is what we want you to use to draft the recommendation statements if you volunteer, so please take a look at that. We also put together a summary of the comments that we’ve received. We’ve received comments from nine commenters. A copy of this document summarizing the comments is also displayed on the screen for members of the public. We will have a high-level discussion based on the framework documents.

Angie O’Connor – Do folks want to sign up for writing assignments as we go along or wait until the end?

Dwayne Breger – We thought that we would go section by section and take volunteers at the end of each section. More than one person can be responsible for writing each section. We will circle back at the end of the discussion if anyone wants to trade.

(1) General Principles section

Dwayne Breger – Looking at the general principles, there was general support from Task Force members.

Janet Besser – As we go through, could we have people identify if they are the author of a comment for purposes of clarification?

Dwayne Breger – Yes, I think so.

Camilo Serna – I want to note that where we did not make a comment, we supported the general discussion of those topics, but did not mean that we were supporting those recommendations specifically.

Janet Besser – I have a couple of comments on this first section. On the first principle, I think that there is a bit of a chicken and egg problem there. I suggest tweaking to suggest that one of the Task Force goals should be supporting what is needed to ensure that solar can be integrated in a cost-effective manner.

Amy Rabinowitz – I take what Janet is saying and do not object, but I think that the general principles are missing the idea that in the long-run, we want the solar industry to be self-sustaining and not so reliant on the rules, etc. In the paragraph supporting a value of solar study, I support a study, but I think that we need to revise to include a long-term goal.

Larry Aller – I am not comfortable supporting the last sentence. I think we need a value of solar study to determine this.

Fred Zalcman– I agree with Amy that we need an overarching goal to achieve an orderly and self-sustaining solar marketplace where solar can survive without incentives. I think that in the first paragraph, the added sentence is fairly narrow and limiting.

Janet Besser – I agree with Larry, but I think that the Task Force would agree that the means of determining the minimum contribution to the distribution system should be left to the DPU, so perhaps we can agree on that.

Camilo Serna – I agree that we should have a policy statement regarding the long-term model that we’d like to achieve. A value of solar study tells you what the benefits and costs would be, but I don’t think that necessarily addresses the last bullet point. It does not address who would pay for costs, so I don’t agree with Larry. We would need to determine who would cover the costs in addition to performing a value of solar study.

Amy Rabinowitz – This is a question for Larry and Janet. Can we make a statement that the Task Force members can agree that anyone who wants to connect to the distribution system should contribute to that system?

Janet Besser – The methodologies for a value of solar study do look at alternatives and take into account costs that it imposes on the grid. As for the last bullet, customers should be compensated for service that they provide in addition to the language that Amy suggested. I think that we should add language stating that the DPU should determine the minimum contribution.

David Colton – I have a real problem with “variable minimum bill.” I don’t know what that means. I have a big problem buying into a minimum bill. The definition needs to be broader. A minimum bill is regressive and sends the wrong message about renewable energy development. I agree with Janet’s comments.

Angie O’Connor– Would anyone like to volunteer to draft this section?

Janet Besser – Perhaps it would make sense to have a representative from the solar industry work with someone from the utilities?

Amy Rabinowitz – I agree. Can we let you know at the end who will take what?

Dwayne Breger – Here are the sections that need drafting: (1) general principles, (2) small solar incentive, (3) differentiation by market sector, (4) large solar incentive, (5) sized to load net metering, (6) VNM, (7) net metering caps, (8) geographic distribution, (9) transition timing, and (10) minimum contribution.

Fred, Amy and Bob volunteer to draft the general principles section.

(2) Small Solar Incentives section

Dwayne Breger – Let’s move on to small solar incentives. There was generally fairly strong agreement, or at least not active dissent, for the first statement. Let’s seek any clarifications or input on whether you generally agree with the initial statement regarding open access for small projects and how “small solar” should be defined.

Camilo Serna – We agree with the first part of the sentence. I think it would be important to focus on transparent incentives and to bring those incentives down over time.

Dwayne Breger – Maybe competitive is not the correct term there.

Angie O’Connor – I am curious to hear from whomever added number 3. What would the funding source be?

Amy Rabinowitz – Outside sources such as tax incentives, etc.

Bill Stillinger – I wanted to agree with Camilo in the interest of simplicity. I think we should end this sentence at the word “projects” and just leave out the rest of the sentence.

Camilo Serna – I could go with that recommendation. We definitely want to have open access.

Janet Besser – I think that if we could include something about an open and transparent process, we’d be happy with that.

Eric Krathwohl – A concern about small projects being involved in a competitive process would be the costs. Containing the costs should be worked into the language.

