

# The Commonwealth of Massachusetts

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## DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 23-140

July 30, 2024

Investigation by the Department of Public Utilities, On Its Own Motion, Instituting a Rulemaking Pursuant to the Acts of 2022, c. 179, § 54, G.L. c. 30A, § 2, and 220 CMR 2.00 to Amend the Net Metering Regulations at 220 CMR 18.00.

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### ORDER OPENING RULEMAKING

## I. INTRODUCTION

On August 11, 2022, the Governor signed into law Chapter 179 of the Acts of 2022, An Act Driving Clean Energy and Offshore Wind (“2022 Clean Energy Act”). Among other things, the 2022 Clean Energy Act requires the Department of Public Utilities (“Department”) to promulgate rules and regulations implementing certain changes to the net metering provisions of G.L. c. 164, §§ 138 and 139. St. 2022, c. 179, § 54. The 2022 Clean Energy Act became effective on November 9, 2022.<sup>1</sup> By this Order, and pursuant to G.L. c. 30A, § 2 and 220 CMR 2.00, the Department commences a rulemaking and proposes revisions to 220 CMR 18.00 (“Net Metering Regulations”) for the purpose of implementing certain net metering provisions of the 2022 Clean Energy Act (“Proposed Net Metering Regulations”),<sup>2</sup> as well as additional changes for administrative clarification as discussed below.<sup>3</sup> The Proposed Net Metering Regulations may be further amended

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<sup>1</sup> Mass. Const. Amend. Art. 48, Ref. Pt. 1 (laws involving general legislation become effective 90 days after the Governor’s signature).

<sup>2</sup> The Department has also commenced a proceeding to address exceptions to the Single Parcel Rule consistent with Section 55 of the 2022 Clean Energy Act, Investigation by the Department of Public Utilities on its Own Motion into Revisions to the Single Parcel Rule Pursuant to the Act of 2022, c. 179, § 55, D.P.U. 23-20.

<sup>3</sup> Attached hereto are: (1) Appendix A setting forth the Proposed Net Metering Regulations at 220 CMR 18.00, marked to show the changes incorporated herein; and (2) Appendix B setting forth a clean copy of the Proposed Net Metering Regulations.

following receipt of public comments, and the final Net Metering Regulations will be effective upon publication in the Massachusetts Register.<sup>4</sup>

The Department does not typically speak to the timing of matters currently before it. We anticipate, however, that our investigation and the necessary interagency processes will require less time to promulgate final regulations than the preceding net metering rulemaking, D.P.U. 21-100, due in part to the changes contemplated in this proceeding being less complex and not as extensive. We will endeavor to move this proceeding forward as quickly as practicable since we understand that implementation of the Net Metering provisions in the 2022 Clean Energy Act is important to many stakeholders.

## II. PROPOSED NET METERING REGULATIONS<sup>5</sup>

### A. Introduction

To implement certain Net Metering provisions of the 2022 Clean Energy Act, the Department has issued these Proposed Net Metering Regulations. The Proposed Net

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<sup>4</sup> Legislative authority for the establishment of the Net Metering Regulations can be found at: An Act Relative to Green Communities, St. 2008, c. 169, § 78; An Act Making Appropriations for the Fiscal Years 2010 and 2011 to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects, St. 2010, c. 359, §§ 25-30; An Act Relative to Competitively Priced Electricity in the Commonwealth, St. 2012, c. 209, §§ 23-30; An Act Relative to Credit for Thermal Energy Generated with Renewable Fuels, St. 2014, c. 251, §§ 5 and 6; An Act Relative to Solar Energy, St. 2016, c. 75, §§ 3-9; An Act to Promote Energy Diversity, St. 2016, c. 188, § 10; An Act to Advance Clean Energy, St. 2018, c. 227, §§ 15-17; and An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy, St. 2021, c. 8, §§ 82-85.

<sup>5</sup> Unless otherwise defined in this Order, capitalized terms have the same meaning as provided in the Proposed Net Metering Regulations.

Metering Regulations are intended to implement changes to the allocation of Net Metering Credits<sup>6</sup> and the definition of Cap Exempt Facility as directed by the 2022 Clean Energy Act. Below, we discuss how the Proposed Net Metering Regulations will implement the amendments to G.L. c. 164, § 139. While the Department has employed the language of the 2022 Clean Energy Act for revising 220 CMR 18.00 where feasible, the Department seeks public comment on whether these or any other changes to the Net Metering Regulations require further clarification.

B. Amendments to G.L. c. 164, § 139

1. Changes to the Definition of “Cap Exempt Facility,” Section 18.02

The 2022 Clean Energy Act changes several aspects of G.L. c. 164, § 139.<sup>7</sup> St. 2022, c. 179, § 54. Specifically, the 2022 Clean Energy Act increased the nameplate capacity of a net metering facility to generate Net Metering Credits without a cap allocation from ten to 25 kilowatts (“kW”) regardless of whether there is a three-phase circuit. This statutory directive necessitates a change to the Department’s definition of Cap Exempt Facility. The Department notes that the current definition of Cap Exempt Facility accounts for those facilities that are both (a) cap exempt based on nameplate capacity and (b) cap

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<sup>6</sup> Net Metering Credit is defined at 220 CMR 18.02.

<sup>7</sup> G.L. c. 164, § 139 sets forth essential requirements for the Distribution Companies to provide net metering services and for eligible customers to take net metering services. The Distribution Companies are: Fitchburg Gas and Electric Light Company d/b/a Unutil, Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid, and NSTAR Electric Company d/b/a Eversource Energy.

exempt because the facility serves On-site Load, other than parasitic or station load.

220 CMR 18.02. Therefore, to both incorporate the statutory changes and promote clarity, the Department proposes three separate definitions to address Cap Exempt Facilities:

Cap Exempt Facility. A Nameplate Cap Exempt Facility or a Cap Exempt Facility Serving On-site Load.

Cap Exempt Facility Serving On-site Load. A Class I Net Metering Facility with a Nameplate Capacity greater than 25 kilowatts, Class II Net Metering Facility, or Class III Net Metering Facility with an executed interconnection service agreement with a Distribution Company dated on or after January 1, 2021, provided that it is a Renewable Energy Generating Facility and serves On-site Load, other than parasitic or station load, and provided further that it is not a Net Metering Facility of a Municipality or Other Governmental Entity.

Nameplate Cap Exempt Facility. A Class I Net Metering Facility that is a Renewable Energy Generating Facility and has a Nameplate Capacity rating equal to or less than 25 kilowatts.

(Apps. A and B, § 18.02).

2. Changes to Calculation of Net Metering Credits, Section 18.04(3)

Consistent with the 2022 Clean Energy Act, the Proposed Net Metering Regulations also include revisions to Section 18.04(3), Calculation of Net Metering Credits. The Proposed Net Metering Regulations insert “, or Cap Exempt Facility Serving On-site Load” in this section to reflect the 2022 Clean Energy Act’s requirement that such a facility “may net meter and accrue Class I, Class II, or Class III Market Net Metering Credits if it is generating Renewable Energy and serves On-site Load other than parasitic or station load” (Apps. A and B, § 18.04(3)).

3. Changes to Allocation of Net Metering Credits, Section 18.05(4)

Consistent with the 2022 Clean Energy Act, the Proposed Net Metering Regulations also include revisions to Section 18.05, Allocation of Net Metering Credits. The Proposed Net Metering Regulations would, for a Class I Net Metering Facility that is also a Cap Exempt Facility Serving On-site Load, require the electric distribution company (“Distribution Company” or collectively “Distribution Companies”) to credit or pay the Host Customer for any Net Metering Credits that are accrued in excess of such Customer’s annual electricity consumption for the period running from April through the following March. The value of the credit or payment is at the Distribution Company’s Avoided Cost Rate. The Proposed Net Metering Regulations at Section 18.05(4) replace “Class II Net Metering Facility or Class III Net Metering Facility that is also a Cap Exempt Facility” with “Cap Exempt Facility Serving On-site Load” (Apps. A and B, § 18.05(4)).

C. Additional Clarifications

1. Introduction

The Department proposes additional revisions to 220 CMR 18.00 and processes that are not explicitly referenced in the 2022 Clean Energy Act but are intended to promote clarity within 220 CMR 18.00. Some revisions are directly related to the implementation of the 2022 Clean Energy Act directives and some are not. Those proposed revisions that are unrelated to the implementation of the 2022 Clean Energy Act are primarily administrative in nature. The Department expects that these clarifications will assist the public with

understanding the Net Metering Regulations. As outlined below, the Department invites public input on these questions and on all changes in the Proposed Net Metering Regulations.

2. New Definition for Nameplate Capacity, Section 18.02

To improve clarity, the Proposed Net Metering Regulations also adds a definition pertaining to capacity:

Nameplate Capacity. For the purposes of calculating Net Metering capacity only, the nominal capacity of a system that reflects normal operating conditions, and not maximum operating conditions.

(Apps. A and B, § 18.02). Furthermore, the Proposed Net Metering Regulations capitalize Nameplate Capacity wherever the term is used to indicate its status as a defined term.

3. New Definition for Renewable Energy Generating Facility

To improve clarity, the Proposed Net Metering Regulations also adds a definition pertaining to generating facilities:

Renewable Energy Generating Facility. A facility that generates energy from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

(Apps. A and B, § 18.02). Furthermore, the Proposed Net Metering Regulations capitalize Renewable Energy Generating Facility wherever the term is used to indicate its status as a defined term.

4. New Solar Net Metering Facility

The current definition of New Solar Net Metering Facility does not account for Cap Exempt Facilities. To account for Cap Exempt Facilities, which now include Cap Exempt

Facilities Serving On-site Load, which pertain to facilities with an executed interconnection service agreement (“ISA”) with a Distribution Company on or after January 1, 2021, the Proposed Regulations incorporate the Cap Exempt Facilities into the New Solar Net Metering Facility definition. To resolve any discrepancy, the Department proposes adding the following to the definition of New Solar Net Metering Facility: “(d) A Cap Exempt Solar Net Metering Facility that takes service after September 26, 2016.” (Apps. A and B, § 18.02).

