

Alternative On-Bill Credit FAQ

April 2019

Purpose

The Alternative On-Bill Credit (“AOBC”) is defined as the value of the net excess electricity generated and fed back to the utility by an AOBC Generation on a monthly basis.

AOBCs are intended to be an alternative to net-metering for facilities that qualify for the SMART program. On the Preliminary Statement of Qualification Application to SMART, the Applicant indicates whether the system is net-metered, AOBC, or a qualifying facility.

Who can use AOBCs?

AOBCs are only available to Standalone Solar Tariff Generation Units (“STGUs”) and are not available to Behind-the-Meter STGUs.

How is the Value of Energy (“VOE”) calculated for AOBC Generation Units?

For AOBC Generation Units, the VOE will be equal to the basic service rate applicable to the AOBC Generation Unit’s rate class in effect during the billing period, as established by the utility’s Basic Service tariff.

How are AOBCs transferred?

The Owner of the AOBC Generation Unit must complete an Incentive Payment/Credit Form and an AOBC Payment/Credit Form to indicate how the bill credits will be transferred to customer accounts. AOBCs can be transferred across ISO-NE load zones but cannot be transferred across utility service territories.¹ There is no limit to the number of credits that can be transferred to customers. The utilities are expected to allocate credits to a customer bill within three billing periods.

The utility will not transfer AOBCs without a completed Incentive Payment/Credit Form and AOBC/Payment Credit Form. These allocation percentages are allowed up to two decimal places and the form will not be considered complete unless allocations correctly total 100 percent and the billing account and customer information is correct.

To process the transfer of AOBCs, the Owner or Authorized Agent of the STGU should submit the AOBC Payment/Credit Form to the utility prior to the STGU’s commercial operation date with their interconnection application and submit the form to CLEAResult with the Claim Application. This form

¹ In the Eversource service territory, AOBCs may be transferred across ISO-NE zones within EMA. AOBCs may not be transferred across Eversource’s Eastern and Western Massachusetts territory. In the National Grid service territory, AOBCs may not be transferred across Nantucket and Mass Electric territory.

can be found on the utility's website. The AOBC Payment/Credit Form can be updated no more than two times during a 12-month period, unless otherwise allowed by the utility.

Can a customer carry a balance of AOBCs on their bill forward?

The Owner of the AOBC Generation Unit can carry a balance of AOBCs on their bill, but the utility has the option to cash out the bill credits on an annual basis. This process varies slightly by utility:

National Grid: The utility will initiate the cash-out process on an annual basis.

Unitil: The utility will initiate the cash-out process on an annual basis.

Eversource: The host customer will initiate the cash-out process with the utility on an annual basis.

At the end of a 12-month period ending March 31, the utility may pay a designated recipient, in a lump sum amount, any AOBCs remaining on the AOBC Generation Unit account. This amount will be adjusted by the ratio of the average ISO-NE Locational Marginal Pricing rate that was realized by the settlement of the output of STGUs with ISO-NE over the course of the year divided by the average basic service rate for the 12-month period.

Individual AOBC recipients may carry a balance of AOBCs on their bill, but do not have the option for an annual cash out from the utility. If an active customer has more credits than can be used, the Owner of the AOBC Generation Unit should submit a new AOBC Payment/Credit Form to remove or reduce bill credits to that customer.

What if there is a mistake on the AOBC Payment/Credit Form?

It is the responsibility of the Owner or Authorized Agent to ensure that all billing account information of the designated recipients of AOBCs is accurately reflected on the AOBC Payment/Credit Form. AOBCs that cannot be applied to recipient accounts because of inaccurate information will remain on the STGU's account and will be carried forward to subsequent billing months with the cash out process referenced above. Changes to the AOBC Payment/Credit Form must be received by the utility at least 15 days prior to the next billing date of the STGU or the AOBC recipient as applicable, to be reflected in the next billing period.