Bob Rio – Alternative Compliance Payment (“ACP”) money could be used to offset this in a more robust way. We could also look into regional greenhouse gas initiative (“RGGI”) money.

Dwayne Breger – On drafting the upfront payment, some of that was modeled after the SREC scheme. Instead of getting a stream of ten years of SREC, they get a lump sum of SRECs at the very beginning of their operation. This provides small projects with the need to not finance for ten years and reduces the initial capital costs. Conceivably, one could imagine something similar here.

Larry Aller – Speaking to residential rooftop, there’s not an impact on financing costs if you change the SREC structure. Financing is dependent on FICO score and credit score. So that would have no impact on residential rooftop financing. We should have a discussion about what small solar includes.

Janet Besser – We are very supportive of upfront funding through something like EPBI. In addition, there may be other separately sources such as residential rebates.

Liam Holland – If we split the categories of systems into three categories, it might be easier. I see the solar market as splitting into three categories rather than just two.

David Colton – I agree, but I am not sure how “onsite” is defined.

Amy Rabinowitz – I agree, we need to define this moving forward.

Dwayne Breger – For this meeting, we need to stay relatively high level, we will define further as we move on.

Fred Zalcman – I think that the definition of what is small is a function of what policy we are talking about. We are trying to avoid requiring owners of small systems to put competitive bids together.

Bill Stillinger– I agree with whoever suggested having three different categories of small solar. Small commercial has been underserved in the past.

Dwayne Breger – Let’s talk about the options available. In comments, there was a good amount of support for continuing with an SREC-type program, but also support for a declining block program. Can we hear from folks what they agree with and why?

Larry Aller – Supporting the SREC program through 2016 is important. If we are looking to have a market-adjusting program that steps the incentive down over time, there has been a lot of work done on creating a market, and the SREC market does that. The structure of the SREC program now enables companies to offer home-owners cash-flow positive from day one, which goes a long way in signing people up.

Dwayne Breger – Any comments on declining block versus SREC?

Fred Zalcman– We support the SREC program. It’s been cast as non-competitive, but in fact, it’s very competitive. Instead of governed by competitive solicitation, it’s governed by the supply and demand for SREC. We like the declining block because it’s transparent and has long-term certainty. The declining block takes some of the risk out of the SREC program.

Eric Krathwohl – I certainly agree with points that Fred just made. Both programs have advantages. The SRECs are somewhat known now, but you don’t necessarily know the value down the road. With respect to the declining block, I’d be supportive of that; it provides certainty over time.

Amy Rabinowitz – Our concern about the SREC program is that it’s more costly. We’d like to be able to make kitchen-table conversations easier, but at lower costs.

Camilo, Larry and Bill volunteer to draft this section.

Janet Besser – Did we decide on the definition of small?

Dwayne Breger – No. Larry, Bill and Camilo, please read the comments that were submitted and see if you can come back with something that reflects those comments and we will have the discussion at the next meeting.

Liam Holland – I feel like the same folks that volunteer for sections here will need to also draft the sections for net metering so that we don’t have differing definitions.

Camilo Serna – We will talk behind the scenes to make sure that we aren’t coming up with things that don’t make sense.

David Colton – For writing these documents, why don’t we appoint a sub-committee to draft the whole thing and bring it back to us?

Angie O’Connor – It sounds like it’s working out that way anyways. Other members of the Task Force can jump in where they are interested, but for the most part, the utilities are drafting with the solar industry.

(3) Differentiation by Market Sector section

Dwayne Breger – Ok, on to differentiation by market sector. This should be its own topic. There was general agreement of maintaining differentiation of market sectors moving forward. This is where there were a lot of comments about community shared solar as well as the mechanism for providing the differentiation in incentive.

Fred Zalcman – Yes, there should be additional compensation for different market sectors. We are looking for market diversity, not 1,600 MW of the lowest-cost solar. This may cost a little bit more, but there are reasons that we want to support this.

Janet Besser – Yes, community shared solar should be articulated as one of these sectors. There are other types of projects that should be included as well.

Amy Rabinowitz – I am not ready yet to say that there should be additional compensation. What we are trying to do is build a self-sustaining industry.

Eric Krathwohl – I don’t dispute what Amy said, but community-shared solar should be supported. This addressed the concerns that have been voiced by Task Force members. Community shared solar can widen the group of ratepayers involved in solar.

Camilo Serna – I agree with Amy. Additional compensation should be driven by benefits to the system. If there are other groups who benefit, then other methods of funding need to be discussed. The incentives and compensation are coming from the ratepayers, so if the benefits are falling outside of the benefits for those ratepayers, we need to look at additional sources of funding.

