3/20/15 NMS Task Force Meeting Minutes

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

9:30 A.M.

Angie O’Connor: Good morning, we are starting on time.

Dan Burgess: Good morning happy first day of spring. We have a packed agenda today. We will start with a welcome, then we will move on to a vote on previous meeting minutes, review the proposed report outline, review the timeline of this Task Force moving forward, review and discuss the Task 0, 1, and 2 reports, review and discuss the task 5 report, review next steps, and we will hear public comments if time allows. Are there any further comments? The first set of minutes we will vote on is from the February 12, 2015 meeting.

Eric Krathwohl: Should we note the attendees?

Dan Burgess: Yes, we can note the attendees. Motion for that amended.

Motion, seconded, no abstentions. Unanimous approval (15-0).

Dan Burgess: Next, we will vote on the February 25, 2015 meeting minutes. All of the written comments have been posted online. Are there any concerns on the minutes from the Holyoke Meeting? Again, we will add Task Force members who were in attendance. Is there a motion to accept?

Motion, seconded, motion passes with two abstentions. Unanimous approval (13-0), Paul Brennan and Christina Fisher abstaining.

Dan Burgess: Finally, we will vote on the March 5, 2015 meeting minutes. We will add Task Force attendees. Is there a motion to adopt these minutes?

Motion, seconded, motion passes with two abstentions. Unanimous approval (13-0), Christina Fisher and Eric Krathwohl abstaining.

Dan Burgess: Next, reviewing the proposed report outline. There has been a good opportunity to present more clarity about this report. We want to get everyone’s thoughts on how the report looks and get feedback. We want to go over it and write a filing letter with a draft and executive summary with what this Task Force has done and present it. Task 0 is the interviews; there would be a summary and interviews in the Appendix. Task 1 - Summary of Solar Incentives, Task 2 - States’ Incentives, Task 4 - Policy Options and a short summary, Task 5 - Minimum Bill Analysis, then Task 3 - Cost Benefit Analysis. After we have that analysis, we would move on to determining what recommendations the Task Force would vote on. There would then be a conclusion and then Task Force member opinions to share.

Janet Besser: I have a question about Items 6 and 8 of the Task Force report outline. My understanding is that we modeled two policy paths to test different elements but they didn’t represent the recommendation we were making. If we mean the policy paths and the cost benefit analysis, I just want to be clear that is what we are doing.

Dan Burgess: Task 4 was the range of options for 1,600 MW and beyond. I think that what we are trying to say is that the consultants provided us with this wide range of options and these were the results from that.

Janet Besser: I think that if we look at the minutes from February 12, we are looking at the policy options of the paths.

Dan Burgess: I think that we can provide clarity there.

Fred Zalcman: Were you thinking of putting a straw proposal out there to prompt dialogue or is this a very preliminary in scope?

Dan Burgess: Preliminary. There is some subset we feel like we will generally get an agreement on.

Amy Rabinowitz: On number 5, is today going to be the final review? I have questions and suggestions and I would like to see another version of that after my comments have been incorporated.

Dan Burgess: We can do that we have another meeting on the 26th

Angie O’Connor: Echoing what Dan is saying we want to keep this moving, I know it puts more pressure on task force members but we appreciate the extra effort

Bill Stillinger: In 8 and 9 it says at a later date…what does that mean

Dan Burgess: Can we save that until the timeline discussion

Bill Stillinger: Yes

Dan Burgess: Good clarifying questions, any procedural questions?

Paul Brennan: In the appendix portion, do the chairs envision a length?

Dan Burgess: One to two pages. We are looking at a fairly lengthy document as it is.

Larry Aller: So there are sections in here to present the recommendations. Do you envision an explanation of why we chose what we did?

Dan Burgess: Absolutely. We will strive for that in the executive summary.

Larry Aller: In recommendations, we could include next steps that we agree that are useful?

Dan Burgess: I think that is useful and we can include recommending pathways. We hear you on this feedback. Feel free to reach out to Mike Judge for additional feedback.

Camilo Serna: For guiding principles in the report, I don’t see in the appendix the supplemental comments. Similarly this outline assumes there will be full agreement on recommendations. It talks about different organizations.

