# HOUSE . . . . . No. 4173

## The Commonwealth of Massachusetts

The Committee of Conference on the disagreeing votes of the two branches with reference to the Senate further amendment of the Senate Bill relative to solar energy (Senate, No. 1979, amended), reports that the House recede from its non-concurrence with the Senate in its further amendment (striking out all after the enacting clause and inserting in place thereof the text of Senate document numbered 2058) and concur therein with a still further amendment by striking all after the enacting clause and inserting in place thereof the text of House document numbered 4173; and that the Senate concur in the still further amendment. April 5, 2016.

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| Brian S. Dempsey | Benjamin B. Downing |
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**In the Year Two Thousand Sixteen**

By striking out all after the enacting clause and inserting in place thereof the following:

"SECTION 1. Section 1A of chapter 164 of the General Laws, as appearing in the 2014 Official Edition, is hereby amended by striking out, in line 207, the figure '25' and inserting in place thereof the following figure:- 35.

SECTION 2. Said section 1A of said chapter 164, as so appearing, is hereby further amended by striking out, in lines 209 and 210, the words 'June 30, 2014 and are constructed prior to June 30, 2016' and inserting in place thereof the following words:- December 31, 2016, and are constructed prior to December 31, 2017.

SECTION 3. Section 138 of said chapter 164, as so appearing, is hereby amended by inserting after the definition of 'customer' the following definition:-

'Market net metering credit', (i) a credit equal to 60 per cent of the excess kilowatt-hours by time of use billing period, if applicable, multiplied by the sum of the distribution company's:

(a) default service kilowatt-hour charge in the ISO-NE load zone where the customer is located; (b) distribution kilowatt-hour charge; (c) transmission kilowatt-hour charge; and (d) transition kilowatt-hour charge; provided, however, this this shall not include the demand side management and renewable energy kilowatt-hour charges set forth in sections 19 and 20 of chapter 25; or (ii) for net metering facilities of a municipality or other governmental entity, a credit equal to the excess kilowatt-hours by time of use billing period, if applicable, multiplied by the sum of the distribution company's: (a) default service kilowatt-hour charge in the ISO-NE load zone where the customer is located; (b) distribution kilowatt-hour charge; (c) transmission kilowatt-hour charge; and (d) transition kilowatt-hour charge; provided, however, that this shall not include the demand side management and renewable energy kilowatt-hour charges set forth in said sections 19 and 20 of said chapter 25; and, provided further, that credits shall only be allocated to an account of a municipality or government entity.

SECTION 4. Section 139 of said chapter 164, as so appearing, is hereby amended by inserting after subsection (b) the following subsection:-

(b½) Upon a determination by the department of energy resources that the aggregate nameplate capacity of solar net metering facilities qualified under subsection (g) of section 11F of chapter 25A, is equal to or greater than 1,600 megawatts direct current, the department shall certify the date that capacity has been reached and provide a date of notification that all new Class I, Class II and Class III solar net metering facilities in commercial operation after that date shall generate market net metering credits only. A distribution company customer that uses electricity generated by a solar net metering facility that generates market net metering credits may elect net metering as follows:

(1) If the electricity generated by the solar net metering facility under this subsection during a billing period exceeds the customer's kilowatt-hour usage during the billing period, the customer shall be billed for 0 kilowatt-hour usage and the excess market net metering credits shall be credited to the customer's account. Credits may be carried forward from month to month. A solar net metering facility may designate customers of the same distribution company to which the solar net metering facility is interconnected and that are located in the same ISO-NE load zone to receive such credits in amounts attributed by the solar net metering facility. Written notice of the identities of the customers so designated and the amounts of the credits to be attributed to those customers shall be in such a form as the distribution company shall reasonably require.

(2) If the customer's kilowatt-hour usage exceeds the electricity generated by the solar net metering facility during the billing period, the customer shall be responsible for the balance at the distribution company's applicable rate.

SECTION 5. Said section 139 of said chapter 164, as so appearing, is hereby further amended by striking out, in line 73, the figure '4' and inserting in place thereof the following figure:- 7.

SECTION 6. Said section 139 of said chapter 164, as so appearing, is hereby further amended by striking out, in line 75, the figure '5' and inserting in place thereof the following figure:- 8.

SECTION 7. Said section 139 of said chapter 164, as so appearing, is hereby further amended by inserting after the word 'from', in line 107, the following words:- subsections (b½) and (k) and from.

SECTION 8. Said section 139 of said chapter 164, as so appearing, is hereby further amended by inserting after the word ‘meter’, in line 110, the following words:- and accrue Class I net metering credits.

