

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 22-060

ELECTRIC DISTRIBUTION UTILITIES

**Consideration of Changes to the Current Net Metering Tariff Structure, Including
Compensation of Customer-Generators**

SUPPLEMENTAL ORDER OF NOTICE

On September 20, 2022, the Commission convened this docket to consider changes to net metering in New Hampshire as part of its obligation to “continue to develop and periodically review new alternative net metering tariffs.” RSA 362-A:9. The parties in the docket submitted numerous proposals for changes to the net metering program, which the Commission ruled on in Order No. 27,074 issued on November 18, 2024, after a two-day hearing in August 2024. In Order No. 27,074, the Commission reviewed proposals from the New Hampshire Department of Energy (DOE), Community Power Coalition of New Hampshire (CPCNH), and the Joint Parties¹ to consider additional changes to the net-metering tariff.

The Commission now issues this supplemental order to provide notice that it will consider additional changes to the net metering tariff in this docket pursuant to RSA 362-A:9, XVI, RSA 374:2, and RSA 378:7. The Commission will consider several issues raised by the parties’ filings that the Commission believes require further consideration as part of the Commission’s obligations under RSA 362-A:9, XVI. All docket filings, other than any information subject to confidential treatment, are

¹ The Joint Parties include Public Service Company of New Hampshire d/b/a Eversource Energy, Unitil Energy Systems, Inc., Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty, Standard Power of America, Inc., Walmart, Inc., Conservation Law Foundation, Clean Energy New Hampshire, the Office of the Consumer Advocate, and the Granite State Hydropower Association.

available on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-060.html>.

I. PHASE I

The first phase of this continued docket will include four issues that, in the Commission's view, can be addressed in the next three months. The Commission will review all four issues pursuant to RSA 362-A:9, XVI, RSA 374:2, and RSA 378:7.

These issues include the following:

A. Customer-Generator Definition

The current net metering tariff (NEM 2.0) contains different compensation mechanisms for small and large customer-generators. Small customers are defined as those with total peak generating capacity of less than 100 kWh. Large customers are defined as those with total peaking generating capacity between 100 kWh and 1 MW. However, there are no statutory definitions of how the total peak generating capacity for a customer-generator is determined. For example, how would the utilities classify a single customer who owns three solar installations on a parcel of land that individually have generating capacities of less than 100 kWh, but collectively have more than 100 kWh? Would the utilities define that as three small customer-generators, or one single large customer-generator? What if the installations were located on separate lots? What if the customer-generators have subsidiaries or other entities that they control? The Commission believes it is appropriate to review how the electric distribution utilities define a customer-generator, including whether changes are appropriate to that definition going forward.

B. Small v. Large Customer-Generator Categorization

In addition, the Commission desires clarity as to whether customer-generators are

categorized as small or large customers based on either (1) their export capacity *or* (2) their total consumption. CPCNH’s president, Clifton Below, testified in the August 2024 hearing that: “most new projects that don’t have existing load end up in the small customer group, because it’s based on the consumption rather than their capacity to export. So you could, in theory, have a 4 megawatt solar project that is getting the six-month rate in the small customer group, because they just have much native load when they’re not exporting.” *See* Trans. (Day 1) at 184. He further testified that he was aware of “at least one large solar array that is over 100 KW that is . . . in the small customer group.” *Id.* at 190. According to Mr. Below, this is because “the rate class you go into is based on your average or maximum consumption” *Id.* at 191.

In the Commission’s view, this categorization appears to be inconsistent with Order No. 26,029’s categorization of customers based on their peak generating capacity—not their total consumption. For this reason, the Commission believes it is appropriate to review how the electric distribution utilities categorize customer-generators, including whether changes to the categorization are appropriate going forward.

C. Modification of Compensation Levels

The next issue relates to CPCNH’s recommendation that the Commission modify the compensation levels customer-generators receive so that they no longer receive credit at the default service rate, but at a reduced level that CPCNH refers to as the “Base Energy Service Rate.” *See* CPCNH Brief at 16–18. As a basic principle, the electric utilities purchase energy and then distribute it to their “default service” customers—i.e., the customers who do not elect to purchase power from a third-party supplier. The utilities recover the cost of energy from their default service customers through the default service charge. The default service charge, however, includes more

than the wholesale cost of energy² because the utilities use it to recover additional expenses related to procuring and providing energy to their customers. For example, in addition to the wholesale cost of energy, the default service charge includes the recovery of Renewable Portfolio Standards (RPS) compliance costs, Administrative and General (A&G) expenses, and working capital costs.