Dan Burgess: I think those are the principles that we still adhere to and you can find opinions in the appendix.

Camilo Serna: Right, so having a sense of how you want to run the process would be helpful.

Dan Burgess: We can do that and that’s an example of things to start thinking about. Any other thoughts or questions? Hearing concerns we can address, it seems that we are all on board. Next on the agenda is timeline. There are some to be determined meetings here. I think as co-chairs, we are anxious to complete this report. We are aware that tasks are getting there and there is an urgency to completing this. We have a March 31, 2015 deadline. I would like to hear thoughts on next steps. I don’t think that there is much willingness on our part to go beyond April. After this meeting and after your feedback, Angie and I need to sit down and figure out how we can move forward. Thoughts?

Janet Besser: So I think that all the members know several of us sent a letter to the chairs and it does ask that given that we got these analyses today, we were requesting that the chairs advise the legislature that we need some additional time to develop good analyses. The letter notes that net metering caps were met and that does create urgency in taking some action. We all know going back to the legislature is not the best way to make policy but we would like to make sure that we can play this out in a thoughtful way. Some creative ideas came up about the net metering cap issues at the last meeting. You all have that letter so I’ll stop there. Six members signed the letter.

Bob Rio: I agree if the consultants need more time and we need more time that we can go into April. I do not agree on the cap issue and I think anything we do with the legislature should stay with the timeline. I think April 30, 2015 would be fine.

Amy Rabinowitz: I too recognize the reality that there is a lot of work and it is March 20th today. I respect the thought of giving ourselves an extra month. As the net metering cap has been hit, it concerns me that the longer we take, the more pressure there will be on the caps. So I’m on board to moving this to April but I am opposed to raising caps.

Camilo Serna: Eversource is OK with the delay. It would be important to define the next meetings and we will put whatever effort we need into that. I do agree with the comment about the caps. The main purpose is coming up with a model to deal with that issue. We should focus on defining policy paths that will not have the cap be an issue.

Eric Krathwohl: Senator Tarr is also OK with the extension. We have an important issue and I think a thoughtful process would be beneficial.

Paul Brennan: Looking at this and given today’s discussion I think we should ask for more time.

Janet Besser: I do think the net metering caps are related to the solar incentive framework. So I hear about the Task Force not wanting to increase the caps, but I do think that it’s important to be creative and we need to acknowledge the caps.

Amy Rabinowitz: I agree with that.

Christina Fisher: It’s generally the preference of the legislature to meet deadlines but we also want a comprehensive piece.

Bob Rio: On the caps, there was nothing in our charge to get this done before the caps expire.

David Colton: Just hoping to plan the meetings as quickly as possible.

Bill Stillinger: One of the options is the current program. Analytically we have to look at lifting the caps.

Dan Burgess: I think that was part of the modeling. With that, Angie and I would be comfortable with clear milestones laid out to the legislature to request for more time. I do not hear any abstentions on moving to the end of April is that correct? (Yes). Timewise we have meetings for April 7, 2015 and April 16, 2015 please hold mornings for those. And we still have March 26, 2015.

Janet Besser: I know of two conflicts on April 7, 2015. There is the day long NECEC event on April 7 and Environment Massachusetts also has a conflict.

Dan Burgess: Folks hold the April 6th it is a Monday. We will follow up after this.

Janet Besser: I have copies of the letters.

Dan Burgess: OK pass them along. Our takeaway as co-chairs would be interacting and getting the letter ready and getting the next few meetings settled. This is a complicated topic and we are diving in and we are making good progress. Moving on to Tasks 0, 1, 2. Task 0 were the interviews. I believe everyone has provided feedback. Any issues?

Amy Rabinowitz: On the utility interview you have Kerry Britland as a National Grid employee, and she is Eversource.

Dan Burgess: OK. Task 0 is done and should be done with. Task 1, anything to bring up?

Any Rabinowitz: We are in the process of reviewing. It would be helpful to have a levelized comparison of the program across the states and the total incentive payment.

Larry Aller: Let’s also make sure to include the breadth of coverage of the program because you can have different outcomes on dollars, so just having a sense of the approach of that utility, would be helpful.

Charles Harak: It’s very hard to get at the extent of the values.

