The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 11-11-E July 1, 2013

Inquiry Into Net Metering and Interconnection of Distributed Generation, pursuant to An Act Relative to Green Communities, St. 2008, c. 169, §§ 138-140 and St. 2010, c. 359, §§ 25-30.

ORDER ON EXCEPTION TO DEFINITIONS OF UNIT AND FACILITY

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I. INTRODUCTION AND PROCEDURAL HISTORY

On October 15, 2010, Governor Patrick signed into law Chapter 359 of the Acts of 2010, 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 ("Appropriations Act"). The Appropriations Act requires that, among other things, the Department of Public Utilities ("Department") implement certain changes to the net metering provisions of G.L. c. 164, §§ 138 and 139. St. 2010, c. 359, §§ 25-30. In addition, on August 3, 2012, Governor Patrick signed into law Chapter 209 of the Acts of 2012, An Act Relative to Competitively Priced Electricity in the Commonwealth, which made additional changes to G.L. c. 164, §§ 138 and 139. St. 2012, c. 209, §§ 23-30.

In Net Metering and Interconnection of Distributed Generation, D.P.U. 11-11-C (2012), the Department clarified a number of issues related to the definition of net metering facilities and units, pursuant to G.L. c. 164, §§ 138 and 139. The Department addressed, among other things: (1) whether to distinguish between the net metering facilities of public and private entities;[1] (2) the criteria for determining what constitutes a unit, for the purposes of net metering; and (3) the criteria for determining what constitutes a net metering facility. D.P.U. 11-11-C at 23. The Department established that, among other things, a net metering facility is the generating equipment associated with a single parcel of land, interconnected with the electric distribution

[1] Pursuant to G.L. c. 164, §§ 138 and 139, there are two separate caps on aggregate net metering capacity, which are based on each distribution company's highest historical peak load—one cap is reserved for municipalities and other governmental entities (i.e., "public entities"), and another cap is for the net metering facilities of all other entities (i.e., "private entities"). Pursuant to G.L. c. 164, § 139(f), each cap is set at three percent of each company's peak load.

system at a single point, behind a single meter. D.P.U. 11-11-C at 23. The Department stated that the definitions in the Order were effective for all net metering facilities as of August 24, 2012, unless a customer was granted an exception. D.P.U. 11-11-C at 23.

On October 19, 2012, the Department solicited comments from stakeholders as to whether compliance with the definitions of the terms unit and facility could, in some instances, prohibit or impede the optimal interconnection of a net metering facility. Specifically, the Department sought comment on whether to allow an exception to the definitions of unit and facility on the basis of optimal interconnection, which might mean the most cost-effective solution with no effect on the electrical safety, electrical reliability, or electrical efficiency of a facility's interconnection. First, the Department sought written examples of how some facilities' interconnection would be optimized through the use of: (1) two or more interconnection points for a single facility; (2) one interconnection point for two or more facilities; and (3) other examples of optimal interconnection that would not conform to the Department's new definitions of unit and facility.[2] In addition, the Department sought written comment from stakeholders on the possibility of an exception to the definitions of unit and facility. Specifically, the Department sought comment on: (1) whether to allow an exception on the basis of optimal interconnection; and (2) whether such an exception should require a utility opinion that a project that does not conform to the definitions, nonetheless represents optimal interconnection.

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[2] In soliciting examples of optimal interconnection from commenters, the Department did not require the inclusion of a specific name, location, or service territory of a facility, but stated that the example must involve an actual design (i.e., not a hypothetical example) and include: (1) the number of projects; (2) the number of parcels of land; and (3) the number of interconnection points.

On October 26, 2012, the Department received examples of optimal interconnection in the comments of four participants.[3] On November 9, 2012, the Department received written comments from five participants.[4]

II. COMMENTS

A. Introduction

Commenters encouraged the Department to adopt one or more broad, categorical exemptions from its rule in D.P.U. 11-11-C. Commenters provided several examples in which optimal interconnection would not conform to the rule in D.P.U. 11-11-C. Most commenters support the Department's adoption of some type of exception to the definitions of unit and facility. The Distribution Companies claim that while they consider the current definitions of unit and facility to be clear and workable, if the Department finds that exceptions are warranted, it should apply such exceptions uniformly in order to maximize clarity and transparency for all stakeholders (Distribution Companies Reply Comments at 2). In addition to other recommendations, commenters were divided on the appropriate basis for making exceptions.