5. Revising Net Metering Regulations to Incorporate Proposed Terms, Sections 18.04, 18.05, and 18.11

As discussed above, the Department proposes three separate definitions to clarify the different types of Cap Exempt Facilities and minimize confusion. To ensure the appropriate Cap Exempt Facility type is referenced throughout the Net Metering Regulations, the Department proposes the following updates to references of Cap Exempt Facility and to delete redundant language in the following Sections:

a. Section 18.04(4)

The Department proposes to update the term Cap Exempt Facility in this section to Nameplate Cap Exempt Facility (Apps. A and B, § 18.04(4)).

b. 18.05(1)(a),(b)

The Department proposes to insert “except for a New Solar Net Metering Facility that is a Nameplate Cap Exempt Facility” and strike “or a Cap Exempt Facility that is also a Class II Solar Net Metering Facility or a Class III Solar Net Metering Facility” for both 18.05(1)(a) and (b) (Apps. A and B, § 18.05(1)(a),(b)).



c. 18.11(3)(c)

The Department proposes to apply this section to Nameplate Cap Exempt Facilities only (Apps. A and B, § 18.11(3)(c)).

6. Additional Definition Clarifications

The current definition of a Class I Net Metering Facility uses the phrase “design capacity” to describe the threshold size of 60 kW or less. Design capacity is not defined in the statute or the regulations, nor does it appear elsewhere in existing regulations. The term design capacity is often used interchangeably with nameplate capacity.

(<https://www.eia.gov/naturalgas/storagecapacity/definitions.php>). Therefore, the Proposed Net Metering Regulations replace the phrase “design capacity” with the defined term “Nameplate Capacity” in the definition of a Class I Net Metering Facility.

The Department also proposes to replace the term “generating capacity” throughout the Proposed Net Metering Regulations with the newly defined term “Nameplate Capacity.” Using Nameplate Capacity is appropriate from a technical standpoint. Eliminating redundant terms throughout the regulations promotes clarity and consistency in their application and reduces uncertainty. Therefore, in the Proposed Regulations the Department deletes the terms “generating capacity” and “design capacity” and replaces them with the defined term “Nameplate Capacity.”

Further, the Proposed Net Metering Regulations clarify that the phrase “ISO-NE Tariff” refers to the ISO-NE Open Access Transmission Tariff.<sup>8</sup> The Department edits the Proposed Net Metering Regulations accordingly. Finally, in 220 CMR 18.02, the Department proposes capitalizing the term “Renewable Energy Generation Unit” in the definition of “Anaerobic Digestion Net Metering Facility.”

7. Cap Exempt Facility Serving On-site Load

Cap Exempt Facilities Serving On-site Load must (1) have an ISA with a Distribution Company dated on or after January 1, 2021; (2) be a Renewable Energy Generating Facility; (3) serve On-site Load, other than parasitic or station load; and (4) cannot be a Net Metering Facility of a Municipality or Other Governmental Entity. G.L. c. 164, § 139(2)(i). While such facilities must serve On-site Load, other than parasitic or station load, it is possible a net metering facility could be oversized, or in other words, designed to produce more energy than can be consumed on-site over the course of a year.

In Final Regulations, D.P.U. 21-100-A (February 15, 2024), the Department determined that a Host Customer of a Class II Cap Exempt Facility Serving On-site Load or Class III Cap Exempt Facility Serving On-site Load may choose to either receive a payout or

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<sup>8</sup> The ISO-NE Open Access Transmission Tariff (“OATT”), as approved in FERC Docket No. ER20-450-000 (Jan. 14, 2020) and effective January 22, 2020, governs open access transmission service over the New England Transmission System and is intended to provide for comparable, non-discriminatory treatment of all similarly situated transmission owners, qualified transmission project sponsors, and all transmission customers. <https://www.iso-ne.com/participate/rules-procedures/tariff/oatt> (last visited July 25, 2024).

carry forward an accrued Net Metering Credit balance, as of March of each year.

D.P.U. 21-100-A at 49-50. The Legislature determined that the value of the Net Metering Credit balance for the annual payout or carry forward will be at the Distribution Company's Avoided Cost Rate ("ACR"), which is less than the Net Metering Credit value. G.L. c. 164, § 139(2)(i). Taking this into consideration, it seems Cap Exempt Facilities Serving On-site Load should not only be behind the meter, but also sized to load because the value of excess Net Metering Credits remaining on the account will be reduced to the ACR at the end of the year. Currently, Host Customers of Cap Exempt Facilities Serving On-site Load may allocate excess Net Metering Credits to other electricity accounts via Schedule Z. As such, a Cap Exempt Facility Serving On-site Load could assign some, or almost all, of the Net Metering Credits to another meter offsite at the Net Metering Credit rate rather than be subject to the payout or carry forward at the ACR. To prevent the circumvention of the ACR, the Department proposes that 100 percent of the Net Metering Credits be assigned to the meter behind which the Cap Exempt Facility Serving On-site Load is interconnected. Such policy would take effect 60 days from the date of a final Order.

D. Further Implementation Considerations for Affected Class I Facilities<sup>9</sup>

1. Introduction

Prior to the 2022 Clean Energy Act, all Class I Net Metering Facilities with a Nameplate Capacity rating over ten kW on a single-phase circuit or 25 kW on a three-phase

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<sup>9</sup> For the purposes of this Order, Affected Class I Facilities refers to preexisting Class I Net Metering Facilities that are Renewable Energy Generating Facilities with a

circuit were required to apply to the Massachusetts System of Assurance of Net Metering Eligibility (“System of Assurance”) and obtain a Cap Allocation to be eligible to generate Net Metering Credits.<sup>10</sup> G.L. c. 164, §§ 138 and 139. The 2022 Clean Energy Act requires that Affected Class I Facilities be exempt from the Net Metering caps. St. 2022, c. 179, § 54. Thus, to comply with the statute, all Affected Class I Facilities must reclassify as cap exempt.

## 2. Proposed Reclassification Process

Several pieces of information are necessary for the System of Assurance to appropriately identify Affected Class I Facilities that require reclassification, specifically: the Affected Class I Facility’s size in kW; the phase of circuit to which it is interconnected; the date of the executed ISA; whether the facility is serving On-site Load, other than parasitic or station load; and if the Cap Allocation is in the System of Assurance’s private cap.

St. 2022, c. 179, § 54. While some of this information is retained by both the Distribution

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Nameplate Capacity of (1) greater than ten kW and less than or equal to 25 kW on a single-phase circuit, or (2) greater than 25 kW and serving On-site Load, other than parasitic or station load, with an ISA executed on or after January 1, 2021 which currently have a Cap Allocation. Correspondingly, Affected Host Customer refers to the Host Customer of an Affected Class I Facility.

<sup>10</sup> The System of Assurance is a set of rules governing certain aspects of the Net Metering Program; the Department established the System of Assurance pursuant to G.L. c. 164, § 139(g); Net Metering Interconnection of Distributed Generation, D.P.U. 11-11-A (2012) (System of Assurance set forth in Appendix A). The System of Assurance is designed to: (1) assure customers that they will be able to receive net metering services when their net metering facilities are ready to interconnect; and (2) facilitate more efficient planning and development of distributed generation resources. D.P.U. 11-11, at 1-2 (2011).

Companies and the Administrator of the System of Assurance (“Administrator”), the date of the executed ISA and whether the facility is serving On-site Load are data points that are maintained by the Distribution Companies only. Thus, the Department proposes the following process relating to reclassification of Affected Class I Facilities:

- Step 1: Within 30 days of the order adopting final regulations, the Distribution Companies shall identify the location and Nameplate Capacity of each Affected Class I Facility in their service territories and submit an informational filing in this docket.
- Step 2: Within 30 days of the receipt of the Distribution Companies’ informational filing, the Administrator shall:
  - File a letter in this docket indicating that it has the requisite information to move forward with a notification to the Affected Host Customer of reclassification and revocation of a Cap Allocation; or
  - File a letter in this docket and with the relevant Distribution Company and/or Affected Host Customer, requesting additional or clarifying information.
- Step 3: After the Administrator receives the necessary information to move forward with the reclassification process, the Administrator shall provide notice to each Affected Host Customer that its Cap Allocation will be revoked, and the Affected Facility will be reclassified as a Cap Exempt Facility. The Administrator shall work with the Department to develop the language included in the notification.

- Step 4: After a reasonable time (to be determined by the Administrator and the Department), the Administrator shall revoke the Affected Class I Facility's Cap Allocation and update the private cap accordingly. The Department will then post a Hearing Officer Memorandum in this docket to notify the public that the update to the private cap is complete.

### III. SOLICITATION OF COMMENTS

To provide opportunity for comment on the Proposed Net Metering Regulations, the Department will conduct a public hearing pursuant to G.L. c. 30A, § 2, and 220 CMR 2.05. The Department will conduct the hearing using Zoom videoconferencing on **Wednesday, September 4, 2024 at 2:00 p.m.** Attendees may join by entering this link, <https://us06web.zoom.us/j/86410780167> from your computer, smartphone, or tablet. For audio-only access to the hearing, attendees can dial in at **1 (646) 558-8656** (not toll free) and then enter **ID# 864 1078 0167**.