Bill Stillinger – If we change compensation to preference, it might bring us to a better level of consensus. The area of municipal need for solar on middle schools, fire stations, etc. might be their own category. So I would add the category of municipal buildings.

Larry Aller – We have heard repeatedly about the importance of community shared solar and diverse solar markets. If you then look at what is required to achieve those goals, you have to provide different frameworks or policies. Many would agree that landfill and brownfield redevelopment are important valid goals. It’s a matter of finding ways to balance costs with benefits.

Dwayne Breger – I challenge you all as to what could be reasonably achieved with these recommendations of funding diverse projects in a practical way.

Bob Stillinger – The goal should be to integrate these diverse projects across agencies in terms of funding.

Amy Rabinowitz – My initial response is that if we are trying to be all things to all people, we do cost of service, and the DPU will approve that. But if we want to do as Bob suggests, we need to get other agencies involved.

David Colton – Does community shared solar get included in small solar or large solar and are they considered to be on-site or virtual net metered?

Amy, David, Larry, and Janet volunteer to draft this section.

(4) Large Solar Incentive section

Dwayne Breger – Moving on to large solar. At a high level, these are projects that are not sized to load. They are large sized in scale and have very small on-site load. What is the appropriate way to provide compensation for these systems? The solar community generally favors a more open market, whereas the utilities were more generally aligned with using a competitive process for these projects. Let’s hold the community shared solar conversation for the net metering sections coming up next.

Mike Judge (from DOER) – A lot of people suggested that they were waiting to see the analysis before taking a position on this topic. I included SEIA’s comment because I think it was well-worded.

Janet Besser – I think that the SEIA section was well-written. I would suggest that a declining block could involve a competitive process. Maybe there is a way that this could be elaborated in the drafting.

Camilo Serna – I like how competition was incorporated into the first paragraph. I can understand how declining block is worth considering, so we will continue to work with the solar industry to come up with an appropriate model.

Bill Stillinger – I agree with the SEIA response. I am having a hard time understanding why we are talking about ground-mounted systems here. I don’t think that it’s necessary to include. There are large roof-mounted systems as well.

Fred Zalcman – Stepping back from advocacy for a particular framework, maybe the solar entities and utilities can come up with attributes of an effective incentive delivery mechanism.

Larry Aller – I would echo Fred’s points. Just something to keep in mind about competitive procurements is that there is often a difference between economic theory and what actually happens on the ground.

Dwayne Breger- If the authors could try to bring both desire for competition and reduced prices together in drafting, it would be helpful to find a middle ground.

Fred and Camilo will draft this section.

(5) Sized to Load Net Metering and (6) VNM sections

Dwayne Breger – The next section is net metering. The outline breaks this into sized to load net metering and virtual net metering. I think that we will try to have a common writer or group of writers, but we will discuss these separately. Let’s start with the definition of sized to load net metering.

David Colton – Just as a general principle, when we create policy, the default becomes “no.” I think that we should be more expansive than that and focus on what is not on site. In a municipal setting, if we build a facility somewhere in our town and want to use the power for our buildings, we have to go through VNM, but I think it should be considered on-site. The same should be said for the fourteen Dunkin Donuts shops. The default on this question ought to be “yes”, not “no”.

Janet Besser – I wanted to suggest that this section just be about net metering and not distinguishing sized to load and VNM.

Dwayne Breger – Yes, that’s what I suggested.

Janet Besser – Ok, because there are complicated decisions to be considered regarding definitions, etc.

Amy Rabinowitz – I do think we have to distinguish between VNM and behind the meter. Behind the meter reduces the load on the system, whereas VNM uses the system.

Larry Aller – We should be careful how we define sized to load. If you have the ability to put solar on the rooftop of one building and can distribute across local accounts, this may not have the same level of usage of the system as moving electricity across the system.

Janet Besser – There are instances where people’s load may increase in the future. There should be flexibility in the sized to load definition. There could also be consideration of common owners or a common location when considering definitions.

Eric Krathwohl – Flexibility is a necessity.

Liam Holland – I am confused about the scope. How do you address net metering in one single paragraph? If we are going to be talking about the details, VNM needs to be considered differently than smaller net metering. Why would we limit a homeowner as to how many solar panels they can put on their roof?

Janet Besser – I do think that in this section you would discuss both sized to load, on-site solar and stand-along solar. Because they are so closely related in terms of treatment, they should be discussed together.

Amy Rabinowitz – I would discuss having these discussions together as well. We need to bear in mind that there are engineering considerations here.