CPCNH recommends that the Commission alter the compensation that customer-generators receive so that they only receive the “Base Energy Service Rate,” which CPCNH defines as the default service rate minus RPS compliance, A&G, and working capital costs, and any amounts attributable to the reconciliation of previous over- or under-collections. *Id.* According to CPCNH, this would more accurately reflect the benefit that the customer-generators are providing the system. *Id.* The Commission believes it is appropriate to review whether the compensation for customer-generators should be adjusted so that, rather than receive the full default service rate, they receive the “Base Energy Service Rate,” as defined above.

D. Net Metering Hardware and Processing

Finally, the Commission is interested in understanding the metering hardware used by the electric distribution utilities, its capabilities, its location in the circuit, future hardware roadmap, how the data is processed, and ultimately the output that the utilities receive and how that information is processed resulting in the customers billing statement. The Commission will review the net metering hardware and processing used by the utilities and consider whether any changes are necessary in this docket.

² The wholesale cost of energy includes not only energy costs, but also other costs like capacity costs, ancillary costs, RPS, and costs reflecting the default-service procurement risk-premiums, etc.

E. Schedule

To review these issues, the Commission implements the following schedule:

- November 25, 2024 – Commission shall issue record requests on issues noticed in Phase I.
- December 20, 2024 – Deadline for the electric utilities to file responses to data requests relevant to the four issues discussed above.
- January 6, 2025 – Deadline for the other parties to this docket to file additional data requests to the electric utilities.
- January 13, 2025 – Deadline for the electric utilities to respond to data requests from the other parties (if any).
- January 27, 2025 – The electric utilities shall file a recommendation as to what actions the Commission should take with respect to each of the noticed issues. This recommendation shall include an explanation as to why the proposals are consistent with RSA 362-A:9, Order No. 26,029, Order No. 27,074, and general ratemaking standards. Any other party may also file an initial recommendation by this date.
- February 3, 2025 – Deadline for a party to file a response to an initial recommendation
- February 13, 2025 – Hearing on the issues noticed in Phase I.

II. **PHASE II**

In Phase II of the continued process the Commission will consider several additional issues related to net metering, one of which is statutorily required for the Commission to review and the remaining were recommended by CPCNH, pursuant to RSA 362-A:9, XVI, RSA 362-A:9, XXI, RSA 374:2, and RSA 378:7. Those issues are:

- “[W]hether or not exports to the grid by customer-generators taking default service should be accounted for as reduction to what would otherwise be the wholesale load obligation of the load serving entity providing default service such exports to the grid.” RSA 362-A:9, XXI(a)
- Whether to implement a compensation mechanism to ensure that customer-generators are fully credited for their contributions to the regional transmission load reduction, such as by reducing line losses;

- Whether large customer-generators should be compensated for their actual avoided Regional Network Service transmission charges. *See* CPCNH Brief at 11–16.
- Whether customer-generators who are customers of suppliers other than one of the electric distribution utilities can receive credit for actual avoided ISO-NE Forward Capacity Market charges by reducing the capacity load obligation. *See* CPCNH Brief at 18–19.
- Whether the net metering tariff should be amended to permit distributed storage to interconnect and be compensated for net metering. *See* CPCNH Brief at 19.
- Whether customer-generators should be prohibited from simultaneously participating in both New Hampshire’s net metering program and the ISO-NE wholesale markets. *See* CPCNH Brief at 20.

The Commission requests that CPCNH confer with the other parties to this docket and file a proposed procedural schedule to review and address these issues by December 16, 2024, which would result in a final hearing on these issues on April 17, 2025. Any party that does not agree with CPCNH’s proposed schedule may file an objection no later than January 2, 2025.

III. PHASE III – DATA COLLECTION EFFORTS ON BENEFITS OF NET METERING, TIME-OF-USE (TOU) RATES

In Order No. 27,074, the Commission reviewed the creation of an eighteen-month data collection effort to gain a better understanding of the long-term benefits of net-metered distributed energy resources. The end goal of this process is for the utilities to submit, within two years, a filing recommending further action on net metering compensation levels, if any, based on the data collection. As part of this effort, the Joint Parties also recommended that the electric utilities would, within eighteen months of Order No. 27,074, file a request for the implementation of net metering TOU rates informed by the data collection efforts. The Commission encourages the parties to propose an expedited timeline resulting in a recommendation for further action on net metering compensation levels by the end of 2025.