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[3] Comments on optimal interconnection were submitted by the following four participants: Cape Light Compact and Cape and Vineyard Electric Cooperative, jointly (together, "CLC and CVEC"); Fitchburg Gas and Electric Light Company, d/b/a Unitil ("Unitil"); Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid ("National Grid"); NSTAR Electric Company ("NSTAR Electric"); and Western Massachusetts Electric Company ("WMECo"), jointly (together, "Distribution Companies"); Klavens Law Group, P.C. ("Klavens"); and Nexamp, Inc. ("Nexamp").

[4] Comments were submitted by the following five participants: CLC and CVEC; Distribution Companies; EMI Solar Holdings, LLC ("EMI"); Klavens; and My Generation Energy, Inc. ("My Generation").

B. Exemptions from Unit and Facility

A number of commenters recommend that the Department adopt broad, categorical exceptions to the definitions of unit and facility in D.P.U. 11-11-C. These broad, categorical exceptions, which would affect all net metering facilities of a type, are more akin to exemptions.[5]

EMI recommends that the Department exempt all solar net metering facilities from the single meter and single interconnection point requirements (EMI Reply Comments at 1). Specifically, EMI recommends that the Department define a solar net metering facility solely by the total capacity of the inverters located on a single parcel, regardless of the number of meters or interconnection points (EMI Reply Comments at 1).

EMI, CVEC and CLC, and Klavens recommend that the Department exempt all net metering facilities of public entities from the definitions of unit and facility (EMI Reply Comments at 2; CVEC and CLC Reply Comments at 2-3; Klavens Comments at 3). These commenters assert that exempting net metering facilities of public entities from the "one parcel per facility" rule would result in more cost-effective facility designs, which would greatly benefit these public entities (EMI Reply Comments at 2). In addition, commenters claim that no harm will result from such an exemption because public entities are already limited to a total of 10 megawatts ("MW") of net metering capacity (EMI Reply Comments at 2; CVEC and CLC Reply Comments at 2-3). Klavens argues that, aside from the 10 MW cap on the overall net

[5] Black's Law Dictionary defines the term exception as "[s]omething that is excluded from a rule's operation," and it defines the term exemption as a "[f]reedom from a duty, liability or other requirement." For ease of reference, we will use these terms within this Order to distinguish between an individual case (i.e., an exception) and categorical one (i.e., an exemption).

metering capacity of public entities, there is no size limit on individual facilities; nor should it matter whether those facilities are located on one parcel or many (Klavens Comments at 3).

CVEC and CLC encourage the Department to exempt the net metering facilities of public entities with more than 2 MW of capacity (i.e., any public entity's Class III facility) from the single interconnection point requirement as long as they: (1) conform to the definition of a Class III Net Metering Facility in G.L. c. 164, § 138; and (2) were subjected to significant interconnection engineering studies prior to the issuance of D.P.U. 11-11-C (CVEC and CLC Reply Comments at 2). CVEC and CLC recommend this exemption because re-engineering and redesigning large public facilities would cause unnecessary cost and delay (CVEC and CLC Reply Comments at 2).

C. Exception for Optimal Interconnection

1. Examples of Optimal Interconnection

a. Multiple Interconnection Points for a Single Facility

CVEC and CLC, the Distribution Companies, Klavens, and Nexamp suggest examples in which multiple interconnection points for a single facility would result in optimal facility interconnection (e.g., the most cost-effective solution with no effect on the electrical safety, electrical reliability, or electrical efficiency of a facility's interconnection) (CVEC and CLC Comments at 3; Distribution Companies Reply Comments at 2; Klavens Comments at 4; Nexamp Comments at 1). In CVEC and CLC's example, consistent with an electric distribution company's recommendation, a 4 MW (AC) solar photovoltaic ("PV") public facility would be interconnected at two separate locations in order to mitigate distribution system impacts (CVEC

and CLC Comments at 3).[6] The Distribution Companies cite two examples where they encouraged developers to design their Class III wind net metering facilities with two interconnection points in order to mitigate any concerns about reverse power flow, backfeeding, and power quality (Distribution Companies Comments at 2). In addition, the Distribution Companies cite two examples where they encouraged developers to design their Class III solar net metering facilities with two interconnection points to prevent or mitigate any "flicker"[7] from passing clouds and to enable feeders to accommodate a solar net metering facility proposed by another developer (Distribution Companies Comments at 2).[8] According to Klavens, a net metering facility with two interconnection points and two meters could represent optimal interconnection because: (1) it creates greater technical and financial efficiencies; and (2) the various phases of a facility could be financed and constructed at different times. Finally, Nexamp suggests that a specific 3 MW facility on a single parcel of land could connect to separate feeders on the east and west side of the property in order to avoid making extensive upgrades to either feeder (Nexamp Comments at 1).