Fred Zalcman – The Green Communities Act (“GCA”) does not mention VNM. This arose in conjunction with bill H.4185. It’s a bit of an artificial distinction. The more relevant distinction is where systems are located in relation to the load. This is the more relevant distinction. Policy should flow from there.

David Colton – Carry this forward to a plant or an apartment building with different sources of energy and you have a roof with panels sized above your load. Perhaps what you are thinking of is reducing your dependency on other forms of power, such as switching from gas-fired water heaters. This should be encouraged as it will allow customers to reduce their power usage.

Dwayne Breger – Are there any comments in terms of who should be eligible to receive VNM credits?

Amy Rabinowitz – It’s hard to answer without knowing what the incentive structure would be. Another factor would be location. VNM does not take load off the system, so there are different effects on the distribution system.

Larry Aller – If the value is set accurately based on a value of solar study, what is the point of having a limit on VNM?

Janet Besser – Perhaps proximate to load is the better criterion as opposed to sized to load. I do think that there is a distinction between solar and a gas fired generator. The attributes that create additional value are somewhat locations and somewhat related to policy. Maybe the way to parse this is behind the meter and proximate to load. I don’t think New England really has solar farms, so we don’t have 100 MW installations. I’m suggesting that maybe there are criteria related to proximate load and policy benefits are the more important issues to consider.

David Colton – To me, that sounds fair. All of the examples I can think of are proximate to load VNM.

Dwayne Breger – Who would be willing to take this on?

Amy, Janet, Eric, Bob, Larry, and Bill will draft the net metering sections

This will bring us to a scheduled break. Let’s reconvene in ten minutes.

(7) Net Metering Caps section

Dwayne Breger - Next is the discussion on net metering caps. There are two different issues: current need in light of caps being hit and caps in the future.

Janet Besser – I have a general comment. It struck me that the discussion around caps relates to what happens with a monthly minimum contribution. Do we want to pair the caps discussion with that discussion? Comments were if you get the value right and the compensation to the utility right, then you don’t need caps.

Angie O’Connor– One question I would put out: part of the reason the Task Force was created was to deal with the larger picture, not just caps or no caps. That wasn’t our charge. We should make recommendations to the extent that there is consensus.

Janet Besser – From the solar community perspective, the Task Force has stated that it recommend orderly development of 1,600 MW and beyond. Net metering and caps affect that orderly development so they are linked. We see an immediate need to address the fact that caps have been filled. If we don’t address this immediate need, it will have a negative effect on solar development.

Angie O’Connor– The cap is only being almost hit in one territory.

Janet Besser – Yes, but projects are being halted right now because caps are hit. An interim step is needed while we figure out long term solution. NECEC understands the utility concerns about compensation for distribution system. So we welcome your input on how to do this in the fairest way to the greatest number of customers.

Camilo Serna – For Janet’s question, yes we need to address cost shifting but that is not the only objective. There are other objectives such as transparency, cost-effective, etc. We agree with Angie that it’s not just caps or no caps. It’s also about the market and market diversity. How can caps work with those? Caps were put in for a purpose and at some point they will be met. That’s the nature of caps.

Amy Rabinowitz – There are 250 MW available in the state where the cap hasn’t been hit. We should not be recommending that caps get raised.

Fred Zalcman – For a longer term issue, the general principles set it up well. If the solar community feels that they receive fair compensation for the value provided to the system and the utilities feel that solar contributes their fair share to the maintenance of grid, the cap discussion is secondary. The solar industry is willing to look at the costs and benefits and let the chips fall where they may and get away from the current situation and work toward a more precise estimate of the value of solar.

Bob Rio – I agree with Amy. Some caps have been hit so you should move to where capacity is available. To keep raising them is a failure of the program.

Liam Holland – No caps would be great. If we do need caps, I’m not sure why they are set as a percent of highest historical peak load. Is there an alternative to setting them that addresses our reason for needing caps?

Larry Aller – I echo Fred’s comment. If the price signal is right then there is no need for caps. Our goal is to enable a solar policy to achieve 1,600 MW and beyond in a cost effective way as much as possible while achieving the other goals we discussed. If we don’t address caps now, we are not fulfilling our goals to the Legislature. Failure to address them will result in significant jobs lost. There are about 10,000 people employed in solar. The National Grid caps affect over 170 communities that can no longer take action on solar. This is a monopoly environment. We have to take action in a way that is suitable for communities. The intent of the Legislature was to increase caps while the Task Force worked. If you don’t do that, jobs are lost, which increases transaction costs and federal dollars coming to state will be lost. There are a number of policy risks (policy and regulatory uncertainty) for financing projects in the pipeline. For these reasons, it is fundamental that we address caps in the interim while we work on a long-term effective policy. We can’t have a long-term policy if we are destroying the foundations of the market between now and then.