Andy Belden (Consultant): Developing a pure apples to apples comparison across states is challenging due to a series of different factors, but we’ll put our best effort into that.

Dan Burgess: We should be able to put some of these as complete, so I don’t want to take away from the work done. Other feedback? Seeing none, what about Task 2?

Camilo Serna: In Table 3 and Table 4, the numbers don’t always match. They are off by a dollar, maybe just a rounding error? Just be careful about drawing conclusions about so few data points from the regression. This proves if you use a lot of money you can have a lot of solar. To Amy’s point, adding a retail value you can see if you can get solar at a lower price. For example, Nevada is getting solar at lower prices than Massachusetts but with information about retail. What is the investment we are making to get that amount of solar, why not look at that? I’ll give you some data we have but at a minimum, it would be helpful to number this table (Table 3, 4).

Paul Gromer (Consultant): With our timeline, we want to be done by March 26, 2015 but I’ll talk with my team and go back and see what we can do.

Amy Rabinowitz: In Figure 1, are those dots from the numbers in Table 3?

Consultant: Correct.

Amy Rabinowitz: It might be helpful to reference those and I’m unclear on some conclusions in here. In the beginning it says that net metering is a critical component and by the end it is not. Figure 2 is more important.

Andy Belden (Consultant): I think it was a two part question, you need a net metering incentive plus a further incentive.

Amy Rabinowitz: But how do we know that we need net metering? Maybe we just need a big incentive.

Consultant: So our task was to look at what happened historically, so we haven’t seen that.

Amy Rabinowitz: The conclusions just aren’t flowing. You seem to assume that we could not do utility scale solar here. Why is that?

Dan Burgess: We can clarify.

Amy Rabinowitz: Will you be taking these comments and doing a redraft?

Andy Belden (Consultant): Yes.

Dan Burgess: We want the Task Force to be comfortable with the suggestions and analyses.

Amy Rabinowitz: One more comment. I think that the title for Task 2 is not as broad as what you do in the report.

Eric Krathwohl: On the conclusion, can you make any distinctions or further conclusions on virtual net metering?

Andy Belden (Consultant): If you have net metering you will also have virtual next metering, so it’s embedded in the response.

Paul Brennan: In the introduction, I have a question about the annual production outputs. It looks like your math takes that into account but it doesn’t say that. And did you look at specific states tax incentives?

Consultants: Yes, tax incentives are typically on more of the minor scale.

Fred Zalcman: I think that the report does a great job of highlighting two key streams. I think that we could say that we could remove the net metering value, but it’s sort of the combined revenue streams that make a solar project.

Paul Gromer: As you know, the solar incentive policy is intricate. It’s hard to draw precise numbers. We are tasked to get this done with a budget and a timeline. We just want people to have that in mind. Is this analysis work going to be presented as our work or as the work of the Task Force? Because if it is our work, then it lowers the stakes.

Dan Burgess: My thought is that it a little of both. I would like the Task Force to be comfortable with your work in a fair way and a third party analysis. We are not expecting you to write the summary or cover letter. We want everyone to agree on the transparency of the process. Other thoughts on that?

Amy Rabinowitz: I agree with you Dan and your point makes me wonder if we should be asking if we should present the data without conclusions. Fred, I hear what you’re saying and I would focus on the total of it. I was really struck with the net metering component.

Fred Zalcman: Not making any value judgments, it’s just a truism that solar development is based on the combined value of net metering and incentives and if you augment one, you diminish the other.

Camilo Serna: I agree that it’s the total. On Table 4, putting into the major and minor dollar value of the SREC is important because you need both but at what level. So, for as many states as you can, can you replace that major or minor value with a range or number so that we can draw conclusions?

Consultant: This is very helpful for us. We want to work more on presenting the facts in the conclusions.

Dan Burgess: Yes, we need some context here and also letting the Task Force members draw their conclusions from that.

Eric Krathwohl: Clarification on Paul’s point on tax policy. Can you give some sort of order of magnitude on how that falls?

Consultant: For example, there is an exemption in Massachusetts for the sales tax. There is also more major tax policy at the state level.

Eric Krathwohl: Translating that how big is that in relation to SRECs?

Consultant: That would be a minor category not a major category.