The Department also seeks initial written comments no later than 5:00 p.m., **Wednesday, September 4, 2024**. Following the public hearing, written reply comments must be filed no later than 5:00 p.m. on **Wednesday, September 18, 2024**. The Department welcomes specific recommended language changes to the Proposed Net Metering Regulations. Additionally, the Department seeks comments on the following topics:

1. Requests to all stakeholders:
  - a. G.L. c. 164, § 139(i) now defines Cap Exempt Facilities to include Class I Net Metering Facilities that (1) are not Net Metering Facilities of a Municipality or Other Governmental Entity, provided that they are generating Renewable Energy; (2) have a Nameplate Capacity equal to or less than 25 kW or if the Nameplate Capacity is greater than 25 kW such a facility must serve On-site Load, other than parasitic or station load; and (3) have executed ISA on or after January 1, 2021. Please respond to the following:
    - i. Explain whether the Department should establish a deadline by which Affected Class I Net Metering Facilities must be reclassified as cap exempt. If so, what deadline should the Department establish? Please also provide any recommendations on additional administrative steps that should be established for such facilities to relinquish their Cap Allocations and be reclassified as Cap Exempt Facilities.
    - ii. Refer to Net Metering Rulemaking, D.P.U. 21-100-A at 53-55 (February 15, 2024), the Department's exception to the credit allocation process, where Affected Host Customers may reallocate Net Metering Credits that accrued, or will accrue, on accounts between January 1, 2022, and March 31, 2025. Explain whether this credit allocation exception should be extended to Class I Cap Exempt Facilities that serve On-site Load. If so, explain whether the date range identified is sufficient or if it should be adjusted.
  - b. Explain whether a random audit process of interconnected Net Metering Facilities, conducted by the Administrator, would be useful in ensuring compliance with Net Metering program requirements. When conducting the audit, the Administrator would confirm that the capacity of a Net Metering Facility matches the Cap Allocation granted to that Facility.

- c. Explain whether you agree with the Department's proposal in Section II.C(7) to require Cap Exempt Facilities Serving On-site Load to assign 100 percent of Net Metering Credits to the meter behind which the Net Metering Facility is interconnected.
  - d. Explain whether the Department should define the term Nameplate Capacity in 220 CMR 18.02.
    - i. If no, explain why.
    - ii. If yes, please comment on the Department's proposed definition of Nameplate Capacity.
  - e. Explain whether the Department should define the term Renewable Energy Generating Facility in 220 CMR 18.02.
    - i. If no, explain why.
    - ii. If yes, please comment on the Department's proposed definition of Renewable Energy Generating Facility.
  - f. Currently, in the context of pre-existing Net Metering Facilities that seek to expand, the Distribution Companies either issue a new ISA or amend the existing ISA, but there is not a consistent approach across Distribution Companies. Thus, where a pre-existing net metering facility seeks to expand, explain whether the Department should direct the Distribution Companies to engage in consistent treatment of ISAs, e.g., by directing each Distribution Company to issue new ISAs or to amend existing ISAs. Explain whether the Department should direct consistent treatment, with associated reasons favoring or opposing why or why not. If the Department should direct consistent treatment, please indicate what that treatment should be.
2. Requests to the Distribution Companies and the Administrator:
- a. Review the proposed process described in Section II.D(2) above to reclassify Affected Class I Facilities and comment on its feasibility and workability, including the proposed time-frames. As part of your response, please provide an estimated time frame for Step 3.



- b. Describe the safeguards or processes that would be employed to ensure that Cap Allocations are revoked only for the appropriate Affected Class I Facilities (i.e., those greater than ten kW but less than or equal to 25 kW and those greater than 25 kW but less than or equal to 60 kW that serve On-site Load) and not, for example, expansions that may appear as though they are facilities within the identified capacity range but are in fact part of a facility the total capacity of which exceeds 25 kW.
- c. Administrator only: Please describe ways in which these implementation processes could be improved.
- d. Distribution Companies only: Refer to D.P.U. 21-100-A at 70-73. Please provide an update on the incremental costs and upgrades necessary to move towards allowing monthly Schedule Z updates. As part of the update, please provide the incremental costs of processing Schedule Z updates monthly, including for designated allocations across Distribution Company service territories, and assessing the potential decline in quality and accuracy of validation and processing of revised Schedule Zs in moving from updates four times per year to monthly.

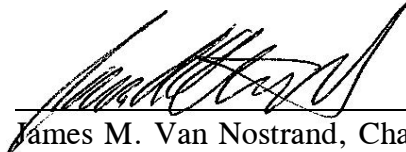
Written comments from the public may be sent by email to [dpu.efiling@mass.gov](mailto:dpu.efiling@mass.gov), [katherine.e.stock@mass.gov](mailto:katherine.e.stock@mass.gov), and [jennifer.cargill@mass.gov](mailto:jennifer.cargill@mass.gov). Please note that in the interest of transparency, any comments are posted to our website as received and without redacting personal information, such as addresses, telephone numbers, or email addresses. As such, consider the extent of information that you wish to share when submitting public comments. The Department strongly encourages public comments to be submitted by email. If, however, a member of the public is unable to send written comments by email, a paper copy may be sent to Mark D. Marini, Secretary, Department of Public Utilities, One South Station, Boston, Massachusetts 02110.

All documents should be submitted to the Department in **.pdf format** by email

attachment to [dpu.efiling@mass.gov](mailto:dpu.efiling@mass.gov), [katherine.e.stock@mass.gov](mailto:katherine.e.stock@mass.gov), and [jennifer.cargill@mass.gov](mailto:jennifer.cargill@mass.gov). The text of the email must specify: (1) the docket number of the proceeding (D.P.U. 23-140); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. The email must also include the name, title, and telephone number of a person to contact in the event of questions about the filing. The electronic file name should identify the document but should not exceed 50 characters in length. Importantly, all large files submitted must be separated into electronic files that do not exceed 20 MB. All documents submitted in electronic format will be posted on the Department's website: <https://eeaonline.eea.state.ma.us/DPU/Fileroom> (enter "23-140").

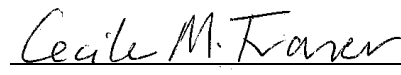
To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), contact the Department's ADA coordinator at [Jenyka.Spitz-Gassnola2@mass.gov](mailto:Jenyka.Spitz-Gassnola2@mass.gov).

By Order of the Department,



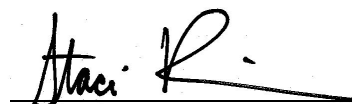
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James M. Van Nostrand, Chair



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Cecile M. Fraser, Commissioner



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Staci Rubin, Commissioner

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

220 CMR 18.00: NET METERING

Section

- 18.01: Purpose and Scope
- 18.02: Definitions
- 18.03: Net Metering Services
- 18.04: Calculation of Net Metering Credits
- 18.05: Allocation of Net Metering Credits
- 18.06: Eligibility for Net Metering
- 18.07: Net Metering Capacity
- 18.08: Net Metering Reports
- 18.09: Miscellaneous
- 18.10: Monthly Minimum Reliability Contribution
- 18.11: Small Hydroelectric Net Metering Program

18.01: Purpose and Scope

(1) Purpose. 220 CMR 18.00 governs how Distribution Companies are to provide Net Metering services to Customers consistent with the Net Metering provisions of M.G.L. c. 164, §§ 138 through 140.

(2) Scope. 220 CMR 18.00 applies to all Distribution Companies subject to the jurisdiction of the Department.

18.02: Definitions

The terms set forth in 220 CMR 18.02 shall be defined as follows, unless the context otherwise requires.

Administrator. The qualified entity selected by the Department to facilitate the System of Assurance.

Agricultural Net Metering Facility. A Renewable Energy **G**enerating **F**acility that is operated as part of an agricultural business and is not participating in the Small Hydroelectric Net Metering Program, generates electricity, does not have a generation capacity of more than two megawatts, is located on land owned or controlled by the agricultural business, and is used to provide energy to metered accounts of the business. Agriculture has the same meaning as provided in M.G.L. c. 128, § 1A; provided that, when necessary, the Commissioner of the Department of Agricultural Resources shall determine if a business is an agricultural business and whether the facility is operated as part of that business.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Anaerobic Digestion Net Metering Facility. A facility that:

- (a) generates electricity from a biogas produced by the accelerated biodegradation of organic materials under controlled anaerobic conditions;
- (b) has been determined by the Department of Energy Resources, in coordination with the Department of Environmental Protection, to qualify under the Department of Energy Resources' regulations as a Class I Renewable Energy ~~g~~Generation ~~g~~source-Unit under 225 CMR 14:00: *Renewable Energy Portfolio Standard – Class I* and M.G.L. c. 25A, § 11F; and
- (c) is interconnected to a Distribution Company.

Billing Period. The period of time set forth in a Distribution Company's terms and conditions for which a Distribution Company bills a Customer for its electricity consumed or estimated to have been consumed.

Cap Allocation. An assurance from the Administrator that a Host Customer will receive Net Metering services upon a Host Customer's receipt from a Distribution Company of notice of authorization to interconnect.

Cap Exempt Facility. ~~A Nameplate Cap Exempt Facility or a Cap Exempt Facility Serving On-site Load. Either:~~

~~— (a) — a Class I Net Metering Facility that is a Renewable Energy generating facility and has a nameplate capacity rating equal to or less than ten kilowatts on a single phase circuit or 25 kilowatts on a three phase circuit; or~~

~~— (b) — a Class II Net Metering Facility or Class III Net Metering Facility with an executed interconnection service agreement with a Distribution Company dated on or after January 1, 2021, provided that it is a Renewable Energy generating facility and serves On-site Load, other than parasitic or station load, and provided further that it is not a Net Metering Facility of a Municipality or Other Governmental Entity.~~

Cap Exempt Facility Serving On-site Load. ~~A Class I Net Metering Facility with a Nameplate Capacity greater than 25 kilowatts, Class II Net Metering Facility, or Class III Net Metering Facility with an executed interconnection service agreement with a Distribution Company dated on or after January 1, 2021, provided that it is a Renewable Energy Generating Facility and serves On-site Load, other than parasitic or station load, and provided further that it is not a Net Metering Facility of a Municipality or Other Governmental Entity.~~

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Class I Net Metering Facility. A plant or equipment that is used to produce, manufacture, or otherwise generate electricity, that has a ~~design capacity~~Nameplate Capacity of 60 kilowatts or less, and that is not a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program; provided, however, that a Class I Net Metering Facility of a Municipality or Other Governmental Entity may have a ~~generating capacity~~Nameplate Capacity of less than or equal to 60 kilowatts per unit. Each Municipality or Other Governmental Entity may have an aggregate ~~generating capacity~~Nameplate Capacity of not more than ten megawatts.

Class II Net Metering Facility. An Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a ~~Nameplate Capacity generating capacity~~ of more than 60 kilowatts but less than or equal to one megawatt; provided, however, that a Class II Net Metering Facility of a Municipality or Other Governmental Entity may have a ~~Nameplate Capacity generating capacity~~ of more than 60 kilowatts but less than or equal to one megawatt per unit. Each Municipality or Other Governmental Entity may have an aggregate ~~Nameplate Capacity generating capacity~~ of not more than ten megawatts.