David Colton – Caps don’t need to be addressed now. We need to look forward to a day without caps. This short run problem needs to go away. Saying that because something exists is the reason it should continue to exist is foolish.

Amy Rabinowitz – The urgency people are discussing shows why we need a long-term sustainable solution. I think that this solution is along the lines of what Fred talks about. Net metering is having someone with solar not paying and those without solar paying for themselves and for the customers with solar. The cap is a ceiling for non-net metering customers who must bear the cost. I would agree that there are winners and losers but by raising the caps who is going to pay? We need an alternative to net metering and these caps.

Bill Stillinger – There was a *quid pro quo* for eliminating the caps in bill H.4185. Regarding who pays and benefits, that hasn’t been established by a data driven response. How do we know that non solar folks are paying a heavy price?

Janet Besser – The distributional impact has been posited but not documented. That’s why we need a value of solar study. Residential customers are exempt from caps. Where is the data for the idea that non solar customers pay while solar customers don’t pay? How many solar customers zero out their bill? We need to document this. The slogan of who will pay gets back to why this conversation needs to be linked to the monthly minimum contribution so that everyone will pay even with net metering. I suggest that we take the cap discussion and link it to the monthly minimum contribution issue. We all agree that if both solar and utilities are fairly compensated we don’t need caps.

Larry Aller – I agree with Janet. We need a value of solar study. What has been shown in studies in Vermont, Connecticut, New York, Minnesota, Mississippi and other states is when you look at the value of solar completely, solar provides more than a full retail rate benefit. If we take a complete view and pay for and receive compensation for services then this goes away.

Camilo Serna – It is not just about cost shifting. There is a value concern, which is one element to be addressed. But we also need to see how much we are investing in solar and make sure that we are investing in a cost-effective manner. Let’s tie market development to metrics that we all agree on, instead of tying this to just the minimum bill. In areas where caps are hit, residential customers can still net meter.

Angie O’Connor – I would like to reiterate DPU’s position on the redistribution of costs. Reconciling net metering costs from distribution rates is extremely problematic for DPU.

Dwayne Breger – Note the comments that National Grid submitted before the meeting (see projection). Are there any comments?

Amy Rabinowitz – Location does matter. If something is proximate to load that has a different effect on the distribution system. If we get the right incentive level, we could see loosening my heretofore stated opposition to 100% virtual net metering.

Dwayne Breger – Volunteers? Camilo, Janet, Liam. Let’s move to geographic distribution.

(8) Geographic Distribution section

Angie O’Connor – I just noted DPU’s concerns.

Dwayne Breger – Keeping those in mind, this is about the extent to which incentive and net metering costs should be distributed statewide or by utility territory. What sort of framework would be used to distribute the costs?

Janet Besser – A few meetings ago, we discussed that if caps were set differently (maybe by a statewide block), and if more development happens in one service territory, the dollars would have to flow differently than they do now in terms of making it up in a decoupling mechanism but maybe through something like energy efficiency surcharges? It’s the cap piece that creates the on again off again problem for the solar community. Given the DPU’s concerns, if that is off the table, what is left?

Mike Judge (from DOER) – I would like to make a clarification. Are you proposing a statewide charge based on the overall cost of implementing 1,600 MW of net metering?

Janet Besser – I think I read something like that in the comments. So my question is, if there is a concern about violating ratemaking principles and possibly the law, then it strikes me we would set that aside. Is it worth exploring the statewide issue in detail given that we are looking toward a long-term solution (this being a short-term problem?).

Eric Krathwohl– I understand that there is a charge established under the GCA to cover energy efficiency and it only covers a piece of the programs, which are utility specific with different costs and reconciling mechanisms. But a piece of the programs is picked up in a charge to all ratepayers on a statewide basis. It seemed to be that this could be one way to address the problem.

Janet Besser – There are also other issues about geographic distribution to discuss, but could we take this one off the table.

Amy Rabinowitz – This could be worth exploring. Rebates are consistent across the state and what Eric said is generally true. We could think about a solar rebate in the same way. It’s about getting the price right.

Bob Rio – The rebate structure is as you describe, but they change constantly. They have been raised, lowered, and eliminated. But it is something that is constantly being reevaluated.

Liam Holland – Would it be possible to get more detail from the DPU in a memo about the issues and constraints so we are all on the same page?

Angie O’Connor– Yes, we will look into that.