Larry Aller: Thank you. The task has been what has happened in other states so far and characterize what has happened. There are straightforward comments from that and that’s going to be useful for us. We have to have group discussion on what will happen in all policy scenarios, but one thing to put into that discussion section is that it’s not just about the value of an incentive but it is about the risk profile. There is a lot of good work here and keeps us honest to our task about what has happened.

David Colton: When I hire a consultant if I don’t ask the question “what conclusion do you draw?” I’m doing myself a disservice. I want to hear the conclusions because they are familiar with the work.

Fred Zalcman: I think that there is a distinction between conclusions, which are fact based, and policy recommendations. We are asking the consultants to do the former and it is our job to figure out the latter. That’s what I would say.

Bob Rio: In the first meeting, we talked about whether or not the consultants should draw conclusions. Since this Task Force has started, I’ve read 20 articles about other states changing so once the legislature gets this report, it could change more by then. So I think the consultants should give us the facts and we can make the conclusions.

Angie O’Connor: I think that it’s a fine line but it’s my concern that if we don’t give some conclusion you have to put it context for them.

Bob Rio: Thematic conclusions maybe.

Angie O’Connor: From that, the policy discussion is informed.

Dan Burgess: With that we are going to move on to Task 5.

Angie O’Connor: This topic has generated a bit of discussion. We all agree that there will need to be a substantive discussion on this issue. I wouldn’t feel like this is your only option to have this debate. Look closely if there is something missing from this, but it will probably best be served before the Department of Public Utilities.

Andy Belden (Consultant): We have very much a draft of Task 5 - summary and highlights from the research that we did. I really want to get to your comments and feedback. (Goes over minimum bill theory in powerpoint).

Amy Rabinowitz: So if you have a customer with 10 kWh, is that what the customer is taking from the distribution company?

Consultant: Yes, that would be the equivalent.

Charles Harak: Why is Cambridge Electric the highest?

Andy Belden: With both utility regulators in the room I would punt this.

Camilo Serna: I would have to look into that.

Charles Harak: Total value of net metering?

Consultant: Looking at on site use and also netted into the market.

Charles Harak: What about low usage versus net metering customers?

Bob Rio: Are you talking about people using little electricity that are net metered? It’s almost a different rate class. If you use little electricity because you’re elderly or poor that’s different. In a perfect world, we are talking about a rate class that doesn’t affect other customers.

Andy Belden: (Goes over minimum bills in other states)

Charles Harak: Anything that would change that structure would be before Department of Public Utilities…one reason NCLC was concerned about the legislature coming back is that it was a much higher customer charge. There were arguments that it could be much higher and that would only impact people who self generate.

Andy Belden: Two more slides and modeling.

Larry Aller: So several states have implemented a minimum bill decades ago and are completely unrelated to solar and net metering. And that’s where they’re at?

Andy Belden: Yes. Now, we do not have historical data on that.

Camilo Serna: Might be worth adding customer charge if they have that.

Andy Belden continues on minimum bill presentation.

Amy Rabinowitz: California is not vertically integrated so this is a distribution only minimum bill. What about Hawaii?

Andy Belden: Yes Hawaii is vertically integrated.

Amy Rabinowitz: So that would be higher than what ours would look like in Massachusetts?

Andy Belden: Yes. (Continues presentation and moves on to minimum bill modeling and residential load cases)

Larry Aller: From NSL’s experience, it’s really rare to see oversized systems. Is there data from DOER and MassCEC maybe by rebate tracking on that we might focus our time on that?

Dan Burgess: Not sure that we have that but I see what you’re saying.

Andy Belden continues on PV systems

Larry Aller: Can you go through the system production inputs?

Andy Belden: Sure. We pulled off the shelf assumptions from PV Watts.

Larry Aller: Looking at this though, you have the best case scenario 180 degrees south but not all residential solar have that. So again, does DOER or MassCEC have data on residential roof orientation?

Mike Judge: We have orientation data not production data.

Larry Aller: OK, so that’s an update I would recommend.

Dan Burgess: OK, if we have no other questions or comments we can move on.

Charles Harak: I just want to understand the $34 because you’re generating so much and paying next to nothing.