Class III Net Metering Facility. An Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a ~~Nameplate Capacity generating capacity~~ of more than one megawatt but less than or equal to two megawatts; provided, however, that a Class III Net Metering Facility of a Municipality or Other Governmental Entity may have a ~~Nameplate Capacity generating capacity~~ of more than one megawatt but less than or equal to two megawatts per unit. Each Municipality or Other Governmental Entity may have an aggregate ~~Nameplate Capacity generating capacity~~ of not more than ten megawatts.

Customer. Any person, partnership, corporation, or any other entity, whether public or private, who obtains distribution service at a customer delivery point and who is a customer of record of the Distribution Company for its own electricity consumption.

Department. Department of Public Utilities.

Distribution Company. A company engaging in the distribution of electricity or owning, operating or controlling distribution facilities; provided, however, that a Distribution Company shall not include any entity which owns or operates plant or equipment used to produce electricity, except for facilities provided in M.G.L. c. 164, § 1A(f), steam and chilled water, or an affiliate engaged solely in the provision of such electricity, steam and chilled water, where the electricity produced by such entity or its affiliate is primarily for the benefit of hospitals and non-profit educational institutions, and where such plant or equipment was in operation before January 1, 1986.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Governmental Cooperative. A cooperative, organized pursuant to M.G.L. c. 164, § 136, whose members or shareholders are all Municipalities or Other Governmental Entities.

Host Customer. A Customer with a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program that generates electricity on the Customer's side of the meter.

ISO-NE. ISO New England Inc., the independent system operator for New England, or its successor, authorized by the Federal Energy Regulatory Commission to operate the New England bulk power system and administer New England's organized wholesale electricity market pursuant to the ISO-NE Open Access Transmission Tariff and operation agreements with transmission owners.

Locational Marginal Price (LMP). The price of electric energy set by ISO-NE at each load zone, external interface with neighboring regions, and the hub that reflects:

- (a) the operating characteristics of, and the major constraints on, the New England transmission system at each area; and
- (b) the losses resulting from physical limits of the transmission system.

Market Net Metering Credit. A Net Metering Credit provided by a Distribution Company for the net excess electricity generated and fed back to the Distribution Company by a New Solar Net Metering Facility and other Solar Net Metering Facilities that are not Cap Exempt Facilities after 25 years from the date that each Solar Net Metering Facility was first authorized to interconnect to the electric distribution system as provided by M.G.L. c. 164, § 139(k).

Municipality. A city or town.

Nameplate Capacity. For the purposes of calculating Net Metering capacity only, the nominal capacity of a system that reflects normal operating conditions, and not maximum operating conditions.

Nameplate Cap Exempt Facility. A Class I Net Metering Facility that is a Renewable Energy Generating Facility and has a Nameplate Capacity rating equal to or less than 25 kilowatts.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Neighborhood. A geographic area within a Municipality, subject to the right of the Department to grant exceptions pursuant to 220 CMR 18.09(7), that:

- (a) is recognized by the residents as including a unique community of interests;
- (b) falls within the service territory of a single Distribution Company and within a single ISO-NE load zone; and
- (c) may encompass residential, commercial, and undeveloped properties.

Neighborhood Net Metering Facility. A Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility that:

- (a) is owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single Distribution Company;
- (b) may also be owned by, or serve the energy needs of, other Customers who reside in the same Neighborhood and are served by the same Distribution Company as the residential Customers that own or are served by the facility; and
- (c) is located within the same Neighborhood as the Customers that own or are served by the facility.

Net Metering. The process of measuring the difference between electricity delivered by a Distribution Company and electricity generated by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program and fed back to the Distribution Company.

Net Metering Credit. Any credit, including a Market Net Metering Credit and a Neighborhood Net Metering Credit as defined in M.G.L. c. 164, § 138, provided by a Distribution Company for the net excess electricity generated and fed back to the Distribution Company by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, Neighborhood Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program.

Net Metering Facility of a Municipality or Other Governmental Entity. A Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility:

- (a) that is owned or operated by a Municipality or Other Governmental Entity; or
- (b) of which the Municipality or Other Governmental Entity is the Host Customer and is assigned 100% of the output.

New Solar Net Metering Facility.

- (a) A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance after September 26, 2016 for the entire capacity of the Solar Net Metering Facility; or

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

- (b) A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before September 26, 2016, but which is subsequently deemed complete by the Administrator and does not receive a Cap Allocation from the Administrator until after January 8, 2017; or
- (c) A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before September 26, 2016, is subsequently deemed complete by the Administrator and receives a Cap Allocation before or on January 8, 2017, but that seeks to expand the ~~Nameplate Capacity generating capacity~~ at a later date after September 26, 2016, such that the entire facility, including the expanded ~~Nameplate Capacity generating capacity~~, is a Class II Net Metering Facility or Class III Net Metering Facility.
- ~~(e)~~(d) A Cap Exempt Solar Net Metering Facility that takes service after September 26, 2016.

On-site Load. Any new or existing electric load located at the site of a Net Metering facility, other than parasitic load that may result from the installation and operation of the Net Metering facility, and that is wired to be served by a portion of the electrical energy output from the Net Metering facility before the balance of such output passes through the Net Metering facility's metered interconnection onto the electric grid. An energy storage system, as defined in M.G.L. c. 164, § 1, does not constitute On-site Load.

Other Governmental Entity. A department or agency of the Federal government or of the Commonwealth, and any other entity as approved by the Department.

Renewable Energy. Energy generated from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

Renewable Energy Generating Facility. A facility that generates energy from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.



220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Small Hydroelectric Net Metering Facility. A facility for the production of electrical energy that uses water to generate electricity, with a Net Metering Capacity of two megawatts or less, and is interconnected to a Distribution Company.

Small Hydroelectric Net Metering Program. A distinct technology-specific Net Metering program wherein each Small Hydroelectric Net Metering Facility that seeks to net meter while the program is open participates in a separate cap and generates a Net Metering Credit pursuant to M.G.L. c. 164, § 139A.

Solar Net Metering Facility. A facility for the production of electrical energy that uses sunlight to generate electricity and is interconnected to a Distribution Company.

System of Assurance. The Massachusetts System of Assurance of Net Metering Eligibility, as established by the Department pursuant to M.G.L. c. 164, § 139(g).

Wind Net Metering Facility. A facility for the production of electrical energy that uses wind to generate electricity and is interconnected to a Distribution Company.

18.03: Net Metering Services

- (1) Each Distribution Company shall provide services to Customers and Host Customers necessary to permit Net Metering, including those related to interconnection, metering, calculation, and billing of Net Metering Credits, as provided by 220 CMR 18.04 and as specified in a Distribution Company's Net Metering tariff pursuant to 220 CMR 18.09(2) and (3).
- (2) No Distribution Company may impose a special fee on a Host Customer with a Class I Net Metering Facility, including a New Solar Net Metering Facility, such as backup charges and demand charges, or additional controls or liability insurance, except for a monthly minimum reliability contribution or other fee approved by the Department in a ratemaking proceeding, provided that the facility meets the other requirements of the interconnection tariff, and all relevant safety and power quality standards.
- (3) Each Distribution Company shall calculate a Net Metering Credit as set forth in 220 CMR 18.04, and not bill a Host Customer for kilowatt-hour usage, for any Billing Period in which the kilowatt-hours generated by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, New Solar Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program exceed the kilowatt-hour usage of the Host Customer.
- (4) Each Distribution Company shall bill a Host Customer for net excess consumption for any Billing Period in which the kilowatt-hours consumed by a Host

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Customer exceed the kilowatt-hours generated by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, New Solar Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program.

18.04: Calculation of Net Metering Credits

(1) For a Class I Net Metering Facility that is a Wind Net Metering Facility, Class I Net Metering Facility that is a Solar Net Metering Facility, Class I Net Metering Facility that is an Agricultural Net Metering Facility, Class I Net Metering Facility that is an Anaerobic Digestion Net Metering Facility, Class II Net Metering Facility, a Net Metering Facility of a Municipality or Other Governmental Entity, or a Solar Net Metering Facility that receives approval by Department order, except those Solar Net Metering Facilities governed by 220 CMR 18.04(3) and (4), each Distribution Company shall calculate for each Billing Period a Net Metering Credit equal to:

- (a) 100% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the following Distribution Company charges applicable to the rate class under which the Host Customer takes service:
  - 1. basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
  - 2. distribution kilowatt-hour charge;
  - 3. transmission kilowatt-hour charge; and
  - 4. transition kilowatt-hour charge;
- (b) Except that a Class I Net Metering Facility that is a Solar Net Metering Facility, Class II Net Metering Facility that is a Solar Net Metering Facility, or a Class III Net Metering Facility that is a Solar Net Metering Facility shall receive Market Net Metering Credits as provided in 220 CMR 18.04(3) or (4) after 25 years from the date on which the Solar Net Metering Facility was first authorized to interconnect to the distribution system.

(2) For a Class I Net Metering Facility other than a Class I Net Metering Facility that is a Wind Net Metering Facility, Class I Net Metering Facility that is an Agricultural Net Metering Facility, Class I Net Metering Facility that is an Anaerobic Digestion Net Metering Facility, or a Class I Net Metering Facility that is a Solar Net Metering Facility, each Distribution Company shall calculate a Net Metering Credit for each Billing Period as the product of the:

- (a) 100% of the net excess kilowatt-hours, by time-of-use, if applicable; and
- (b) average monthly clearing price at the ISO-NE.

(3) For a Class I Net Metering Facility that is a New Solar Net Metering Facility, Class II Net Metering Facility that is a New Solar Net Metering Facility, ~~or~~ Class III Net Metering Facility that is a New Solar Net Metering Facility, or Cap Exempt

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Facility Serving On-site Load, except for those Solar Net Metering Facilities governed by 220 CMR 18.04(4), each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to 60% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

- (a) basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
- (b) distribution kilowatt-hour charge;
- (c) transmission kilowatt-hour charge; and
- (d) transition kilowatt-hour charge.