Fred Zalcman– I’m all for finding ways to free up and redistribute capacity to where it is needed. I worry about these alternatives cast as rebates. What we are after is a scheme where solar is paid for the value it provides, which is tied to the rates of the host utility. I wouldn’t want to assume solar is just getting rebated. That’s if I understood the proposal…

Dwayne Breger– It’s not necessarily rebates.

Camilo Serna – I agree that it’s not necessarily a rebate, perhaps an incentive. It might help provide more transparency into understanding how much has been invested. The concept of adding more transparency and accounting for the costs and benefits is worth exploring if we can’t reconcile it.

Angie O’Connor– The administration supports solar, so if we can be creative, that’s good. We need to work within the framework we have.

Amy Rabinowitz – I want to come back to the value of solar. There is a lot that we would like to do, but we have budgets and can only do some much. When we talk here about figuring out the value of solar and compensating customers for this, do you see this as limitless or do you feel that National Grid and others will be making choices about how much solar they can pay for?

Larry Aller – The impacts on cost savings and benefits change based on solar penetration. That’s why we need a well reviewed and thoroughly vetted process in terms of approach and structure and data, ideally by a third party. Hopefully this becomes a living document. Think about how often we would want to review it. Every 15 years?

Fred Zalcman– As long as we’re talking about the net metering credit value and compensation for electricity, I don’t see putting any artificial limits on it. It will be customer driven. If we’re talking about needing incremental incentives to make the projects economically viable, that decision has to be made in a cost benefit context – what are ratepayers paying for and what are they getting from it?

Ben Davis (from DPU)– With energy efficiency, yes, it’s statewide, but each program administrator has their own charges that they collect. I think the issue is one electric distribution company recovering costs for its system from another electric distribution company. It’s about the recovery for the cost of the distribution system. That’s the issue.

Janet Besser – OK. I withdraw the question. I understand now.

Ben Davis (from DPU) – The alternative way to think about it, is if there is an equal charge going to a pool, that’s something else (similar to the renewable energy charge).

Amy Rabinowitz – Ben, do you differentiate between the net metering piece and the SREC piece?

Ben Davis (from DPU) – I’m not a lawyer, but yes, I do.

Dwayne Breger – Maybe the public policy projects could go through a system benefit charge as well. Let’s quickly address the two other items: incentive to encourage solar aligned with peak capacity needs (I leave this to authors to come up with ideas), but also the discussion with regard to costs and benefits and maximizing benefits by strategically placing facilities on the system. The utilities are currently the ones that have that information, so the solar industry would need utility help to maximize these benefits.

Mike Judge (from DOER) – The questions posed are up on the screen.

Camilo Serna – First, the concept in general makes sense but there are lots of things to consider. One, we don’t necessarily have enough engineering information to develop the link of when solar is quantifiably benefiting the system. Secondly, we need to think about security and privacy of some of this information (circuit maps, etc.). This might come up in grid modernization plans. There are many implementation considerations.

Amy Rabinowitz – I agree.

Dwayne Breger – Volunteers to draft this section? Amy, Bill, Fred.

(9) Transition and Timing section

Dwayne Breger - Moving on to the transition timing and program targets. Comments were generally in line with the 1/1/17 date as a transition target. Other comments looked at the later of 1,600 MW being hit or 1/1/17. There was also discussion of the “beyond” part of the goal. Any comments?

Amy Rabinowitz – I don’t think that we should wait. We need a long-term sustainable solution as soon as possible.

Camilo Serna – I agree with Amy on timing. For the goal, let’s think not about a MW goal but perhaps about what is cost-effective (similar to energy efficiency).

Janet Besser – I don’t disagree with Amy, but as soon as possible probably is 1/1/17 by the time this all goes through the Legislature, DOER, DPU, etc. The solar community needs certainty so setting a fixed date provides assurances to developers.

Fred Zalcman – I agree with Janet. There are practical considerations with how quickly this gets acted on. Projects are currently being developed under the current framework, and we don’t want to be in the position where the rules are changed and we don’t honor the investment decisions that have been made. Any transition should respect the existing investment decisions.

Lisa Podgurski– I want to echo Janet’s comments. If there isn’t a certain timeframe set, then the concern is that the banks and investors will scatter. This is a big concern.

Amy Rabinowitz – I understand your concern. My concern is about the pressure to raise the caps.

Janet Besser – NECEC is committing to linking relieving pressure on the caps to the long-term solution.

Bob Rio – I agree that before 1/1/17 is not likely, but this needs to be done as soon as possible since, as time goes on, there will be even more pressure on the caps, not just in National Grid.

David Colton – 1/1/17 is probably optimistic. But we can raise caps now.

Camilo Serna – We need to think about when the plan will come into play. I am concerned by us saying we don’t need to act until 1/1/17 that this might delay us further.

