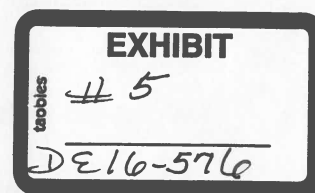


State of New Hampshire
Public Utilities Commission



**Development of New Alternative Net Metering Tariffs and/or Other Regulatory
Mechanisms and Tariffs for Customer-Generators**

Docket No. DE 16-576

Settlement Agreement

This Settlement Agreement is entered into this 10th day of March, 2017, by Public Service Company of New Hampshire d/b/a Eversource Energy ("Eversource"), Unitil Energy Systems, Inc. ("Unitil"), Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities ("Liberty"), the Office of the Consumer Advocate ("OCA"), the New England Ratepayers Association ("NERA"), Standard Power of America, Inc. ("Standard Power"), and Consumer Energy Alliance ("CEA") (collectively, the "Settling Parties").

I. INTRODUCTION

In response to New Hampshire House Bill 1116 (Chapter 31 of the 2016 N.H. Laws), the Commission opened this proceeding by Order of Notice dated May 19, 2016, "to develop new alternative net metering tariffs."

The Commission made Eversource, Unitil, and Liberty (the "Utilities") mandatory parties to the docket, the OCA chose to participate on behalf of residential ratepayers, and the Commission granted petitions to intervene of nearly 30 parties, including NERA, Standard Power, and CEA.

A number of parties, including all of the Settling Parties except for Standard Power, filed direct testimony in September and October 2016, and many parties, including some Settling

Parties, filed rebuttal testimony in December 2016. All parties who filed testimony were subjected to discovery requests from other parties.

Throughout the course of this docket, all parties engaged in technical sessions which included extensive settlement negotiations through February 2017. As a result of these settlement discussions, the Settling Parties reached agreement on the elements of an alternative net metering tariff (the “Proposed Tariff”) that the Settling Parties believe meets the requirements of HB 1116.

By filing this Agreement, the Settling Parties present these essential terms of the Proposed Tariff for review and approval by the Commission.

II. DEFINITIONS

1. “Small Projects” means net metered distributed generation projects of not more than 100 kw in peak generating capacity, consistent with the definition of “small customer-generator” in N.H. Code Admin. Rules Puc 902.19.
2. “Large Projects” means net metered distributed generation projects of greater than 100 kw and up to and including 1 MW in peak generating capacity, consistent with the definition of “large customer-generator” in Puc 902.15.
3. The “Net Metering Queue” or the “queue” means the net metering interconnection queue managed by each of the Utilities consistent with the requirements set out in Docket No. DE 15-271.

III. TERMS OF AGREEMENT

1. The Proposed Tariff’s Start Date

Both Large Projects and Small Projects that reserve a place in the queue after June 30, 2017, or before that date if they are above the 100 MW cap referenced in RSA 362-A:9, I, will be moved to the Proposed Tariff once the Utilities have implemented any necessary changes to their billing and data management systems such that they are technically able to bill under the new tariff. Until that time, which the Settling Parties acknowledge may vary among the Utilities, such customers will be billed under the net metering tariff in effect as of March 2, 2017. The Settling Parties agree that the Proposed Tariff should go into effect no earlier than July 1, 2017.

2. Interconnection Application Fees

The Proposed Tariff will not change the application fee for Large Projects or Small Projects.

In the future, the Utilities may seek Commission approval of a different application fee that is based on demonstrated costs.

3. Customer Charge

The customer charge for each of the Utilities shall not change as a result of the approval or implementation of the Proposed Tariff.

The Settling Parties agree that in the future, the Utilities may seek Commission approval for a supplemental customer charge applicable to net metered customers based on demonstrated incremental customer-related costs for metering, billing, and interconnection.

4. Rate Design for imported kilowatts (kW) and kilowatt hours (kWh).

Implementation of the Proposed Tariff will not require, and the Settling Parties do not recommend, any changes to the rate design of the Utilities. The Utilities shall apply their prevailing rates, as they may be amended from time to time, as described below.

5. Lost Revenue Recovery

Following implementation of the Proposed Tariff, the Utilities may recover their lost revenues using the mechanism and calculations approved in *Unitil Energy Systems, Inc.*, Order No. 25,991 (Feb. 21, 2017). The Settling Parties agree that the mechanism set out in Order No. 25,991 is appropriate for the recovery of lost revenue and that it is consistent with RSA 362-A:9, VIII. The Settling Parties agree that they will support, or not oppose, any Utility request made before December 31, 2020 to recover lost revenue consistent with that mechanism.