(4) For a New Solar Class I Net Metering Facility that is a Nameplate Cap Exempt Facility, or a New Solar Net Metering Facility, of which the Municipality or Other Governmental Entity is the Host Customer and only allocates Net Metering Credits to the accounts of other customers that could also qualify as a Municipality or Other Governmental Entity, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to 100% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

- (a) basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
- (b) distribution kilowatt-hour charge;
- (c) transmission kilowatt-hour charge; and
- (d) transition kilowatt-hour charge.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(5) For a Neighborhood Net Metering Facility or a Class III Net Metering Facility other than a Net Metering Facility of a Municipality or Other Governmental Entity, and those Solar Net Metering Facilities governed by 220 CMR 18.04(3) or (6), each Distribution Company shall calculate for each Billing Period a Net Metering Credit equal to:

- (a) 100% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company charges applicable to the rate class under which the Host Customer takes service:
  1. basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
  2. transmission kilowatt-hour charge; and
  3. transition kilowatt-hour charge;
- (b) Except that a Solar Net Metering Facility that is a Neighborhood Net Metering Facility shall receive Market Net Metering Credits, as provided in 220 CMR 18.04(6), after 25 years from the date on which it was first authorized to interconnect to the distribution system; and
- (c) Except those Class III Net Metering Facilities governed by 220 CMR 18.04(1)(b).

(6) For a New Solar Net Metering Facility that is a Neighborhood Net Metering Facility, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to 60% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

- (a) basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
- (b) transmission kilowatt-hour charge; and
- (c) transition kilowatt-hour charge.

(6A) For a Small Hydroelectric Net Metering Facility that is participating in the Small Hydroelectric Net Metering Program, each Distribution Company shall calculate for each Billing Period a Net Metering Credit equal to 100% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the Distribution Company's basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located.

(7) The calculation of Net Metering Credits under 220 CMR 18.04 shall not include the demand side management and renewable energy kilowatt-hour charges set forth in M.G.L. c. 25, §§ 19 through 20, nor shall it include the per kilowatt-hour surcharge or surcharges provided for by 220 CMR 18.09(4).

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(8) For any Billing Period for which a Distribution Company calculates a Net Metering Credit for a Host Customer, the Distribution Company shall apply the Net Metering Credit to the Host Customer's account for the subsequent Billing Period, unless the Host Customer provides otherwise pursuant to 220 CMR 18.05.

18.05: Allocation of Net Metering Credits

(1) Net Metering Credits shall be allocated to Customer accounts by each Distribution Company as follows:

(a) For a Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility that is not a New Solar Net Metering Facility except for a New Solar Net Metering Facility that is a Nameplate Cap Exempt Facility ~~or not a Cap Exempt Facility that is also a Class II Solar Net Metering Facility or Class III Solar Net Metering Facility~~, or a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program, each Distribution Company shall allocate Net Metering Credits, as designated in writing by the Host Customer, to other Customers who are in the Distribution Company's service territory and are located in the same ISO-NE load zone. The manner and form of credit designation shall be as specified in the Distribution Company's Net Metering Tariff pursuant to 220 CMR 18.09(2). Notwithstanding the foregoing, if the Host Customer of a Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility is a Municipality or Other Governmental Entity, including a Governmental Cooperative, it may direct its Distribution Company to allocate Net Metering Credits only to other Customers that are Municipalities or Other Governmental Entities.

(b) For a New Solar Net Metering Facility ~~or a Cap Exempt Facility that is also a Class II Solar Net Metering Facility or a Class III Solar Net Metering Facility~~ except for a New Solar Net Metering Facility that is a Nameplate Cap Exempt Facility, each Distribution Company shall allocate Net Metering Credits, as designated in writing by the Host Customer, to other Customers who are Customers of a Distribution Company located in the Commonwealth and may allocate credits to customers in more than one Distribution Company service territory. The manner and form of credit designation shall be as specified in the Distribution Company's Net Metering Tariff pursuant to 220 CMR 18.09(2). Notwithstanding the foregoing, the Host Customer of a Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility that is a Municipality or Other Governmental Entity, including a Governmental Cooperative, may direct its Distribution Company to allocate Net Metering Credits only to other Customers that are Municipalities or Other Governmental Entities.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(c) For a Neighborhood Net Metering Facility, the Distribution Company may only allocate Net Metering Credits to residential or other Customers who reside in the same Neighborhood in which the Neighborhood Net Metering Facility is located and have an ownership interest in, or are served by, the Neighborhood Net Metering Facility.

(2) The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance.

(3) For a Class III Net Metering Facility, including a Class III Net Metering Facility that is a New Solar Net Metering Facility, and a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program, a Distribution Company may elect to pay to the Host Customer Net Metering Credits rather than allocating such credits pursuant to 220 CMR 18.05(1).

(4) ~~For a Class II Net Metering Facility or Class III Net Metering Facility that is also a Cap Exempt Facility~~For a Cap Exempt Facility serving On-site Load, a Distribution Company shall credit or pay the Host Customer for any Net Metering Credits that are accrued in excess of its annual electricity consumption for the period running from April through the following March. The value of such excess Net Metering Credits shall be equal to the Distribution Company's Avoided Cost Rate as determined pursuant to 220 CMR 18.05(5).

(5) The Avoided Cost Rate is based on data used by ISO-NE to set prices for energy purchases and sales. A Distribution Company's annual payout amount for Net Metering Credits shall be derived by applying an adjustment factor to the value of the Net Metering Credits that accrued during the preceding 12-month period beginning from April of the preceding year and are remaining on the Host Customer's billing account as of March 31<sup>st</sup> of the current year. The adjustment factor ratio shall be the average monthly LMP rate that was realized by the settlement of the output of Net Metering facilities with ISO-NE, divided by the average monthly Net Metering Credit rate that the Net Metering facility received from the Distribution Company, weighted by the monthly net excess electricity generated by the Net Metering Facility.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

18.06: Eligibility for Net Metering

(1) Distribution Companies shall not provide Net Metering services to a Host Customer who is an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 CMR 11.00: *Rules Governing the Restructuring of the Electric Industry*.

(2) A Governmental Cooperative shall not be considered an electric company, generation company, aggregator, supplier, energy marketer or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 CMR 11.00: *Rules Governing the Restructuring of the Electric Industry*.

18.07: Net Metering Capacity

(1) Each Distribution Company shall make Net Metering services available to Host Customers, except for Host Customers of a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program, such that the aggregate capacity of:

- (a) Net Metering facilities that are not Net Metering Facilities of a Municipality or Other Governmental Entity does not exceed 7% of the Distribution Company's highest historical peak load; and
- (b) Net Metering Facilities of a Municipality or Other Governmental Entity does not exceed 8% of the Distribution Company's highest historical peak load.

(1A) Distribution Companies shall make an aggregate capacity of 60 megawatts statewide of Net Metering services available to Host Customers of Small Hydroelectric Net Metering Facilities. This aggregate capacity shall be in addition to that applicable to the Net Metering services available under 220 CMR 18.07(1).

(2) The maximum amount of Nameplate Capacity ~~generating capacity~~ eligible for Net Metering by a Municipality or Other Governmental Entity shall be ten megawatts, as determined by the sum of the nameplate ratings of Class I Net Metering Facilities, Class II Net Metering Facilities, and Class III Net Metering Facilities, including a Class I Net Metering Facility that is a New Solar Net Metering Facility, a Class II Net Metering Facility that is a New Solar Net Metering Facility, and a Class III Net Metering Facility that is a New Solar Net Metering Facility for which the Municipality or Other Governmental Entity is the Host Customer, except as provided in 220 CMR 18.07(6).

(3) Each Distribution Company shall identify on an annual basis its highest historical peak load and post that data on its website by February 1<sup>st</sup> of the following year.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(4) For the purpose of calculating the aggregate capacity of Class I Net Metering Facilities, Class II Net Metering Facilities, Class III Net Metering Facilities, including a New Solar Net Metering Facility, and Small Hydroelectric Net Metering Facilities participating in the Small Hydroelectric Net Metering Program, the capacity of:

- (a) A Solar Net Metering Facility shall be 80% of the facility's direct current rating at standard test conditions; and
- (b) All other non-solar Net Metering facilities shall be the facility's nameplate rating in alternating current.

(5) A Cap Exempt Facility shall be exempt from the calculation of the aggregate capacity of Net Metering facilities.

(6) A Municipality or Other Governmental Entity that is a member of a Governmental Cooperative may transfer any or all of the Net Metering ~~Capacity generating capacity~~ Nameplate Capacity associated with one or more Class II or III Net Metering Facilities, including a Class II Net Metering Facility that is a New Solar Net Metering Facility or a Class III Net Metering Facility that is a New Solar Net Metering Facility, to said Governmental Cooperative by providing written assent to the Governmental Cooperative and obtaining approval from the Department.

(7) A Governmental Cooperative may serve as a Host Customer for a Net Metering Facility of a Municipality or Other Governmental Entity for all capacity allocated pursuant to 220 CMR 18.07(6) and its own capacity as an Other Governmental Entity, provided that the Net Metering Credits for which such Governmental Cooperative serves as Host Customer shall only be allocated to that same Governmental Cooperative or its members.

(8) Notwithstanding the capacity limits set forth herein 220 CMR 18.07, a Class I Net Metering Facility shall be eligible for Net Metering if it qualifies under the Department of Energy Resources' regulations as a Class I Renewable Energy generating source under 225 CMR 14:00: *Renewable Energy Portfolio Standard – Class I* and M.G.L. c. 25A, § 11F and is a Cap Exempt Facility.

18.08: Net Metering Reports

- (1) Each Distribution Company shall track at least the following:
  - (a) the size, generation type, Net Metering class, fuel type, and the Municipality within which each Net Metering facility receives Net Metering services;
  - (b) the size, generation type, fuel type, and the Municipality within which each Net Metering facility has requested interconnection with the Distribution Company; and
  - (c) the aggregate capacity of Net Metering facilities that have interconnected, and that have requested interconnection, to the Distribution Company.



