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DEPARTMENT OF JUSTICE**

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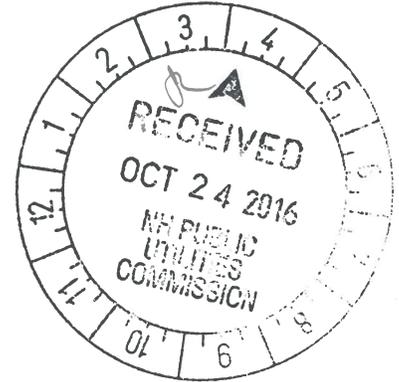
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October 24, 2016

Debra A. Howland, Executive Director
N.H. Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429



Re: DE 16-576, Electric Distribution Utilities
Development of New Alternative Net Metering Tariffs

Dear Director Howland,

The New Hampshire Office of Energy and Planning (OEP) submits these comments in lieu of testimony or a formal tariff proposal in Docket DE 16-576, Development of New Alternative Net Metering Tariffs and/or Other Regulatory Mechanisms and Tariffs for Customer-Generators, and reserves the right to submit testimony regarding submitted proposals pursuant to the approved procedural schedule. Please include these comments in the record for the above referenced docket.

While OEP is not proposing a specific alternative net metering tariff, the OEP believes that the following principles are critical to any alternative tariff adopted by the Commission.

An alternative net metering tariff should not be developed in a vacuum. Rather, the tariff should recognize and be consistent with both legislative statements regarding distributed generation and the State's 10-Year Energy Strategy (the "Energy Strategy"). For example, the Energy Strategy begins with an "Energy Vision" for the year 2025:

In 2025, consumers are empowered to manage their energy use by taking full advantage of the information, market mechanisms, energy efficient technologies, diverse fuel sources, and transportation options available to them. These services extend from the city centers and coast areas of Southern New Hampshire to the rural corners of the western regions, and the North Country – closing the gap in disparity of energy services across the state. The results of these widespread consumer empowerment initiatives are lower energy bills, greater choice for the consumer, increased self-reliance, and a cleaner more sustainable and resilient energy system.

New Hampshire 10-Year Energy Strategy (2014) at 3. To achieve this vision, the Energy Strategy makes a broad range of findings and recommends numerous policy changes, including the following relevant to net metering:

- The continued expansion of distributed generation and renewable energy will help “make us more independent and resilient to energy supply and price volatility” while creating local jobs. Energy Strategy at 40-41.
- Net metering and group net metering policies should be continued. “Additionally... the state should consider raising the cap on ‘small’ net metered systems beyond the current 100kw, which limits the growth of small renewable systems.” Energy Strategy at 41.
- “Because solar tends to reduce power during periods that coincide with peak load such as the hottest summer days, it provides important peak reduction, which can result in major cost savings” and avoided emissions. Energy Strategy at 42.
- “We need to revise our policies and programs in order to provide appropriate market signals and enable investment.” Energy Strategy at 42.

Similarly, the General Court has enacted statutes addressing distributed generation and net metering, including declarations and findings related to the importance of continued support of distributed energy in New Hampshire. For example, RSA 362-A states:

It is found to be in the public interest to provide for small scale and diversified sources of supplemental electrical power to lessen the state's dependence upon other sources which may, from time to time, be uncertain. It is also found to be in the public interest to encourage and support diversified electrical production that uses indigenous and renewable fuels and has beneficial impacts on the environment and public health. It is also found that these goals should be pursued in a competitive environment pursuant to the restructuring policy principles set forth in RSA 374-F:3. It is further found that net energy metering for eligible customer-generators may be one way to provide a reasonable opportunity for small customers to choose interconnected self-generation, encourage private investment in renewable energy resources, stimulate in-state commercialization of innovative and beneficial new technology, enhance the future diversification of the state's energy resource mix, and reduce interconnection and administrative costs.

RSA 362-A:1. In addition, in the context of utility investment in distributed generation, the General Court found:

Distributed energy resources can increase overall energy efficiency and provide energy security and diversity by eliminating, displacing, or better managing traditional fossil fuel energy deliveries from the centralized bulk power grid, in keeping with the objectives of RSA 362-F:1. It is therefore in the public interest to stimulate investment in distributed energy resources in New Hampshire in diverse ways, including by encouraging New

Hampshire electric public utilities to invest in renewable and clean distributed energy resources at the lowest reasonable cost to taxpayers benefiting the transmission and distribution system under state regulatory oversight.

RSA 374-G:1. These statements from the General Court and the Energy Strategy enunciate the goal of expanding distributed generation in New Hampshire, and recognize the importance of net metering as a policy tool to accomplish this goal. Moreover, the General Court has recognized the broad range of benefits that distributed generation can provide—benefits well beyond the immediate impact to electric utility distribution rates. For example, RSA 374-G:5, as amended in 2013, sets out factors the Commission must give “balanced consideration and proportional weight to” when determining the public interest related to utility investment in distributed generation, including:

- (a) The effect on the reliability, safety, and efficiency of electric service.
- (b) The efficient and cost-effective realization of the purposes of the renewable portfolio standards of RSA 362-F and the restructuring policy principles of RSA 374-F:3.
- (c) The energy security benefits of the investment to the state of New Hampshire.
- (d) The environmental benefits of the investment to the state of New Hampshire.
- (e) The economic development benefits and liabilities of the investment to the state of New Hampshire.
- (f) The effect on competition within the region's electricity markets and the state's energy services market.
- (g) The costs and benefits to the utility's customers, including but not limited to a demonstration that the company has exercised competitive processes to reasonably minimize costs of the project to ratepayers and to maximize private investment in the project.
- (h) Whether the expected value of the economic benefits of the investment to the utility's ratepayers over the life of the investment outweigh the economic costs to the utility's ratepayers.
- (i) The costs and benefits to any participating customer or customers.

RSA 374-G:5, II.

These legislative findings and factors make it clear that the General Court recognizes that distributed generation affects our environment, public health, economy and security, often in ways that are not currently captured in electric distribution rates or tariffs.

Any alternative net metering tariff must be consistent with these goals, and must, therefore, take into consideration factors beyond the impacts to the electric distribution system in New Hampshire. Whether it is reduced pollution, increased energy security, the continued development of a sustainable energy economy and associated jobs, or mitigation of greenhouse gas emissions, the societal benefits of distributed generation are an important consideration in the

development of a fair alternative net metering tariff and should not be excluded from the Commission's analysis. Indeed, HB 1116 itself includes the following statement: "The general court continues to promote a balanced energy policy that supports economic growth and promotes energy diversity, independence, reliability, efficiency, regulatory predictability, environmental benefits, a fair allocation of costs and benefits, and a modern and flexible electric grid that provides benefits for all ratepayers." 2016, 31:1.

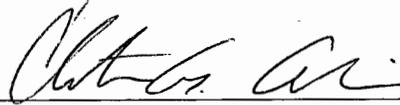
Finally, OEP notes that the current effort to develop an alternative net metering tariff is just one piece of a broader need to modernize and reform the way New Hampshire generates, distributes, and consumes energy, and how regulated utilities are fairly and justly compensated for the services they provide. Net metering is only one part of the broader regulatory structure for electricity in New Hampshire, and many of the considerations of costs, benefits and customer allocation reviewed in the context of distributed energy resources are vital to consideration of the bigger picture regarding grid modernization and the appropriate approaches to utility regulation.

Respectfully submitted,

OFFICE OF ENERGY AND PLANNING

By its attorney,

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Dated: October 24, 2016

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cc: Service List, Docket No. DE 16-576