6. Applicability of Various Charges.

For both Large Projects and Small Projects, under the Proposed Tariff net metered customers shall be billed all charges applicable to the relevant rate class on all electricity imported (purchased) from the grid. With respect to electricity exported to the grid, net metered customers will not receive credit for distribution service or for any rate element deemed to be “non-bypassable” by statute, regulation, or order, including, but not necessarily limited to: Stranded Cost Charge, System Benefit Charge, Electricity Consumption Tax, Storm Recovery Adjustment, and the non-transmission portion of Unitil’s External Delivery Charge (EDC).

7. Commodity Credit for kWh Exported to the Grid

- a. For Small Projects and Large Projects, under the Proposed Tariff all net metered customers taking default service will receive credit for exported electricity at the default service rate. Customers taking energy service from a third party supplier will receive credit for any exports on the energy service portion of their bill as calculated in Puc 903.02(i). The credit will be calculated by using the most recently available avoided cost rate as calculated

annually by the Commission multiplied by the kWh exported monthly.

Consistent with the existing tariffs, the Proposed Tariff shall require that for small and large group host projects, both the host customer and all group members must be default energy service customers of the interconnecting distribution utility. The Settling Parties recommend that the Commission investigate requiring competitive suppliers to notify their customers that becoming a net metered customer will affect the terms under which they participate in net metering.

- b. For Large Projects, under the Proposed Tariff the net metered customer must consume, on-site and behind the meter, at least 20 percent of the actual or estimated generation from the Large Project on an annual basis to qualify for the Proposed Tariff or they may take energy service from a competitive supplier, which will be responsible for any export terms and credits pursuant to RSA 362-A:9, II, and which will be responsible for all billing, credits, and payments for energy service. Should the customer not consume at least 20 percent of the Large Project generation on-site, the Large Project will be required to register as a group host under RSA 362-A:9, XIV.

8. Transmission Credit for kWh Exported to the Grid.

For Small Projects, under the Proposed Tariff net metered customers shall receive a credit equal to 100 percent of the volumetric transmission charge of the customer's applicable rate class for electricity exported to the Utility. Large Projects shall not receive such credit.

9. Renewable Energy Certificates (RECs).

For both Small Projects and Large Projects, under the Proposed Tariff any RECs generated by a net metered facility shall remain the property of the net metered customer. The Utilities shall have no obligation to purchase RECs from net metered customers, but may elect to offer to do so.

The Utilities agree to offer a service by which the interconnecting utility, or its designee, shall act as the independent monitor for the RECs generated consistent with RSA chapter 362-F and N.H. Code Admin. Rules CHAPTER Puc 2500. To elect this service, a customer must agree to the installation of a utility-owned production meter that is fully integrated with the utility meter data collection and management systems. The Utilities agree to provide such a meter at no cost to a requesting customer pursuant to section 14 of this Agreement.

With the intent of decreasing the burden and expense associated with net metered customers making effective use of the RECs they may produce, the Utilities agree to work with parties to solicit entities to act as a third party administrator and/or aggregator for net metered customers' RECs.

The Utilities agree to undertake customer education efforts relating to RECs and to assist in promoting REC participation.

10. Monetary Credit to Customers and Recovery of Costs.

a. The Proposed Tariff shall provide that, for all projects, any credits relating to amounts of exported electricity, including amounts in excess of any imports, shall be provided as a credit on a dollar value basis, rather than a kWh basis, on the net metered customer's bill. Net metered customers may, at their election, convert the bill credit balance to a cash payment

upon exiting the net metering program (such as by moving or otherwise terminating service), or once per year (each April), provided the bill credit balance is greater than \$100. Large Group Host customers will continue to receive a monthly payment check, rather than an on-bill monetary credit each month.

b. The default service portion of the credit for exported energy will be recovered via reconciliation through the default service charge.

The avoided cost credit provided to customers on competitive supply for exported energy will also be recovered via reconciliation through the default service charge.

The total of all kWh exports that are credited at default service rates or avoided cost rates will be applied to reduce the Utility's ISO-NE wholesale load obligation that is allocated to all suppliers, except for projects registered with ISO-NE as settlement only generators.