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6 According to CVEC and CLC, the electric distribution company had required an interconnection application for each 2 MW "facility" (CVEC and CLC Comments at 3). While CVEC and CLC have called these multiple public entity facilities, we note that, pursuant to our decision in D.P.U. 11-11-C, public entity projects may host multiple units of up to 2 MW on one parcel of land, but they may not host multiple facilities. D.P.U. 11-11-C at 23.

7 "Flicker" for solar generation is a fluctuation of voltage, as opposed to "flicker" for wind generation, which is a shadow caused by the spinning wind blades.

8 This is sometimes referred to as a "cluster," where multiple projects file applications for interconnection on a single circuit.

b. Single Interconnection Point for Multiple Facilities

According to the Distribution Companies, in some cases a single interconnection point for multiple facilities could be optimal (Distribution Companies Comments at 2). Specifically, the Distribution Companies suggest that within a multi-family residential complex or a multi-tenant commercial complex, more than one customer could have a net metering facility and meter, which could result in multiple meters on a single parcel of land at a single interconnection point (Distribution Companies Comments at 2).

c. Single Facility on Multiple Parcels and Multiple Facilities on Single Parcel

Klavens offers several examples in which the "single facility, single parcel" rule may not be optimal for net metering facilities. According to Klavens, a single public net metering facility could seek to spread multiple units over multiple parcels of land, or to locate two separately-metered units on the same parcel of land and such designs could mitigate the effects of a net metering facility on wetlands and other natural resources (Klavens Comments at 4). Also, Klavens claims that multiple meters for a single facility could enable separate control of each unit, which could better manage the overall effect of the units on the electric distribution system (Klavens Comments at 4).

2. Basis for an Exception

According to CVEC and CLC, the Department should allow an exception for any net metering facility with multiple meters and/or interconnection points if: (1) the facility is located on a single parcel of land; and (2) the distribution company deems it necessary to mitigate the effects of the facility on the distribution system (CVEC and CLC Reply Comments at 2). CVEC and CLC argue that factors for determining that an exception is warranted could include, among

other things, addressing concerns about flicker, backfeeding, and power quality. According to CVEC and CLC, a written determination from a distribution company about a facility's optimal interconnection should justify an exception to the current definitions of unit and facility (CVEC and CLC Reply Comments at 2).

According to the Distribution Companies, a net metering facility should only be granted an exception to the definitions of unit and facility when there is a sound technical or engineering reason to do so, as determined by a distribution company (Distribution Companies Reply Comments at 2). The Distribution Companies state that they have an obligation to maintain a safe and reliable electric distribution system, and they will continue to provide project developers with the company's view of the optimal interconnection design for each facility (Distribution Companies Reply Comments at 2).

3. Determination of Optimal Interconnection

EMI claims that the Department should not require the Distribution Companies to provide separate opinions for each non-conforming project because the Department should assume that the Distribution Companies have produced the best possible design for a net metering facility (EMI Reply Comments at 2). In EMI's view, a separate opinion would tie up resources and prolong the process with no real benefit (EMI Reply Comments at 2). According to the Distribution Companies, it should be a net metering customer's responsibility to convince the Administrator of the System of Assurance of Net Metering Eligibility that the final design represents the optimal facility interconnection, and not the Distribution Companies' task (Distribution Companies Reply Comments at 2).

According to My Generation, while a distribution company could provide its opinion as to whether to grant an exception, the Department should make all such determinations itself (My Generation Reply Comments at 3). My Generation anticipates that, among thousands of solar installations of all sizes, exceptions based on optimal facility interconnection should be rare (My Generation Reply Comments at 3).

D. Clarification of Terms

Klavens and My Generation suggested that the Department clarify the definition of interconnection point, because the Distribution Companies seem to consider this term to be synonymous with "point of common coupling," a term first used in a company's interconnection tariff, Massachusetts Electric Company, D.P.U. 02-38, Tariff No. M.D.T.E. 1071, at 3 (2002) (Klavens Comments at 3-4; My Generation Reply Comments at 3).