Andy Belden: Exactly. (continues on minimum bill effects of project economics)

Charles Harak: What is a bilateral contract?

Andy Belden: In Massachusetts, if you don’t use credits, you can sell those to your neighbors.

Fred Zalcman: Could you elaborate on why you chose not to look at commercial minimum bills?

Andy Belden: We’ve seen minimum bills mostly focused on the residential side. Commercial minimum bills are demand charges, so trying to come up with a representative case of a commercial location in Massachusetts would be challenging and we didn’t want to create false conclusions.

Fred Zalcman: In those states that have adopted minimum bill, what are the criteria that have been adopted?

Andy Belden: Most of these cases were from the 1980s and none of those dockets were available.

Bob Rio: The minimum bill could be avoided if the rate design has a way to avoid it. I think that the demand charge avoids the minimum bill. There are alternatives with the minimum bill that would not even be a factor. In my town, they don’t pay for distribution charges.

Camilo Serna: Going back to conclusions, understanding that the analysis is on these variables, it would be helpful to get some data if available in the appendix so that we have a sense. We could use a range. Based on your analysis, what we are going after with the minimum bill what was that was accounting for.

Andy Belden: Solely based on aggregate utility bill.

Camilo Serna: The issue is more in the distribution and transmission. I do agree that there are other alternatives and they have pros and cons. I do think the impact of virtual net metering is where the minimum bill comes into play. I think that that is where we see the impact.

Eric Krathwohl: As far as conclusions and policy recommendations, you’re indicating that it will be dependent on the minimum bill and the parameters. What are the variables for the minimum bill policy?

Andy Belden: The price at which it is set.

David Colton: I heard you say that the rate cases were developed in the 1980s and 1990s. Has anyone developed a minimum bill with solar in mind?

Consultant: In Los Angeles they did in the last decade. As far as we know nobody has.

Larry Aller: If you expand the view a little bit, there have been interactions on fees. I’m not sure how much it would be a specific help to us here.

David Colton: So if we were to recommend the minimum bill and the legislature adopted it, we would be the first state to do so?

Larry Aller: We would have to check.

David Colton: There are scenarios where people don’t put it on their homes, but I can envision a condominium complex where one owner might spread it out. There are plenty of cases where somebody is not “freeloading” off someone else.

Paul Brennan: Thanks. There is a lot of work here so maybe we use a broader title to reflect all the work. If other states come at this issue looking for a new rate class, would other states look at that instead of a minimum bill?

Andy Belden: There is history of moving people to different rate structures to take care of the same issues addressed by the minimum bill.

Paul Brennan: Is there a Massachusetts scenario that can be modeled like that?

Andy Belden: I think that the specifics are for a rate case. The question is time and whether we can accomplish that.

Camilo Serna: If you go back to the example with the houses, if you look at a minimum bill, if those are the programs the state wants to foster, when they are avoiding by banking credits in virtual net metering, we need to have mechanisms to recover those costs. Let’s figure out other ways to enable those programs for folks.

Bob Rio: We’re not trying to stop solar. The right answer is to say what are the costs of this system? It will collapse if we don’t make changes.

Angie O’Connor: Members of the Task Force, there’s a lot to this. Is there something missing from the analysis that you think should be in there?

Larry Aller: To Bob’s point, it’s important to consider the costs to the system but also the benefits to the system and I think that it something to be involved before the Department of Public Utilities and legislature. If you can make it very clear that you are using those values for money, it’s going to be part of the effort to determine the cost of services that the grid is providing etc. If you can clearly provide context for the 1980s data that would really help clarify.

Fred Zalcman: In hindsight, we should have begun this by doing a value of solar study and maybe we make that recommendation because it is critical to look at those value streams. To us, it’s not a distinction between traditional net metering and virtual net metering. I think that it comes back to this question of not just looking at the costs of solar but the benefits as well.

Amy Rabinowitz: Angie, I’m not ready to answer your question yet. Thanks consultants for this presentation. In addition to the bill, we have put a lot of public policy initiatives on the state and so we have to keep in mind what is the net metering paying for and what would the minimum bill be attributed to. For virtual net metering compared to net metering, Fred, I think perhaps the way we have to move is what are the real costs. That may be what the real future is.

