

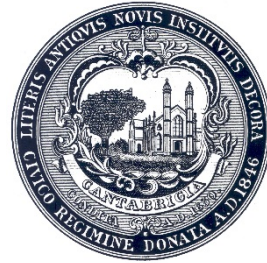
MINIMUM MONTHLY RELIABILITY CONTRIBUTION *CLEAN ENERGY STAKEHOLDERS*

PRELIMINARY ALTERNATIVE PROPOSAL
TECHNICAL CONFERENCE #2
OCTOBER 24, 2016

PARTICIPATING PARTIES



Somerville, MA



Cambridge, MA



COALITION FOR
COMMUNITY
SOLAR
ACCESS



Acadia
Center



nexamp



Acadia
Center



INTRODUCTION

- Clean Energy Stakeholders appreciate DPU staff engagement with stakeholders in process to implement new statute
- Information and data are necessary to determine:
 - Whether an MMRC is warranted
 - How an MMRC could/should be designed
 - Understanding implications of, and on, DOER's development of the next solar incentive program is also important

“INTERIM” MMRC

REQUIREMENTS FOR ESTABLISHING AN “INTERIM” MMRC

- “Interim” MMRC must meet requirements of statute*
 - Statutory process/threshold requirements
 - Four statutory criteria
- “Interim” MMRC is not authorized by statute, and may not be warranted
- MMRC must be developed and understood in the context of the new solar incentive program
- A new proceeding to establish methodology for MMRC could address staff’s timing concerns
 - Distribution companies implement through compliance filings in rate cases or revenue neutral rate proceedings

* Statute refers to Chapter 75 of the Acts of 2016, Section 9 (M.G. L. c. 164 § 139(j))

STATUTORY PROCESS REQUIREMENTS FOR MMRC

- Statute states:
 - “Distribution companies may submit...”
 - “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 only approve a proposal [after 1,600 MW has been installed in the Commonwealth]”
 - “The Department shall conduct a full adjudicatory proceeding...”

“INTERIM” MMRC MUST MEET PROCESS REQUIREMENTS

- The statute requires “appropriate cost of service data across all rate classes”
- Lack of data and quantitative information
 - *e.g.* to demonstrate compliance with 4 criteria
 - Quantitative data to be available to all stakeholders through review in adjudicative proceeding, whether rate case or revenue neutral filing

MMRC, INCLUDING “INTERIM,” MUST MEET 4 CRITERIA

- Information and data are needed to determine if an “interim” MMRC satisfies the statutory criteria:
 - 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.”

JUSTIFICATION FOR AN MMRC

DEMONSTRATING NEED FOR AN MMRC

- If a problem exists, it must be understood, quantified, and vetted before a solution can be appropriately designed
- Information and data is needed in order to:
 - Demonstrate that an MMRC is needed
 - *e.g.* how many customers currently “zero out” their monthly bills is needed to evaluate urgency of acting, among other things; and
 - Whether interconnection costs already contribute to the reliability of the grid
 - Consider an “interim” MMRC in the context of:
 - Statutory requirements; and
 - Rate design principles
 - Assess the structure of an MMRC

INCENTIVE CONTEXT

CONTEXT OF NEW SOLAR INCENTIVE PROGRAM

- Since the first MMRC technical conference on August 23, the DOER has put forward its proposal for the new solar incentive program
- The new solar incentive program will strongly influence the development of solar in the Commonwealth
- For solar, evaluating an MMRC's consistency with the four criteria will require information and understanding of the new solar incentive

UNDERSTANDING AN MMRC AND SOLAR INCENTIVES

- The statutory requirement to implement an MMRC *only after 1,600 MW of solar are installed* is not likely to be met prior to the new solar incentive program being in place
- Meeting the criteria that an MMRC cannot “unreasonably inhibit the development of Class I, Class II, Class III facilities” will be difficult to determine prior to understanding new solar incentive program framework

CONCLUSION

NEW, SEPARATE PROCEEDING

- A new proceeding to establish methodology for MMRC is a way to address DPU staff timing concerns
 - Distribution companies implement through compliance filings in rate cases or revenue neutral rate proceedings
- Identify information and data that would be required to demonstrate that an MMRC meets 4 statutory criteria
- Consider structures for an MMRC and how it would apply
- Address “grandfathering” of existing projects
- Address exemptions for low-income and other classes and sub-classes

OTHER CONSIDERATIONS IN ESTABLISHING AN MMRC

LOW-INCOME EXEMPTION

LOW-INCOME EXEMPTION

- Low-income customers should be permanently exempted from any MMRC
- Exemption should apply to:
 - Customers on the low-income rate (e.g. R2 customers); and
 - Publicly-assisted housing, as defined by M.G.L. c. 40T, § 1, or their residents

“GRANDFATHERING” CONSIDERATIONS

“GRANDFATHERING”

- Existing facilities should not be subject to an MMRC because:
 - Imposing an MMRC on existing projects would upend customer expectations and unfairly penalize early adopters of renewable energy systems;
 - Imposing an MMRC on existing net metering customers would severely compromise investor confidence, conflict with the Commonwealth’s renewable energy goals, and conflict with the legislative intent of the statute that it not “cause unnecessary disruption in the market”

CLASS I FACILITIES

- There are policy reasons and legal arguments that Class I Facilities are not subject to an MMRC, including that:
 - The statute authorizes an MMRC in new § 139(j), but neither strikes nor alters § 139(d), which prohibits special fees for Class I Facilities

Thank You

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