E. Other Recommendations

For various reasons, Klavens also recommends that the Department allow multiple Host Customers for the net metering projects of public entities (Klavens Reply Comments at 2).

III. ANALYSIS AND FINDINGS

A. Introduction

The Department has established a three-factor approach to defining a net metering facility: it is the generating equipment (i.e., the equipment used to produce and/or generate electricity) associated with a single parcel, at a single interconnection point, behind a single meter. D.P.U. 11-11-C at 25. Commenters discussed several aspects of this approach, as well as whether the Department should allow any exceptions based on optimal interconnection.

B. Exemptions from Unit and Facility

Several commenters suggested that all net metering facilities within the public cap be exempt from the Department's definitions of unit and facility because public entities are limited to 10 MW of net metering by G.L. c. 139(f) (EMI Reply Comments at 2; CVEC and CLC Reply Comments at 2-3). Also, EMI argues that all solar facilities should be exempt from the single meter and single interconnection point requirements because optimal interconnection of a net metering facility will depend upon the layout of its parcel of land as well as the proposed location, design, and capacity (EMI Reply Comments at 1-2).

If the Department were to grant the exemptions sought by commenters for all public net metering facilities or all solar net metering facilities, developers would have greater flexibility on project design, which could minimize the time and costs required for construction and interconnection of these projects. However, there are risks associated with creating broad, categorical exemptions to the Department's definitions of unit and facility.

First, if all public net metering facilities were exempt from the definitions of unit and facility, these terms, which appear in the statutory definitions in G.L. c. 164, § 138, would no longer have meaning. As we have previously found, elementary rules of statutory construction require that statutes be interpreted as enacted. D.P.U. 11-11-C at 14, citing Commonwealth v. Gove, 366 Mass. 351, 354 (1974). Further, each word or phrase in a statute is presumed to have its ordinary meaning. D.P.U. 11-11-C at 14, citing Davey Bros. Inc. v. Stop & Shop, Inc., 351 Mass. 59, 63 (1966). While there are specific, differing limits on the maximum capacity of public and private net metering facilities, they are all facilities, as defined in G.L. c. 164, § 138. Also, while commenters claim that developers must have adequate flexibility to respond to the

challenges of developing public projects, in the absence of any requirements about parcel, meter, or interconnection point for public net metering facilities, it would be difficult to objectively identify the parameters of a public project and ensure that it does not exceed the capacity limit of 10 MW. Finally, it is important to objectively determine the capacity of a private net metering facility because it will affect the value of net metering credits that it generates. G.L. c. 164, § 138. For all of these reasons, we must have a consistent, objective, and fair method of determining the parameters of net metering facilities.

In addition, if the Department required all solar net metering facilities to conform to the single parcel rule but exempted them from any requirements about meters and interconnection points, it would create an inequity among the technologies eligible for net metering that favors solar net metering facilities. This would be unfair and inconsistent with the plain language of the statute. Our three-factor approach to defining a net metering facility provides a reasonable and objectively verifiable means of determining the capacity of a net metering facility, regardless of technology type. While this rule may not provide developers with all of the flexibility that they seek, we find that it is in the public interest, considering the interest of advancing net metering and the interests of ratepayers, who bear all of the costs associated with this program.

Commenters have not persuaded us that there should be a broad, categorical exemption from the three-factor approach for certain types of net metering facilities. However, there may be good reasons to allow a more narrow exception to our three-factor approach for certain net metering facilities.

C. Exception for Optimal Interconnection

1. Introduction

In soliciting comment on whether to grant exceptions based on optimal interconnection, we endeavor to adopt policies that ensure an efficient and effective interconnection process. See, e.g., Interconnection of Distributed Generation, D.P.U. 11-75, at 2-3 (2011). Commenters offered numerous examples of facility designs that would constitute optimal interconnection but that could not conform to the Department's definitions of unit and facility. Based on the examples offered by commenters, we are persuaded that some exceptions to the unit and facility requirements could be warranted for optimal interconnection.