In addition to these issues, the Commission believes that the process should include collecting data relevant to determine how netting can be improved to be more instantaneous than what monthly-netting permits. A more instantaneous netting has the potential of helping NH ratepayers capture greater benefits from net-metering by encouraging net-metered customers to adopt technologies, for example battery storage, that allow them to adjust exports and imports to extract greater value for themselves, even as ratepayers benefit at large.

Consistent with Order No. 27,074, the Commission directs the electric utilities to file a proposed outline of: (1) the data they seek to collect information relevant to benefits of distributed energy resources in New Hampshire and the implementation of TOU net metering rates; (2) a description of how they will collect this information, such as, for example, whether they will commission an expert analysis, etc.; and (3) a proposed timeframe for collecting this information. This proposal should also include a schedule for periodic updates to the Commission of the progress in the data collection efforts.

The Commission directs the electric utilities to submit this proposed outline by January 15, 2025. The Commission encourages the electric utilities to work with the other parties to this docket and submit a joint filing if possible. Any party, that does not join in the utilities' proposed outline, may submit a response to the filing by January 31, 2025.

Accordingly, the Commission provides notice that it will address the issues in Phase III of this docket, including the potential implementation of future changes to the net metering compensation mechanism and the imposition of TOU rates, pursuant to RSA 362-A:9, XVI, RSA 374:2, and RSA 378:7.

Based upon the foregoing, it is hereby

ORDERED, that the Commission will hold a hearing in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on issues outlined for Phase I, above, on February 13, 2025, at 9:00 A.M. A full day shall be allotted for this hearing. The Commission shall hold further hearings to resolve the issues outlined in Phases II and III as necessary; and it is

FURTHER ORDERED, that

- the procedural schedule laid out above for Phase I shall be effective;
- CPCNH shall confer with the other parties in this docket and file a proposed procedural schedule to resolve the issues in Phase II by December 16, 2024, which shall include a hearing date of April 17, 2025. Any objections to the proposal shall be filed by January 2, 2025; and
- the electric distribution utilities shall confer with the other parties to this docket and file a proposed outline for the data collection efforts in Phase III by January 15, 2025. Any objections to the proposed outline shall be filed by January 31, 2025; and it is

FURTHER ORDERED, that this adjudicative proceeding will review and resolve the foregoing additional issues pursuant to RSA chapter 541-A, RSA 362-A:9, XVI, RSA 374:2, and RSA 378:7, and the Commission's procedural rules; and it is

FURTHER ORDERED, that any entity or individual may petition to intervene and seek to be admitted as a party in this proceeding. Each party has the right to have an attorney represent the party at the party's own expense; and it is

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any entity or individual seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to all parties on the service list, on or before January 2, 2025. The petition shall state the facts demonstrating how the petitioner's rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before January 9, 2025; and it is

FURTHER ORDERED, that parties shall file any proposed exhibits, written testimony, motions, or other documents intended to become part of the record in this proceeding with the Commission. Pursuant to the secretarial letter issued on March 17, 2020, which is posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, all Commission rules requiring the filing of paper copies are suspended until further notice. Parties may elect to submit any filing in electronic form unless otherwise ordered by the Commission. Filings will be considered filed as of the time the electronic copy is received by the Commission; and it is

FURTHER ORDERED, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or ClerksOffice@puc.nh.gov. All requests to the Commission should be made in a written pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications are prohibited; and it is

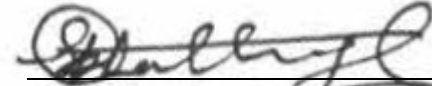
FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, all three electric distribution companies shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice on their websites no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before December 2, 2024. In addition, the Clerk shall publish this order of notice on the Commission's website no later than two business days after the date of issue; and it is

FURTHER ORDERED, that any hearings in this matter shall be conducted in accordance with the previously issued hearing guidelines.

So ordered, this eighteenth day of November 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

Service List - Docket Related

Docket#: 22-060

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