

HB 1596-FN - AS INTRODUCED

2022 SESSION

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12/08

HOUSE BILL

1596-FN

AN ACT relative to net energy metering limits for individual and business customers.

SPONSORS: Rep. McWilliams, Merr. 27; Rep. Oxenham, Sull. 1; Rep. Wolf, Merr. 5; Sen. Rosenwald, Dist 13; Sen. Watters, Dist 4

COMMITTEE: Science, Technology and Energy

ANALYSIS

This bill increases the electric generating capacity of customer generators who may participate in net energy metering and modifies the transition of tariffs applicable to certain customer-generators. The bill also clarifies the definition of eligible customer-generator for purposes of the utility property tax.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears ~~[in brackets and struckthrough]~~
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Two

AN ACT relative to net energy metering limits for individual and business customers.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Findings. The general court finds that:

2 I. New Hampshire's electricity consumers, including municipalities, manufacturers,
3 commercial businesses, and other large users, strongly support more competitive retail options to
4 lower their energy costs.

5 II. These same consumers deserve the freedom to invest their own capital to become more
6 self-sufficient and energy independent and less reliant on out-of-state electricity companies that
7 control our high electricity rates.

8 III. ISO-New England, Inc., the independent, nonprofit regional transmission organization
9 that oversees the operation of New England's bulk electric power system and transmission lines, has
10 stated that infrastructure constraints could pose a challenge to the reliable operation of the regional
11 power grid, create price increases and volatility, and contribute to increased air emissions, all of
12 which would adversely impact New Hampshire's citizens, businesses, and economy.

13 IV. The current size limit of one megawatt on customer-generators that may participate in
14 net energy metering is an unnecessary barrier that denies larger electricity users the same rights
15 that smaller users already have to produce and use local renewable power that reduces their energy
16 costs, increases supply, and insulates all New Hampshire energy consumers from electric price
17 volatility and higher transmission costs.

18 V. The current size limit is also a barrier to significant investment in existing and new small
19 renewable energy projects, which would help keep our energy dollars in-state, drive economic
20 activity, support good-paying jobs, and increase state and local business and property tax revenues.

21 VI. The federal Public Utility Regulatory Policies Act (PURPA) as amended by the Energy
22 Policy Act of 2005 calls upon states to consider the adoption and implementation of net metering
23 policies. PURPA as amended states that electricity generated by an eligible on-site generating
24 facility may be used to offset electric energy provided by the electric utility and allows states to
25 define an eligible facility. Furthermore, under ISO New England's rules, a generating facility of less
26 than 5 megawatts that is connected to the distribution grid is not required to register with ISO New
27 England as a generator or participate in the wholesale energy markets; rather, if the generating
28 facility elects not to register as a wholesale market participant or retires from such status, the
29 customer generator is to be treated by ISO New England as a retail load reducer.

30 VII. It is therefore also in the best interests of all citizens of New Hampshire that the size
31 limit on customer-generators that may participate in net energy metering and serve as retail load

1 reducers be increased from one megawatt to up to but not including 5 megawatts to increase
2 customer supply choice, foster a more robust retail market for local renewable energy, help mitigate
3 the cost of electric service in the state, reduce the price volatility of that service, and reduce the
4 potential for disruptions in electricity supply due to inadequate wholesale generating capacity in the
5 New England marketplace.

6 2 Definition; Customer-generator. Amend RSA 362-A:1-a, II-b to read as follows:

7 II-b. "Eligible customer-generator" or "customer-generator" means an electric utility
8 customer who owns, operates, or purchases power from an electrical generating facility either
9 powered by renewable energy or which employs a heat led combined heat and power system, with a
10 ~~[total peak generating]~~ **nameplate or maximum rated** capacity of ~~[up to and including one~~
11 ~~megawatt,]~~ **less than 5 megawatts and** that is located behind a retail meter on the customer's
12 premises, is interconnected and operates in parallel with the electric grid, and is used to offset the
13 customer's own electricity requirements **in the first instance**. Incremental generation added to an
14 existing generation facility, that does not itself qualify for net metering, shall qualify if such
15 incremental generation meets the qualifications of this paragraph and is metered separately from
16 the nonqualifying facility.