2. Basis for Exception

Commenters provided a number of examples in which multiple interconnection points and multiple meters for a single, large facility would result in optimal interconnection (CVEC and CLC Comments at 3; Distribution Companies Reply Comments at 2; Klavens Comments at 4; Nexamp Comments at 1). Reasons cited for designing a Class III wind and solar net metering facility with two interconnection points included: (1) preventing or mitigating any concerns about backfeeding, reverse power flow and power quality, or "flicker" from passing clouds; (2) enabling feeders to accommodate additional facilities proposed by other developers; (3) avoiding extensive upgrades to feeders; and (4) enabling separate control of units (Distribution Companies Comments at 2; Nexamp Comments at 1; Klavens Comments at 4).

Commenters also provided examples in which the Department's "one facility per parcel" rule may not constitute optimal interconnection for net metering facilities. For example, spreading a single net metering facility over multiple parcels of land could mitigate its effects on

wetlands and other natural resources (Klavens Comments at 4). In addition, allowing multiple facilities on a single parcel could provide an opportunity to a larger group of customers, such as a multi-family residential complex or a multi-tenant commercial complex, to enjoy the benefits of net metering facilities without any manipulation of the program (Distribution Companies Comments at 2).

After consideration, the Department recognizes that the rule established in D.P.U. 11-11-C may not always allow for optimal interconnection of net metering facilities. Some of the examples provided by commenters in which a single net metering facility could have more than one meter and/or more than one interconnection point constitute reasonable grounds for allowing an exception on the basis optimal interconnection. The rule that we established in D.P.U. 11-11-C sought to enhance objectivity and fairness by defining the parameters for the term facility, and not to add complexity to the interconnection process. Accordingly, we find that net metering facilities may be granted an exception that allows for more than one interconnection point and more than one meter on the basis of optimal interconnection (i.e., the most cost-effective solution with no effect on the electrical safety, electrical reliability, or electrical efficiency of a facility's interconnection). This exception, while narrow, will provide developers with a reasonable amount of flexibility to design and build their projects.

We are not persuaded, however, that we should create a blanket exception allowing for multiple net metering facilities on a single parcel, or for a single net metering facility across multiple parcels. We adopted the rule that a net metering facility constitutes the generating equipment located on a single parcel to complement a similar rule on qualifying for the

Commonwealth's solar generation unit carve-out program, which is administered by the Department of Energy Resources ("DOER").[9] In addition, since its adoption on August 24, 2012, the Department's single parcel rule has set expectations for developers of net metering facilities, thereby minimizing regulatory uncertainty. While we encourage developers to mitigate the effects of a net metering facility on wetlands and natural resources, creating such an exception would necessitate a subjective, technical analysis of environmental issues and policies that are outside of the Department's expertise. In addition, while we can envision situations in which multiple customers may seek relief from the rule in order to install multiple net metering facilities on a single parcel (e.g., a multi-family residential complex, a multi-tenant commercial complex, etc.),[10] such a group of customers may find it more efficient and economic to collaborate on the development of a single net metering facility on a parcel of land, and share in the resulting net metering credits, which would not require an exception. However, a petition for an exception to the single parcel rule may be filed with the Department, pursuant to 220 C.M.R. § 18.09(6). The Department will address such petitions on a case-by-case basis.

3. Determination of Optimal Interconnection

Commenters were divided on whether a distribution company should make the determination that an exception for optimal interconnection is appropriate (CVEC and CLC

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9 DOER's regulation, 225 C.M.R. § 14.05(4)(a), states that "[t]he maximum capacity of a Unit shall be 6 MW, as measured on a nameplate capacity basis in direct current and shall be determined based on the total capacity located on a single parcel of land."

10 Pursuant to G.L. c. 164, § 139(i), while certain net metering facilities are specifically exempt from the overall net metering cap, these "exempt facilities" are nonetheless net metering facilities and they are subject to the other provisions within G.L. c. 164, § 138 through § 140, and the Department's net metering regulations.

Reply Comments at 2; Distribution Companies Reply Comments at 2; EMI Reply Comments at 3; My Generation Reply Comments at 3). Several commenters supported entrusting this determination to the Distribution Companies because: (1) Distribution Companies must maintain their distribution systems; and (2) they have the necessary technical and engineering expertise to make such determinations (CVEC and CLC Reply Comments at 2; EMI Reply Comments at 2; Distribution Companies Reply Comments at 2). The Distribution Companies assert that they already provide feedback on developers' project designs and suggest optimal interconnection based on the proposed location, the capacity limits on the feeder, and reliability concerns (Distribution Companies Comments at 2). One commenter recommends that the Department make this determination in order to prevent any gaming of the system (My Generation Reply Comments at 3).