The transmission service portion of the credit provided to customers for exported energy will be recovered through the Utility's annual transmission rate reconciliation proceedings.

In that credits for exported generation are applied to the customer's account on a dollar basis, as described above, credits shall not be "banked" and the Settling Parties agree that an annual true-up by which banked kWh can be converted to dollars shall not be necessary.

11. Grandfathering

Those customers to whom the Proposed Tariff applies may remain on the Proposed Tariff until December 31, 2040, unless those customers exit the net metering program prior to that time or they elect to migrate to a new net metering tariff. Any customer exiting service under the Proposed Tariff who wishes to return to net metering at a subsequent time shall do so consistent

with tariff provisions applicable at the time of their resumption of net metering. Any customers who reserved a place in the queue before June 30, 2017 and whose place was within the 100 MW cap shall be grandfathered until December 31, 2040 under the rate applicable when the customer reserved a place in the queue unless the customer elects to migrate to a new net metering tariff.

12. Data Collection and Studies

With regard to future studies and data collection, the Settling Parties agree as follows:

- a. A locational value study similar to the “*Location Specific Avoided Transmission and Distribution Avoided Costs Using Probabilistic Forecasting and Planning Methods*” performed by Nexant, Inc., and referenced in the December 21, 2016 rebuttal testimony of Eversource witnesses Labrecque, Johnson, and Davis shall be performed under the supervision of the Commission;
- b. The Settling Parties shall further review the appropriate compensation for avoided RNS and LNS transmission cost allocation, particularly for Large Projects, by April 30, 2018.
- c. The Commission shall open a proceeding to conduct a Value of Distributed Energy Resources (V-DER) study, based on real-time market prices and distribution system needs, in which: (1) different DER resources (or combinations thereof) at various levels of capacity value shall be considered; (2) valuation shall be based as closely as possible to real-time prices and near term marginal costs with no long-term projections or forecasts to be considered in this study; (3) actual costs to installers and customers for implementing DER resources in New Hampshire are considered; and (4) there are opportunities for public comment prior to the study being conducted;

- d. The Utilities shall be entitled to timely recovery of all reasonable costs related to these studies and associated data collection efforts;
- e. The Utilities agree to provide data on annual (12 month period) loads for net metered accounts for one or more years before they interconnect their net metered systems, where available, along with annual average loads for comparable time periods, before and after implementation of net metering, for customers who did not adopt net metering, so that the percent change in annual load for customers, by rate class, who did and did not adopt net metering, can be compared for comparable time periods.
- f. All studies referenced herein shall be completed no later than December 31, 2020.

13. Pilot Task Force.

The Settling Parties agree to participate in a task force to be convened and overseen by the Commission, the purpose of which shall be to guide the creation, design, and request for Commission approval of the following types of pilot programs:

- a. An initiative that uses monetary bill credits to make the benefits of solar available to non-host low and moderate income customers whose circumstances would otherwise not allow them to participate in a net metered project;
- b. One or more time-of-use (TOU) pilots, such that in the service territory of each of the utilities there is an opportunity to test the efficacy, costs, and benefits of time-varying rates for solar adopting customers, including a potential consideration of distribution and transmission charges. Such pilot or pilots are to be implemented within 18 months of the Commission's order approving this settlement agreement, and with each such pilot or pilots potentially producing a sampling of interval production data; and

c. As to Large Projects, following the completion of the study relating to RNS and LNS costs identified in section 12.b. above, an opt-in pilot program would be run to review the feasibility of providing transmission credits based on actual avoided marginal costs.

The Settling Parties agree that the Utilities shall obtain timely recovery of all reasonable costs incurred in relation to the design and implementation of the pilot programs.

The Settling Parties agree that all pilots, as designed by the task force, shall include a statistically valid number of participants, but shall not require a specific level of participation.

Following the pilots and data collection described above, the Settling Parties agree to petition the Commission to open a proceeding to review results and information generated by those efforts so that they can inform future distributed energy resource tariffs and rate design.

14. Metering

For all net metered projects, under the Proposed Tariff all customer-generators shall have bidirectional meters with an import (purchase) and export (credit) channel. Net metered customers shall be billed on all imported electricity and shall receive credits (as described above) on all exported electricity.