220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(2) Each Distribution Company shall file with the Department information regarding the provision of Net Metering services to its Customers, in a format and according to a schedule as determined by the Department.

(3) Each Distribution Company shall post data to a publicly accessible website tracking the aggregate capacity of eligible Net Metering facilities that have connected, and that have requested interconnection, relative to the Net Metering capacity set forth in 220 CMR 18.07. The data shall be updated on a monthly basis.

18.09: Miscellaneous

(1) The provision of Net Metering services does not entitle Distribution Companies to ownership of, or title to, the Renewable Energy or environmental attributes, including Renewable Energy certificates, associated with any electricity produced by a Net Metering facility.

(2) Each Distribution Company shall implement its responsibilities and obligations regarding the provision of Net Metering services to Customers and Host Customers pursuant to a Department-approved tariff.

(3) Each Distribution Company shall implement its responsibilities and obligations regarding the provision of interconnection services to Customers and Host Customers pursuant to a Department-approved tariff.

(4) Each Distribution Company shall be allowed to recover the aggregate of the distribution portion of any Net Metering Credits and the Distribution Company delivery charges displaced by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, including a New Solar Net Metering Facility, or a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program through a uniform per kilowatt-hour surcharge or surcharges billed to all of its Customers on an annual basis.

(5) Nothing in 220 CMR 18.00 is intended in any way to limit eligibility for Net Metering services based upon a third-party ownership or financing agreement related to a Net Metering facility, where Net Metering services would otherwise be available.

(6) Unless otherwise indicated, all capacity and energy measurements referenced in 220 CMR 18.00 refer to alternating current.

(7) The Department may, where appropriate, grant an exception from any provision of 220 CMR 18.00.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

18.10: Monthly Minimum Reliability Contribution

Distribution Companies may submit to the Department proposals for a monthly minimum reliability contribution to be included on electric bills for distribution utility accounts that receive Net Metering Credits provided that the Department receives a proposal from such Distribution Company and subsequently approves the monthly minimum reliability contribution pursuant to M.G.L. c. 164, § 139(j).

18.11: Small Hydroelectric Net Metering Program

- (1) The Small Hydroelectric Net Metering Program shall remain open until the Department certifies that the aggregate capacity of Small Hydroelectric Net Metering Facilities participating in the program is equal to 60 megawatts.
- (2) While the Small Hydroelectric Net Metering Program is open, any Small Hydroelectric Net Metering Facility that seeks to net meter must participate in the Small Hydroelectric Net Metering Program and generate Net Metering Credits pursuant to 220 CMR 18.04(6A).
- (3) Once the Department certifies that the aggregate capacity of Small Hydroelectric Net Metering Facilities participating in the program is equal to 60 megawatts, a Small Hydroelectric Net Metering Facility shall:
  - (a) apply for Net Metering services as a Class I Net Metering Facility;
  - (b) generate Net Metering Credits pursuant to 220 CMR 18.04(2); and
  - (c) apply for a Cap Allocation pursuant to 220 CMR 18.07(1), if it is not a Nameplate Cap Exempt Facility.

REGULATORY AUTHORITY

220 CMR 18.00: M.G.L. c. 164, §§ 138 through 140.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

220 CMR 18.00: NET METERING

Section

- 18.01: Purpose and Scope
- 18.02: Definitions
- 18.03: Net Metering Services
- 18.04: Calculation of Net Metering Credits
- 18.05: Allocation of Net Metering Credits
- 18.06: Eligibility for Net Metering
- 18.07: Net Metering Capacity
- 18.08: Net Metering Reports
- 18.09: Miscellaneous
- 18.10: Monthly Minimum Reliability Contribution
- 18.11: Small Hydroelectric Net Metering Program

18.01: Purpose and Scope

(1) Purpose. 220 CMR 18.00 governs how Distribution Companies are to provide Net Metering services to Customers consistent with the Net Metering provisions of M.G.L. c. 164, §§ 138 through 140.

(2) Scope. 220 CMR 18.00 applies to all Distribution Companies subject to the jurisdiction of the Department.

18.02: Definitions

The terms set forth in 220 CMR 18.02 shall be defined as follows, unless the context otherwise requires.

Administrator. The qualified entity selected by the Department to facilitate the System of Assurance.

Agricultural Net Metering Facility. A Renewable Energy Generating Facility that is operated as part of an agricultural business and is not participating in the Small Hydroelectric Net Metering Program, generates electricity, does not have a generation capacity of more than two megawatts, is located on land owned or controlled by the agricultural business, and is used to provide energy to metered accounts of the business. Agriculture has the same meaning as provided in M.G.L. c. 128, § 1A; provided that, when necessary, the Commissioner of the Department of Agricultural Resources shall determine if a business is an agricultural business and whether the facility is operated as part of that business.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Anaerobic Digestion Net Metering Facility. A facility that:

- (a) generates electricity from a biogas produced by the accelerated biodegradation of organic materials under controlled anaerobic conditions;
- (b) has been determined by the Department of Energy Resources, in coordination with the Department of Environmental Protection, to qualify under the Department of Energy Resources' regulations as a Class I Renewable Energy Generation Unit under 225 CMR 14:00: *Renewable Energy Portfolio Standard – Class I* and M.G.L. c. 25A, § 11F; and
- (c) is interconnected to a Distribution Company.

Billing Period. The period of time set forth in a Distribution Company's terms and conditions for which a Distribution Company bills a Customer for its electricity consumed or estimated to have been consumed.

Cap Allocation. An assurance from the Administrator that a Host Customer will receive Net Metering services upon a Host Customer's receipt from a Distribution Company of notice of authorization to interconnect.

Cap Exempt Facility. A Nameplate Cap Exempt Facility or a Cap Exempt Facility Serving On-site Load.

Cap Exempt Facility Serving On-site Load. A Class I Net Metering Facility with a Nameplate Capacity greater than 25 kilowatts, Class II Net Metering Facility, or Class III Net Metering Facility with an executed interconnection service agreement with a Distribution Company dated on or after January 1, 2021, provided that it is a Renewable Energy Generating Facility and serves On-site Load, other than parasitic or station load, and provided further that it is not a Net Metering Facility of a Municipality or Other Governmental Entity.

Class I Net Metering Facility. A plant or equipment that is used to produce, manufacture, or otherwise generate electricity, that has a Nameplate Capacity of 60 kilowatts or less, and that is not a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program; provided, however, that a Class I Net Metering Facility of a Municipality or Other Governmental Entity may have a Nameplate Capacity of less than or equal to 60 kilowatts per unit. Each Municipality or Other Governmental Entity may have an aggregate Nameplate Capacity of not more than ten megawatts.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Class II Net Metering Facility. An Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a Nameplate Capacity of more than 60 kilowatts but less than or equal to one megawatt; provided, however, that a Class II Net Metering Facility of a Municipality or Other Governmental Entity may have a Nameplate Capacity of more than 60 kilowatts but less than or equal to one megawatt per unit. Each Municipality or Other Governmental Entity may have an aggregate Nameplate Capacity of not more than ten megawatts.

Class III Net Metering Facility. An Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a Nameplate Capacity of more than one megawatt but less than or equal to two megawatts; provided, however, that a Class III Net Metering Facility of a Municipality or Other Governmental Entity may have a Nameplate Capacity of more than one megawatt but less than or equal to two megawatts per unit. Each Municipality or Other Governmental Entity may have an aggregate Nameplate Capacity of not more than ten megawatts.

Customer. Any person, partnership, corporation, or any other entity, whether public or private, who obtains distribution service at a customer delivery point and who is a customer of record of the Distribution Company for its own electricity consumption.

Department. Department of Public Utilities.

Distribution Company. A company engaging in the distribution of electricity or owning, operating or controlling distribution facilities; provided, however, that a Distribution Company shall not include any entity which owns or operates plant or equipment used to produce electricity, except for facilities provided in M.G.L. c. 164, § 1A(f), steam and chilled water, or an affiliate engaged solely in the provision of such electricity, steam and chilled water, where the electricity produced by such entity or its affiliate is primarily for the benefit of hospitals and non-profit educational institutions, and where such plant or equipment was in operation before January 1, 1986.

Governmental Cooperative. A cooperative, organized pursuant to M.G.L. c. 164, § 136, whose members or shareholders are all Municipalities or Other Governmental Entities.

Host Customer. A Customer with a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program that generates electricity on the Customer's side of the meter.

ISO-NE. ISO New England Inc., the independent system operator for New England,

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

or its successor, authorized by the Federal Energy Regulatory Commission to operate the New England bulk power system and administer New England's organized wholesale electricity market pursuant to the ISO-NE Open Access Transmission Tariff and operation agreements with transmission owners.

Locational Marginal Price (LMP). The price of electric energy set by ISO-NE at each load zone, external interface with neighboring regions, and the hub that reflects:

- (a) the operating characteristics of, and the major constraints on, the New England transmission system at each area; and
- (b) the losses resulting from physical limits of the transmission system.

Market Net Metering Credit. A Net Metering Credit provided by a Distribution Company for the net excess electricity generated and fed back to the Distribution Company by a New Solar Net Metering Facility and other Solar Net Metering Facilities that are not Cap Exempt Facilities after 25 years from the date that each Solar Net Metering Facility was first authorized to interconnect to the electric distribution system as provided by M.G.L. c. 164, § 139(k).

Municipality. A city or town.

Nameplate Capacity. For the purposes of calculating Net Metering capacity only, the nominal capacity of a system that reflects normal operating conditions, and not maximum operating conditions.

Nameplate Cap Exempt Facility. A Class I Net Metering Facility that is a Renewable Energy Generating Facility and has a Nameplate Capacity rating equal to or less than 25 kilowatts.

Neighborhood. A geographic area within a Municipality, subject to the right of the Department to grant exceptions pursuant to 220 CMR 18.09(7), that:

- (a) is recognized by the residents as including a unique community of interests;
- (b) falls within the service territory of a single Distribution Company and within a single ISO-NE load zone; and
- (c) may encompass residential, commercial, and undeveloped properties.