Bill Stillinger: I want to pile on with Larry and Fred and be sure that the minimum bill discussion takes a whole systems approach. Was there anything in the consultant analysis that included a minimum bill analysis for all rate payers not just distributed generation customers?

Andy Belden: Yes.

Camilo Serna: Two recommendations: a section on analyzing scenario with virtual net metering; and getting distributions on anything you can. This discussion on minimum bill is just one way to tackle the issue and I know it is not part of this task but we could discuss.

Dan Burgess: Three more keep moving.

David Colton: Answering Angie, the motivation for other states adopting the minimum bill is an important point to make.

Bob Rio: I agree with Amy on the social programs. We have 100 years of utility programs and social programs on the distribution system and it’s more than that and I’m for the full value of solar as long as we don’t get too far out. It is a process where you want the value for the system. So I think we need to stick with the system value and benefits.

Charles Harak: Answering Angie: In Wisconsin, they have addressed the minimum bill. Second, we’re not really looking at the benefits, we are looking at the costs and I know we don’t have time but we have to consider both sides.

Liam Holland: If you could throw in all utility rate schedules in addition to National Grid. Also, if there were some proposed customer charges or costs designed by the utility just so the legislature could look at it in the analysis.

Bob Rio: Are you talking about social programs?

Liam Holland: Really just the main charges on the bill.

Bob Rio: I would like to see the list of the social charges too if that’s not that tough to get.

Andy Belden: I will do my best to summarize.

Amy Rabinowitz: We all presumed that solar had a value and the goal is to see if we can bring costs down. We’ve assumed that we are not studying the value of solar.

Angie O’Connor: I’m not hearing that there is any question that solar is valuable. I think that goes without study and is reflective in the Administration’s commitment to solar. I understand what you are saying. I hear what Bob is saying. There is still a cost of running a system and that’s always been a challenge but I think Massachusetts is uniquely positioned because we really do value solar and we’re at the right spot with that. The legislature is the same way and the administration is.

Dan Burgess: Thank you, I think we should keep that moving. Thank you consultants. I think this is the first time the minimum bill has been discussed this way. Next, there are going to be assumptions addressed, minimum bill will be on this. We need to be comfortable with the assumptions that the consultants are making. It’s really the assumptions that will be key in the next modeling phase. Questions?

Amy Rabinowitz: Are you talking about modeling for the two scenarios?

Dan Burgess: 3 scenarios.

Angie O’Connor: I just want to follow up. I want to make sure that whatever timeline we agree on is final. We are taking this very seriously. I recognize that there are other factors about caps and whatnot but we want to make sure that we can get this done and in to the legislature. For the Task Force, you can talk to each other offline and keep this going so to the extent that you can do that, that would help keep things moving.

Dan Burgess: We have some guidelines on assumptions that we want to consider for the next meeting. So we have March 26, 2015, April 6, 2015, April 7, 2015 and April 14, 2015 as dates.

Charles Harak: Can we find out the timeframe as soon as possible so we can do our homework?

Dan Burgess: Next meeting, we are going to continue the discussion on minimum bill, go through modeling assumptions, and start the discussion about recommendations. Time permitting, we will go through summaries of things we started to kick off today. Any further questions? Let’s open by a show of hands.

Angie O’Connor: We have some time for public comments. Are there any members of the public who wish to comment?

Claire Chang, Solar Store Greenfield, owner: I appreciate all of the work. I want to give you a face for minimum bill. We have one customer that is not able to connect his PV from the barn to the house across the street. He allocates the net metering to the house and this is the only way on his own land that he can do that. So if Schedule Z is eliminated, the investment would be lost. This is not an entirely unique situation. There are multiple accounts in rural Massachusetts that this applies to. So they have two or three accounts by the utilities and if each account has minimum bills, the one person or one farm has three times as much to pay. We are talking about 10 kilowatt or smaller system sizes. They do not need to bear the burden since the utilities can’t figure out how to pay for the distribution grid. Same for condominiums. They would need one array for all the accounts and each account would be suffering for the minimum bill. Thank you.

Angie O’Connor: Thank you

Dan Burgess: Any more comments? None? We will wrap up and follow up soon. Thanks.

12:00 P.M. Meeting adjourned