Under the Proposed Tariff all customers interconnecting a net metered system shall have the option to request, at no cost to them, a revenue grade utility production meter at the time of interconnection. Customers requesting a utility-owned production meter will be required to provide and install an appropriate meter socket in a physical location acceptable to the utility. If such meter is requested from and installed by the utility, the utility shall own and maintain the production meter, and shall make the production information available to the net metered customer to facilitate participation in a REC aggregation and/or transfer program, including the

REC aggregation program described above. A utility provided production meter shall not be deemed a cost of interconnection that must be paid for by the interconnecting customer. The Settling Parties agree that the costs of such meters, and the associated data management systems, may be recovered by the Utilities through the annual lost revenue filing referenced above.

If, instead, a customer elects to install a device other than a utility-provided production meter to monitor the production of the net metered system, that customer shall be responsible for any aggregation and/or sale of the customer's RECs. In such case, the Utilities may estimate the production for lost revenue calculation purposes.

IV. CONDITIONS

This agreement is expressly conditioned on the Commission's acceptance of all its terms, without change or condition. If the Commission does not accept this agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this agreement, and any of the Settling Parties notify the Commission within five business days of their disagreement with any such changes, conditions, or findings, the agreement shall be deemed to be withdrawn, in which event it shall be deemed to be null and void and without effect, shall not constitute any part of the record in this proceeding, shall not be relied on by any party to this proceeding or by the Commission for any other purpose.

The Settling Parties agree that the Commission's approval of this agreement will not constitute continuing approval of, or precedent for, any particular principle or issue, but such acceptance does constitute a determination that the provisions stated in their totality are just and reasonable and consistent with the public interest.

The discussions that produced this agreement were conducted on the understanding that all offers of settlement and settlement discussions relating to this docket shall be confidential,

shall not be admissible as evidence in this proceeding, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise.

The Settling Parties agree that all direct and rebuttal testimony and supporting documentation should be admitted as full exhibits for purposes of reviewing this agreement. The Settling Parties' agreement to admit all testimony without challenge does not constitute agreement by the Settling Parties that the content of the written testimony is accurate or what weight, if any, should be given to the views of any witness. The identification of the resolution of any specific issue in this agreement does not indicate any of the Settling Parties' agreement to that resolution for purposes of any future proceeding, nor does the reference to any other document bind the Settling Parties to the contents of, or recommendations in, that document for purposes of any future proceeding. The Commission's approval of the recommendations in this agreement shall not constitute a determination or precedent with regard to any specific adjustments, but rather shall constitute only a determination that the rates resulting from the agreement, and other specific conditions stated in this agreement are just and reasonable.

This agreement may be executed by facsimile and in counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all Settling Parties.

Dated: March 10, 2017

**Public Service Company of New Hampshire
d/b/a Eversource Energy**



By its Attorney, Matthew J. Fossum

Dated: March __, 2017

Unitil Energy Systems, Inc.

By its Attorney, Gary Epler

Dated: March __, 2017

**Liberty Utilities (Granite State Electric) Corp.
d/b/a Liberty Utilities**

By its Attorney, Michael J. Sheehan

Dated: March __, 2017

Office of the Consumer Advocate

By the Consumer Advocate, D. Maurice Kreis

Dated: March 10, 2017

New England Ratepayers Association



By its President, Marc Brown

Dated: March __, 2017

Standard Power of America, Inc.

By its Vice President, Robert Hayden

Dated: March __, 2017

Consumer Energy Alliance

By its Attorney, James R. Voyles

Dated: March __, 2017

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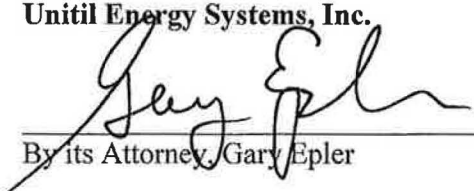
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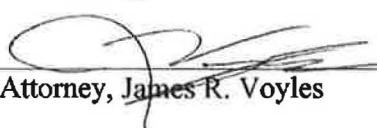
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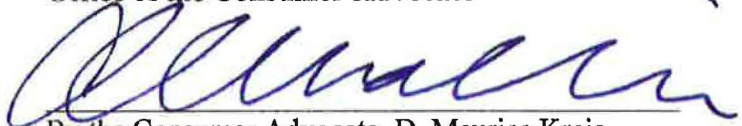
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