Neighborhood Net Metering Facility. A Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility that:

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

- (a) is owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single Distribution Company;
- (b) may also be owned by, or serve the energy needs of, other Customers who reside in the same Neighborhood and are served by the same Distribution Company as the residential Customers that own or are served by the facility; and
- (c) is located within the same Neighborhood as the Customers that own or are served by the facility.

Net Metering. The process of measuring the difference between electricity delivered by a Distribution Company and electricity generated by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program and fed back to the Distribution Company.

Net Metering Credit. Any credit, including a Market Net Metering Credit and a Neighborhood Net Metering Credit as defined in M.G.L. c. 164, § 138, provided by a Distribution Company for the net excess electricity generated and fed back to the Distribution Company by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, Neighborhood Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program.

Net Metering Facility of a Municipality or Other Governmental Entity. A Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility:

- (a) that is owned or operated by a Municipality or Other Governmental Entity; or
- (b) of which the Municipality or Other Governmental Entity is the Host Customer and is assigned 100% of the output.

New Solar Net Metering Facility.

- (a) A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance after September 26, 2016 for the entire capacity of the Solar Net Metering Facility; or
- (b) A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before September 26, 2016, but which is subsequently deemed complete by the Administrator and does not receive a Cap Allocation from the Administrator until after January 8, 2017; or
- (c) A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before September 26, 2016, is subsequently deemed complete by the Administrator and receives a Cap

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Allocation before or on January 8, 2017, but that seeks to expand the Nameplate Capacity at a later date after September 26, 2016, such that the entire facility, including the expanded Nameplate Capacity, is a Class II Net Metering Facility or Class III Net Metering Facility.

- (d) A Cap Exempt Solar Net Metering Facility that takes service after September 26, 2016.

On-site Load. Any new or existing electric load located at the site of a Net Metering facility, other than parasitic load that may result from the installation and operation of the Net Metering facility, and that is wired to be served by a portion of the electrical energy output from the Net Metering facility before the balance of such output passes through the Net Metering facility's metered interconnection onto the electric grid. An energy storage system, as defined in M.G.L. c. 164, § 1, does not constitute On-site Load.

Other Governmental Entity. A department or agency of the Federal government or of the Commonwealth, and any other entity as approved by the Department.

Renewable Energy. Energy generated from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

Renewable Energy Generating Facility. A facility that generates energy from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

Small Hydroelectric Net Metering Facility. A facility for the production of electrical energy that uses water to generate electricity, with a Nameplate Capacity of two megawatts or less, and is interconnected to a Distribution Company.

Small Hydroelectric Net Metering Program. A distinct technology-specific Net Metering program wherein each Small Hydroelectric Net Metering Facility that seeks to net meter while the program is open participates in a separate cap and generates a Net Metering Credit pursuant to M.G.L. c. 164, § 139A.

Solar Net Metering Facility. A facility for the production of electrical energy that uses sunlight to generate electricity and is interconnected to a Distribution Company.



220 CMR: DEPARTMENT OF PUBLIC UTILITIES

System of Assurance. The Massachusetts System of Assurance of Net Metering Eligibility, as established by the Department pursuant to M.G.L. c. 164, § 139(g).

Wind Net Metering Facility. A facility for the production of electrical energy that uses wind to generate electricity and is interconnected to a Distribution Company.

18.03: Net Metering Services

(1) Each Distribution Company shall provide services to Customers and Host Customers necessary to permit Net Metering, including those related to interconnection, metering, calculation, and billing of Net Metering Credits, as provided by 220 CMR 18.04 and as specified in a Distribution Company's Net Metering tariff pursuant to 220 CMR 18.09(2) and (3).

(2) No Distribution Company may impose a special fee on a Host Customer with a Class I Net Metering Facility, including a New Solar Net Metering Facility, such as backup charges and demand charges, or additional controls or liability insurance, except for a monthly minimum reliability contribution or other fee approved by the Department in a ratemaking proceeding, provided that the facility meets the other requirements of the interconnection tariff, and all relevant safety and power quality standards.

(3) Each Distribution Company shall calculate a Net Metering Credit as set forth in 220 CMR 18.04, and not bill a Host Customer for kilowatt-hour usage, for any Billing Period in which the kilowatt-hours generated by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, New Solar Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program exceed the kilowatt-hour usage of the Host Customer.

(4) Each Distribution Company shall bill a Host Customer for net excess consumption for any Billing Period in which the kilowatt-hours consumed by a Host Customer exceed the kilowatt-hours generated by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, New Solar Net Metering Facility, or Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program.

18.04: Calculation of Net Metering Credits

(1) For a Class I Net Metering Facility that is a Wind Net Metering Facility, Class I Net Metering Facility that is a Solar Net Metering Facility, Class I Net Metering Facility that is an Agricultural Net Metering Facility, Class I Net Metering Facility that is an Anaerobic Digestion Net Metering Facility, Class II Net Metering Facility, a Net Metering Facility of a Municipality or Other Governmental Entity, or a Solar

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Net Metering Facility that receives approval by Department order, except those Solar Net Metering Facilities governed by 220 CMR 18.04(3) and (4), each Distribution Company shall calculate for each Billing Period a Net Metering Credit equal to:

- (a) 100% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the following Distribution Company charges applicable to the rate class under which the Host Customer takes service:
    1. basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
    2. distribution kilowatt-hour charge;
    3. transmission kilowatt-hour charge; and
    4. transition kilowatt-hour charge;
  - (b) Except that a Class I Net Metering Facility that is a Solar Net Metering Facility, Class II Net Metering Facility that is a Solar Net Metering Facility, or a Class III Net Metering Facility that is a Solar Net Metering Facility shall receive Market Net Metering Credits as provided in 220 CMR 18.04(3) or (4) after 25 years from the date on which the Solar Net Metering Facility was first authorized to interconnect to the distribution system.
- (2) For a Class I Net Metering Facility other than a Class I Net Metering Facility that is a Wind Net Metering Facility, Class I Net Metering Facility that is an Agricultural Net Metering Facility, Class I Net Metering Facility that is an Anaerobic Digestion Net Metering Facility, or a Class I Net Metering Facility that is a Solar Net Metering Facility, each Distribution Company shall calculate a Net Metering Credit for each Billing Period as the product of the:
- (a) 100% of the net excess kilowatt-hours, by time-of-use, if applicable; and
  - (b) average monthly clearing price at the ISO-NE.
- (3) For a Class I Net Metering Facility that is a New Solar Net Metering Facility, Class II Net Metering Facility that is a New Solar Net Metering Facility, Class III Net Metering Facility that is a New Solar Net Metering Facility, or Cap Exempt Facility Serving On-site Load, except for those Solar Net Metering Facilities governed by 220 CMR 18.04(4), each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to 60% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:
- (a) basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
  - (b) distribution kilowatt-hour charge;
  - (c) transmission kilowatt-hour charge; and
  - (d) transition kilowatt-hour charge.
- (4) For a New Solar Class I Net Metering Facility that is a Nameplate Cap Exempt Facility, or a New Solar Net Metering Facility, of which the Municipality or

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Other Governmental Entity is the Host Customer and only allocates Net Metering Credits to the accounts of other customers that could also qualify as a Municipality or Other Governmental Entity, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to 100% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

- (a) basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
- (b) distribution kilowatt-hour charge;
- (c) transmission kilowatt-hour charge; and
- (d) transition kilowatt-hour charge.

(5) For a Neighborhood Net Metering Facility or a Class III Net Metering Facility other than a Net Metering Facility of a Municipality or Other Governmental Entity, and those Solar Net Metering Facilities governed by 220 CMR 18.04(3) or (6), each Distribution Company shall calculate for each Billing Period a Net Metering Credit equal to:

- (a) 100% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company charges applicable to the rate class under which the Host Customer takes service:
  - 1. basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
  - 2. transmission kilowatt-hour charge; and
  - 3. transition kilowatt-hour charge;
- (b) Except that a Solar Net Metering Facility that is a Neighborhood Net Metering Facility shall receive Market Net Metering Credits, as provided in 220 CMR 18.04(6), after 25 years from the date on which it was first authorized to interconnect to the distribution system; and
- (c) Except those Class III Net Metering Facilities governed by 220 CMR 18.04(1)(b).

(6) For a New Solar Net Metering Facility that is a Neighborhood Net Metering Facility, each Distribution Company shall calculate for each Billing Period a Market Net Metering Credit equal to 60% of the net excess kilowatt-hours, by time-of-use, if applicable, multiplied by the sum of the Distribution Company's:

- (a) basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located;
- (b) transmission kilowatt-hour charge; and
- (c) transition kilowatt-hour charge.

(6A) For a Small Hydroelectric Net Metering Facility that is participating in the Small Hydroelectric Net Metering Program, each Distribution Company shall calculate for each Billing Period a Net Metering Credit equal to 100% of the net

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

excess kilowatt-hours, by time-of-use, if applicable, multiplied by the Distribution Company's basic service kilowatt-hour charge in the ISO-NE load zone where the Host Customer is located.

(7) The calculation of Net Metering Credits under 220 CMR 18.04 shall not include the demand side management and renewable energy kilowatt-hour charges set forth in M.G.L. c. 25, §§ 19 through 20, nor shall it include the per kilowatt-hour surcharge or surcharges provided for by 220 CMR 18.09(4).

(8) For any Billing Period for which a Distribution Company calculates a Net Metering Credit for a Host Customer, the Distribution Company shall apply the Net Metering Credit to the Host Customer's account for the subsequent Billing Period, unless the Host Customer provides otherwise pursuant to 220 CMR 18.05.

18.05: Allocation of Net Metering Credits

(1) Net Metering Credits shall be allocated to Customer accounts by each Distribution Company as follows:

(a) For a Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility that is not a New Solar Net Metering Facility except for a New Solar Net Metering Facility that is a Nameplate Cap Exempt Facility, or a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program, each Distribution Company shall allocate Net Metering Credits, as designated in writing by the Host Customer, to other Customers who are in the Distribution Company's service territory and are located in the same ISO-NE load zone. The manner and form of credit designation shall be as specified in the Distribution Company's Net Metering Tariff pursuant to 220 CMR 18.09(2). Notwithstanding the foregoing, if the Host Customer of a Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility is a Municipality or Other Governmental Entity, including a Governmental Cooperative, it may direct its Distribution Company to allocate Net Metering Credits only to other Customers that are Municipalities or Other Governmental Entities.