17 3 Net Energy Metering; Net Effects. Amend RSA 362-A:9, VII to read as follows:

18 VII.(a) A distribution utility may perform an annual calculation to determine the net effect
19 this section had on its default service and distribution revenues and expenses in the prior calendar
20 year. The method of performing the calculation and applying the results, as well as a reconciliation
21 mechanism to collect or credit any such net effects with appropriate carrying charges and credits
22 applied, shall be determined by the commission

23 (b) *For the purposes of accounting for any exports to the distribution grid by*
24 *customer-generators, such exports shall be treated as reductions to the customer-*
25 *generator's electricity supplier's wholesale load obligation for energy supply as a load*
26 *serving entity, net of any applicable line loss adjustments as approved by the commission.*

27 (c) *A generator that first becomes operational on or after July 1, 2019 shall only*
28 *be eligible to participate in net metering as a customer-generator if it does not register as a*
29 *generator with ISO England, is not considered a "Network Resource" or "Asset" by ISO New*
30 *England, and does not participate in any other sale of electricity in interstate commerce.*

31 (d) *A generator that first became operational before July 1, 2019 and that has*
32 *outstanding capacity commitments in the forward capacity market administered by ISO*
33 *New England, is registered as a generator with ISO New England, or is considered a*
34 *"Network Resource" or "Asset" by ISO New England, may elect to become a customer-*
35 *generator and participate in net metering upon retirement from all wholesale electric*
36 *markets administered by ISO New England. A generator in the process of retiring from*
37 *FERC regulated electric markets may prospectively register as a group host pursuant to*

paragraph XIV provided that net metering tariffs under this section shall not be effective until such retirement is effective.

(e) Any provisions of settlement agreements or orders that have been approved or issued by the commission that relate to a distribution utility's treatment of the output from qualifying facilities or independent power producers shall not apply to the output from an eligible customer-generator participating in net metering.

4 Net Energy Metering; Transition of Tariffs. Amend RSA 362-A:9, XV to read as follows:

XV. Standard tariffs that are available to eligible customer-generators under this section shall terminate on December 31, 2040 and such customer-generators shall transition to tariffs that are in effect at that time. *Alternative tariffs shall be applicable and have such grandfathering provisions as may be approved or adopted by the commission under this section. Customer-generators with a nameplate or maximum rated capacity of more than one megawatt and less than 5 megawatts that are eligible for net metering before the commission adopts tariffs specifically for customer-generators with a generating capacity of more than one megawatt shall:*

(a) Be eligible to receive the export credit rate approved by the commission in Order No. 26,029 (DE 16-576) for one megawatt sized customer-generators on default service, namely, the applicable default energy service rate.

(b) Be grandfathered by the terms of currently applicable tariffs for customer-generators with a total peak generating capacity of one megawatt if the customer-generator's electrical generating facility first becomes operational on or after July 1, 2019.

(c) Transition to such new tariffs as are specifically approved by the commission for customer-generators with a nameplate or maximum rated capacity of more than one megawatt if the customer-generator's electrical generating facility first became operational before July 1, 2019.

5 Utility Property Tax; Eligible Customer-Generator; Exclusion Clarified. Amend RSA 83-F:1, V(d) to read as follows:

(d) The electrical generation, production, storage, and supply equipment of an "eligible customer-generator" as defined in RSA 362-A:1-a, II-b, up to and including one megawatt;

6 Effective Date. This act shall take effect 60 days after its passage.

HB 1596-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to net energy metering limits for individual and business customers.

FISCAL IMPACT: ☒ **State** ☒ **County** ☒ **Local** ☐ **None**

STATE:	Estimated Increase / (Decrease)			
	FY 2022	FY 2023	FY 2024	FY 2025
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable
Funding Source:	☒ General State Funds	☐ Education	☒ Highway	☒ Other - Various

COUNTY:

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

LOCAL:

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

This bill increases the electric generating capacity of customer generators who may participate in net energy metering and modifies the transition of tariffs applicable to certain customer generators. The bill also clarifies the definition of eligible customer-generator for purposes of the utility property tax.

The Department of Energy indicates there is the potential for the state, counties, and local governments to see an increase in expenditures due to the increased cost of electricity. Electric distribution utilities are required to credit net-metered electricity exports at the default service rate, which is generally higher than wholesale market prices. Any such higher costs would tend to increase utility electric rates, in turn increasing electricity costs for consumers.

There is also the potential that net-metered distributed generation could reduce transmission costs and avoid other utility costs, which would tend to reduce or otherwise mitigate the impact of any other cost increases. The Department is unable to quantify any such avoided costs, costs increases, or potential cost-shifting at this time. The Department is currently working with a

consultant to study issues related to the value of distributed energy resources eligible to net meter, which study is expected to be completed by late Spring 2022.

Regarding the amendment to RSA 83-F:1,V(d), the Department expects the change to have minimal impact since it is only clarifying existing statute.

It is assumed that fiscal impact would occur after FY 2022.

AGENCIES CONTACTED:

Department of Energy