Janet Besser – I agree. To start on 1/1/17 we need a lot of work before then. Maybe we should set interim deadlines? We have one - our deadline on April 30, 2015. I’m not sure who to direct this to?

Larry Aller – Getting something defined in a structured way is important. But if action isn’t taken on the cap in the form of an interim raise, there are going to be a lot of transactional and frictional costs. There will be job losses, which will increase cost of solar in the future. Federal money will be lost. The Massachusetts ratepayers and investors will have to make up the gap. So we should work on a long-term policy structure as soon as possible. It will be necessary to address the cap before 1/1/17 to ensure that there is a cost-effective and stable foundation on which solar can continue to be built.

Bob Rio – Frankly, I’d trader higher costs later on than continuing the high cost of the current program. July 31, 2016 will be the end of session. In reality, we’ll know well before 1/1/17 what’s happening. So we’ll know in 15 months. The higher costs later on will be far less than the cost of raising the caps.

Amy Rabinowitz – It sounds like 1/1/17 is practical. I don’t think that we need to raise the caps. Residential facilities are being developed and there are 250 MW left under the caps.

Eric Krathwohl – Seems like everyone agrees that DOER and DPU will need to look at some things during this process. This also impacts the timeline.

Lisa Podgurski – In response to Bob, the lost jobs is a huge issue here which I know we are not directly addressing in the study. I’m not willing to see jobs lost.

Bob Rio – That happens all the time in government. I don’t think they are permanent job losses. The industry can manage redistributing jobs for a short period of time.

Dwayne Breger – We are over time for this section. The authors should also consider what is appropriate beyond the 1,600 MW. Any other comments?

Angie O’Connor – It’s important to remember that the consultant’s suggestion was just a place holder for modeling. The administration wants continued support for solar but we don’t necessarily need a number. Just keep that in mind.

Fred Zalcman–As we approach the 1,600 MW target, let’s evaluate the industry at that point.

Angie O’Connor – A number of folks have expressed interest in seeing a continuing dialogue. Volunteers? Camilo, Lisa, Larry.

(10) Minimal Contribution section

Angie O’Connor - Moving on to the minimum contribution. Again, we have had discussion about this and how it might be best to have this discussion in front of the DPU.

Dwayne Breger – Yes, there seemed to be general consensus on this issue that it should be adjudicated in front of the DPU.

Camilo Serna – I agree. We also might want to be stronger in our suggestion that this discussion should happen. We are looking for other ways to achieve the goal other than a minimum bill. Ideally, you would want a demand charge at the residential level. If customers are taxing the system differently, with or without solar, we want to make sure they are paying fairly. If we just focus on the California model presented by the consultants that might not be useful.

David Colton – My concern is that a minimum bill is a regressive blunt instrument that could create hardships. We should get away from the phrase “minimum”. Have we finalized Task 5?

Mike Judge (from DOER) – No.

David Colton – My comments on that report were that I thought they did not make the case strongly enough that the minimum bill really is a blunt instrument. The policy objective matters, in other states the minimum bills are not in place to capture this policy objective. I think we should be recommending a period of time for this instrument. It can’t just be done and left. It needs to be revisited.

Janet Besser – There’s still not a good understanding of what we mean by minimum bill. We will need to be very clear about the definition – it could be very blunt or very sophisticated. These are the kinds of things that would be useful in the report. While our charge was to consider a minimum bill, it is worth discussing other alternatives.

Angie O’Connor– That is helpful. To the extent that Task Force members have a creative way to define this or to somehow suggest to the DPU what they consider, that would be helpful.

Eric Krathwohl – Yes, to the extent costs are imposed, those ought to be reflected. Cost causation has to be considered, and the DPU is the place to look at that.

Camilo Serna – Just to clarify, my point was what was presented in Task 5. I agree with Janet that clarifying would be helpful.

Angie O’Connor – To the extent members could have conversations and recommendations to include here, that would inform our discussion later on at the DPU. Our framework wasn’t designed to acknowledge the things we are asking it to do today. When we have volunteers for this, I’d like to see those creative ideas. Volunteers? Janet, Paul, Eric, Amy, Bob, David.

Dwayne Breger- note also the overlap with net metering cap as discussed earlier. Janet is on that as well.

(11) Additional section on Miscellaneous Items

(a) Standardizing permitting

Angie O’Connor– Onto miscellaneous and the timeline. Let’s do miscellaneous first.

Dwayne Breger– There were useful comments that didn’t fit specifically within the framework. Let’s go through those. First, should we provide a recommendation to the Legislature to have a more standardized state process for permitting, particularly at the residential level? This was from Next Step Living.