(b) For a New Solar Net Metering Facility except for a New Solar Net Metering Facility that is a Nameplate Cap Exempt Facility, each Distribution Company shall allocate Net Metering Credits, as designated in writing by the Host Customer, to other Customers who are Customers of a Distribution Company located in the Commonwealth and may allocate credits to customers in more than one Distribution Company service territory. The manner and form of credit designation shall be as specified in the Distribution Company's Net Metering Tariff pursuant to 220 CMR 18.09(2). Notwithstanding the foregoing, the Host Customer of a Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility that is a Municipality or Other Governmental

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

Entity, including a Governmental Cooperative, may direct its Distribution Company to allocate Net Metering Credits only to other Customers that are Municipalities or Other Governmental Entities.

(c) For a Neighborhood Net Metering Facility, the Distribution Company may only allocate Net Metering Credits to residential or other Customers who reside in the same Neighborhood in which the Neighborhood Net Metering Facility is located and have an ownership interest in, or are served by, the Neighborhood Net Metering Facility.

- (2) The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance.
- (3) For a Class III Net Metering Facility, including a Class III Net Metering Facility that is a New Solar Net Metering Facility, and a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program, a Distribution Company may elect to pay to the Host Customer Net Metering Credits rather than allocating such credits pursuant to 220 CMR 18.05(1).
- (4) For a Cap Exempt Facility serving On-site Load, a Distribution Company shall credit or pay the Host Customer for any Net Metering Credits that are accrued in excess of its annual electricity consumption for the period running from April through the following March. The value of such excess Net Metering Credits shall be equal to the Distribution Company's Avoided Cost Rate as determined pursuant to 220 CMR 18.05(5).
- (5) The Avoided Cost Rate is based on data used by ISO-NE to set prices for energy purchases and sales. A Distribution Company's annual payout amount for Net Metering Credits shall be derived by applying an adjustment factor to the value of the Net Metering Credits that accrued during the preceding 12-month period beginning from April of the preceding year and are remaining on the Host Customer's billing account as of March 31<sup>st</sup> of the current year. The adjustment factor ratio shall be the average monthly LMP rate that was realized by the settlement of the output of Net Metering facilities with ISO-NE, divided by the average monthly Net Metering Credit rate that the Net Metering facility received from the Distribution Company, weighted by the monthly net excess electricity generated by the Net Metering Facility.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

18.06: Eligibility for Net Metering

(1) Distribution Companies shall not provide Net Metering services to a Host Customer who is an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 CMR 11.00: *Rules Governing the Restructuring of the Electric Industry*.

(2) A Governmental Cooperative shall not be considered an electric company, generation company, aggregator, supplier, energy marketer or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 CMR 11.00: *Rules Governing the Restructuring of the Electric Industry*.

18.07: Net Metering Capacity

(1) Each Distribution Company shall make Net Metering services available to Host Customers, except for Host Customers of a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program, such that the aggregate capacity of:

- (a) Net Metering facilities that are not Net Metering Facilities of a Municipality or Other Governmental Entity does not exceed 7% of the Distribution Company's highest historical peak load; and
- (b) Net Metering Facilities of a Municipality or Other Governmental Entity does not exceed 8% of the Distribution Company's highest historical peak load.

(1A) Distribution Companies shall make an aggregate capacity of 60 megawatts statewide of Net Metering services available to Host Customers of Small Hydroelectric Net Metering Facilities. This aggregate capacity shall be in addition to that applicable to the Net Metering services available under 220 CMR 18.07(1).

(2) The maximum amount of Nameplate Capacity eligible for Net Metering by a Municipality or Other Governmental Entity shall be ten megawatts, as determined by the sum of the nameplate ratings of Class I Net Metering Facilities, Class II Net Metering Facilities, and Class III Net Metering Facilities, including a Class I Net Metering Facility that is a New Solar Net Metering Facility, a Class II Net Metering Facility that is a New Solar Net Metering Facility, and a Class III Net Metering Facility that is a New Solar Net Metering Facility for which the Municipality or Other Governmental Entity is the Host Customer, except as provided in 220 CMR 18.07(6).

(3) Each Distribution Company shall identify on an annual basis its highest historical peak load and post that data on its website by February 1<sup>st</sup> of the following year.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(4) For the purpose of calculating the aggregate capacity of Class I Net Metering Facilities, Class II Net Metering Facilities, Class III Net Metering Facilities, including a New Solar Net Metering Facility, and Small Hydroelectric Net Metering Facilities participating in the Small Hydroelectric Net Metering Program, the capacity of:

- (a) A Solar Net Metering Facility shall be 80% of the facility's direct current rating at standard test conditions; and
- (b) All other non-solar Net Metering facilities shall be the facility's nameplate rating in alternating current.

(5) A Cap Exempt Facility shall be exempt from the calculation of the aggregate capacity of Net Metering facilities.

(6) A Municipality or Other Governmental Entity that is a member of a Governmental Cooperative may transfer any or all of the Net Metering Nameplate Capacity associated with one or more Class II or III Net Metering Facilities, including a Class II Net Metering Facility that is a New Solar Net Metering Facility or a Class III Net Metering Facility that is a New Solar Net Metering Facility, to said Governmental Cooperative by providing written assent to the Governmental Cooperative and obtaining approval from the Department.

(7) A Governmental Cooperative may serve as a Host Customer for a Net Metering Facility of a Municipality or Other Governmental Entity for all capacity allocated pursuant to 220 CMR 18.07(6) and its own capacity as an Other Governmental Entity, provided that the Net Metering Credits for which such Governmental Cooperative serves as Host Customer shall only be allocated to that same Governmental Cooperative or its members.

(8) Notwithstanding the capacity limits set forth herein 220 CMR 18.07, a Class I Net Metering Facility shall be eligible for Net Metering if it qualifies under the Department of Energy Resources' regulations as a Class I Renewable Energy generating source under 225 CMR 14:00: *Renewable Energy Portfolio Standard – Class I* and M.G.L. c. 25A, § 11F and is a Cap Exempt Facility.

18.08: Net Metering Reports

- (1) Each Distribution Company shall track at least the following:
  - (a) the size, generation type, Net Metering class, fuel type, and the Municipality within which each Net Metering facility receives Net Metering services;
  - (b) the size, generation type, fuel type, and the Municipality within which each Net Metering facility has requested interconnection with the Distribution Company; and
  - (c) the aggregate capacity of Net Metering facilities that have interconnected, and that have requested interconnection, to the Distribution Company.

220 CMR: DEPARTMENT OF PUBLIC UTILITIES

(2) Each Distribution Company shall file with the Department information regarding the provision of Net Metering services to its Customers, in a format and according to a schedule as determined by the Department.

(3) Each Distribution Company shall post data to a publicly accessible website tracking the aggregate capacity of eligible Net Metering facilities that have connected, and that have requested interconnection, relative to the Net Metering capacity set forth in 220 CMR 18.07. The data shall be updated on a monthly basis.

18.09: Miscellaneous

(1) The provision of Net Metering services does not entitle Distribution Companies to ownership of, or title to, the Renewable Energy or environmental attributes, including Renewable Energy certificates, associated with any electricity produced by a Net Metering facility.

(2) Each Distribution Company shall implement its responsibilities and obligations regarding the provision of Net Metering services to Customers and Host Customers pursuant to a Department-approved tariff.

(3) Each Distribution Company shall implement its responsibilities and obligations regarding the provision of interconnection services to Customers and Host Customers pursuant to a Department-approved tariff.

(4) Each Distribution Company shall be allowed to recover the aggregate of the distribution portion of any Net Metering Credits and the Distribution Company delivery charges displaced by a Class I Net Metering Facility, Class II Net Metering Facility, Class III Net Metering Facility, including a New Solar Net Metering Facility, or a Small Hydroelectric Net Metering Facility participating in the Small Hydroelectric Net Metering Program through a uniform per kilowatt-hour surcharge or surcharges billed to all of its Customers on an annual basis.

(5) Nothing in 220 CMR 18.00 is intended in any way to limit eligibility for Net Metering services based upon a third-party ownership or financing agreement related to a Net Metering facility, where Net Metering services would otherwise be available.

(6) Unless otherwise indicated, all capacity and energy measurements referenced in 220 CMR 18.00 refer to alternating current.

(7) The Department may, where appropriate, grant an exception from any provision of 220 CMR 18.00.



220 CMR: DEPARTMENT OF PUBLIC UTILITIES

18.10: Monthly Minimum Reliability Contribution

Distribution Companies may submit to the Department proposals for a monthly minimum reliability contribution to be included on electric bills for distribution utility accounts that receive Net Metering Credits provided that the Department receives a proposal from such Distribution Company and subsequently approves the monthly minimum reliability contribution pursuant to M.G.L. c. 164, § 139(j).

18.11: Small Hydroelectric Net Metering Program

- (1) The Small Hydroelectric Net Metering Program shall remain open until the Department certifies that the aggregate capacity of Small Hydroelectric Net Metering Facilities participating in the program is equal to 60 megawatts.
- (2) While the Small Hydroelectric Net Metering Program is open, any Small Hydroelectric Net Metering Facility that seeks to net meter must participate in the Small Hydroelectric Net Metering Program and generate Net Metering Credits pursuant to 220 CMR 18.04(6A).
- (3) Once the Department certifies that the aggregate capacity of Small Hydroelectric Net Metering Facilities participating in the program is equal to 60 megawatts, a Small Hydroelectric Net Metering Facility shall:
  - (a) apply for Net Metering services as a Class I Net Metering Facility;
  - (b) generate Net Metering Credits pursuant to 220 CMR 18.04(2); and
  - (c) apply for a Cap Allocation pursuant to 220 CMR 18.07(1), if it is not a Nameplate Cap Exempt Facility.

REGULATORY AUTHORITY

220 CMR 18.00: M.G.L. c. 164, §§ 138 through 140.