SECTION 9. Said section 139 of said chapter 164, as so appearing, is hereby further amended by adding the following 2 subsections:-

(j) Distribution companies may submit to the department proposals for a monthly minimum reliability contribution to be included on electric bills for distribution utility accounts that receive Class I, Class II, Class III, or market net metering credits pursuant to this section, subject to the review and approval of the department. Any such minimum contributions shall ensure that all distribution company customers contribute to the fixed costs of ensuring the reliability, proper maintenance and safety of the electric distribution system. Proposals shall be filed with the department in: (i) the distribution company’s base distribution rate proceeding; or (ii) a revenue neutral rate design filing that is supported by appropriate cost of service data across all rate classes. The department may approve a monthly minimum reliability contribution that: (i) equitably allocates the fixed costs of the electric distribution system not caused by volumetric consumption; (ii) does not excessively burden ratepayers; (iii) does not unreasonably inhibit the development of Class I, Class II, Class III facilities; and (iv) is dedicated to offsetting reasonably and prudently incurred costs necessary to maintain the reliability, proper maintenance and safety of the electric distribution system.

The department may only approve a proposal for a monthly minimum reliability contribution after the aggregate nameplate capacity of installed solar generating facilities in the commonwealth is equal to or greater than 1,600 megawatts. The department shall conduct a full

adjudicatory proceeding when reviewing proposals for a monthly minimum reliability contribution, which shall include at least 1 public hearing and an opportunity for public comment.

The department may exempt or modify any monthly minimum reliability contribution for low-income ratepayers. The department may also exempt, for any period through the year 2020, any class or sub-class of Class I, Class II, or Class III net metering facilities that were in service not later than December 31, 2016 from any minimum reliability contribution. Minimum monthly reliability contributions shall take effect on such date designated by the department; provided that, the date designated by the department shall be not later than December 31, 2018. The department may approve changes to the monthly minimum reliability contributions for individual electric distribution companies in any future base distribution rate proceeding, consistent with this section.

(k) A Class I, Class II or Class III solar net metering facility, as defined in section 138 and this section, shall continue to receive Class I, Class II or Class III net metering credits as otherwise provided by this section if such facility is determined to be so eligible by the department of energy resources prior to the date of notification, as determined pursuant to subsection (b½), that the aggregate nameplate capacity of solar generating capacity in the commonwealth is equal to or greater than 1,600 megawatts; provided, however, that 25 years from the date upon which the Class I, Class II or Class III solar net metering facility was authorized to interconnect to the distribution system by a distribution company, the facility shall receive market net metering credits.

SECTION10. Notwithstanding any general or special law to the contrary, any renewable energy generating source using solar photovoltaic or solar thermal electric energy that has previously qualified for programs pursuant to subsection (g) of section 11F of chapter 25A of the General Laws and applicable regulations, as determined by the department of energy resources shall continue to be subject to and receive benefits from said programs, including, but not limited to, the solar carve-out program and its successors, pursuant to the requirements of 225 CMR 14.00.

SECTION 11. (a) Notwithstanding any general or special law to the contrary, the department of energy resources shall adopt rules and regulations that lower the cost of the commonwealth's solar incentive programs for ratepayers; provided, however, that any facility qualified pursuant to subsection (g) of section 11F of chapter 25A of the General Laws before the effective date of the new program established pursuant to this section, shall remain qualified under existing programs.

(b) The department of energy resources shall develop a statewide solar incentive program to encourage the continued development of solar renewable energy generating sources by residential, commercial, governmental and industrial electricity customers throughout the commonwealth. The department shall, after notice and the opportunity for public comment, promulgate rules and regulations implementing a solar incentive program which: (i) promotes the orderly transition to a stable and self-sustaining solar market at a reasonable cost to ratepayers; (ii) considers underlying system costs, including but not limited to module costs, balance of system costs, installation costs and soft costs; (iii) takes into account electricity revenues and any federal or state incentives; (iv) relies on market-based mechanisms or price signals as much as possible to set incentive levels; (v) minimizes direct and indirect program costs and barriers; (vi)

features a known or easily estimated budget to achieve program goals through use of a declining adjustable block incentive, a competitive procurement model, tariff or other declining incentive framework; (vii) differentiates incentive levels to support diverse installation types and sizes that provide unique benefits, including, but not limited to, community-shared solar facilities, low-income solar facilities and municipal or other governmental entity-owned solar facilities, and which may include differentiation by utility service territory, location or size of the solar renewable energy generating source; (viii) ensures that the utility customer realizes the direct benefits of the solar incentive program; (ix) considers environmental benefits, energy demand reduction and other avoided costs provided by solar renewable energy generating facilities; (x) encourages solar generation where it can provide benefits to the distribution system; (xi) ensures that the costs of the program are shared collectively among all ratepayers of the distribution companies; and (xii) promotes investor confidence through long-term incentive revenue certainty and market stability.

(c) Attributes, as defined by the department of energy resources, of the solar photovoltaic facilities receiving incentives pursuant to this section shall be eligible for use by retail electric suppliers pursuant to their obligations pursuant to said section 11F of said chapter 25A.

SECTION 12. Section 4 shall take effect 30 days after the effective date of this act.”; and that the Senate concur in the still further amendment.