Angie O’Connor– Larry, I would suggest that if there is some way that the state can streamline this that’s important.

Dwayne Breger - This is generally a more local issue. I’m not sure if there is something to be done statewide.

Angie O’Connor– Is there statewide permitting now?

Larry Aller – In California and Vermont, actions were taken to standardize a process. These are a significant portion of the costs for residential systems. Currently, the process in Massachusetts is completely fragmented. Other states are starting to standardize this process which leads to cost savings.

Lisa Podgurski– There are laws on the inspection and permitting process. There is one state electric permit. One thing that is being done is to require additional hours for town inspectors to take additional education. DOER also has the rooftop program as well. So we are working on this.

Dwayne Breger– Whoever works on this might come up with recommendations.

Angie – why don’t Larry and Lisa work on this? [Agreed].

(b) Compensation to the grid for integration costs related to distributed generation (“DG”) and for the value the grid provides to DG units

Dwayne Breger – Next up is how to provide compensation to the grid for integration costs related to DG and for the value the grid provides to DG units.

Camilo Serna – We will continue to bring this up.

Angie O’Connor – Let’s roll this into minimum contributions.

Camilo Serna– Yes, agreed.Dwayne Breger – Onto the value of solar study.

Janet Besser – That’s included in the general principles.

Dwayne Breger – OK.

(c) On-bill financing

Dwayne Breger - We also have on-bill financing. Some have noted that this may be out of scope. Any comments?

Amy Rabinowitz – On bill financing isn’t something that utilities are in a position to provide. We are a utility not a bank.

Bob Rio – The Massachusetts Bankers Association is very interested in this. They provide financing through the energy efficiency program. It’s not on-bill financing.

Janet Better – Bob to clarify, I thought energy efficiency was on-bill financing?

Camilo Serna – The difference is between on-bill financing and on-bill repayment, which is possible.

Janet Besser– So do we mean repayment instead of financing?

Camilo Serna – We recommend taking this off the table.

Larry Aller – I focused on this as on-bill payment. In other states, it is common to have on bill financing. This provides a better customer experience. We continue to have conversations with bankers. There’s the provider of capital and the way in which it is collected. This would be something to explore. I don’t know if the benefit of the lower cost of capital from the bank with on bill payment is enough to cover all the costs.

Angie O’Connor – I appreciate what you’re saying. But it sounds like there are other buckets of money to accomplish this rather than asking our utilities to do this, which would add another layer of complexity to the rate making process. I encourage offline discussion about this issue.

(d) Municipal light districts

Dwayne Breger – I’m going to suggest that we don’t have a conversation about the next item at this time, which is how to address municipal light districts since we don’t have time. Let’s have some of this addressed offline by the authors of this section.

Angie O’Connor– Do the municipal light districts benefit from SRECs?

Mike Judge (from DOER)– Yes, they get the benefits but don’t pay.

Bob Rio – If we get a good program, the municipal light companies will want to participate or model their program after it.

(e) Solar workforce licensing and certification

Dwayne Breger – Last topic. Should we recommend establishing a state program of solar workforce licensing and certification?

Lisa Podgurski– Currently this has to be done by a licensed electrician. I don’t think this Task Force is the appropriate forum to change licensing laws.

Bob Rio – I agree.

Dwayne Breger – We could use volunteers for municipal light districts? No. OK we’ll discuss.

Liam Holland – I would just say that it is critically important to address this issue. There is a cross subsidy issue. So many large solar projects are in municipal light districts.

Eric Krathwohl – I agree we should either look at it or suggest that it get looked at.

Angie O’Connor– Eric, Bob and Liam, why don’t you draft something? [Agreed]

Dwayne Breger – Please draft something for discussion next week.

Angie O’Connor– You all have the template. We’ll send out the electronic version and list of the assignments after the meeting. As a reminder, our next meetings are April 16, 27 and 29.

Fred Zalcman – Before we end, I wanted to mention that a number of us submitted a letter to the co-chairs. We wanted to formalize our concern with the data request made to the utilities. We are open to looking at ratepayer impacts, but it should be a balanced analysis of costs and benefits.

Angie O’Connor – To clarify, I wasn’t asking for analysis, just costs. But we will share the letter electronically.

Fred Zalcman - It would be helpful to have the email addresses.

Elizabeth Mahoney (from DOER)– Please keep in mind the open meeting law rules! If you email the group, it must be posted publicly.

Mike Judge (from DOER) – I will send out emails with contact information to each group, but use it carefully with public meeting laws in mind.

Meeting adjourned. 1pm.