As the providers of electric distribution service, the Distribution Companies must maintain a safe and reliable electric distribution system for their customers. Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid, D.P.U. 11-85-A/11-119-A at 12 (2012); NSTAR Electric Company, D.P.U. 11-85-B/11-119-B at 13 (2012); Western Massachusetts Electric Company, D.P.U. 11-119-C at 12 (2012). Also, the Distribution Companies provide net metering services to net metering customers, which requires the Distribution Companies to determine, among other things, whether customers and their facilities are eligible for net metering services. Because they have the most knowledge about their customers and their electric distribution system infrastructure, the Distribution Companies are best situated to determine what constitutes optimal interconnection. Accordingly, we find that the Distribution Companies may grant exceptions to the Department's requirements

for metering and interconnection points on the basis of optimal interconnection, as described in Section II.C.2., above.[11]

In allowing the Distribution Companies to grant exceptions on the basis of optimal interconnection, we decline to require special documentation. However, the Distribution Companies must apply consistent standards and must maintain adequate internal documentation of any decision to grant or deny an exception. Further, the Distribution Companies must continue to ensure that net metering services are provided only to eligible customers. Currently, there has been no need for the Distribution Companies to determine whether a customer and facility are eligible for net metering until the customer seeks net metering services, which often has been post-construction. However, because the Distribution Companies will be granting exceptions to the Department's rules on meters and interconnection points without any special documentation, and they will continue to determine the eligibility of facilities for net metering, the most efficient method of clarifying expectations between the Distribution Companies and such customers is at an early stage of project design.

In addition, because of the increase in net metering among distributed generation customers, we direct the Distribution Companies to develop—in addition to reviewing interconnection applications—a means of evaluating all customers' (i.e., public and private) and all facilities' eligibility for net metering services at an early stage of project design. We direct the Distribution Companies to submit to the Department within 30 days of the date of this

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[11] While customers with net metering facilities that seek relief from the single interconnection point and/or from the single meter requirement should address their requests to the Distribution Companies, if they seek relief from the single parcel requirement, they should address such petitions for an exception to the Department, pursuant to 220 C.M.R. § 18.09(7).

Order[12] a written joint proposal for how and when they will evaluate and communicate with customers about their eligibility, and their facilities' eligibility, for net metering services.

D. Clarification of Terms

1. Point of Common Coupling

Klavens and My Generation suggest that the Department clarify the definition of interconnection point, because the Distribution Companies seem to consider this term to be synonymous with "point of common coupling" (Klavens Comments at 3-4; My Generation Reply Comments at 3).

As discussed above, a net metering facility includes generating equipment. If a customer hosts a net metering facility, the location where the generating equipment meets the electric distribution system is commonly referred to as the customer's point of common coupling (i.e., the customer's interconnection point).[13] The Department established that a net metering facility is the generating equipment associated with a single parcel of land, interconnected with the electric distribution system at a single point, behind a single meter. D.P.U. 11-11-C at 23. Our adoption of this rule for a net metering facility, however, did not impose a new limit on a customer's interconnection points or points of common coupling for any non-net metering purposes, nor did it prohibit customers from establishing a new point of common coupling at

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12 Pursuant to 220 C.M.R. § 1.02(4), the Department's regulation on computation of time, this means 30 calendar days.

13 In the Department's model interconnection tariff, the point of common coupling is defined as the point where the interconnecting customer's local electric power system connects to the Distribution Company's electric distribution system, such as the electric power revenue meter or the premises service transformer. Distributed Generation and Interconnection, D.P.U. 11-75-E, Appendix A, Section 1.2 (2013).

which to interconnect a net metering facility. Rather, in D.P.U. 11-11-C, we stated that only one interconnection point can be associated with a net metering facility. Here, we clarify that while a net metering facility must be interconnected at a single point (unless an exception is granted by the Distribution Company as outlined above), a customer may have an unlimited number of interconnections to the electric distribution system for any non-net metering purposes. For instance, a warehouse customer may install and establish a new interconnection for a rooftop solar net metering facility and export electricity to the distribution grid without incurring any obligation to flow the electricity through an existing meter. However, if a customer seeks to interconnect a net metering facility at several different points on a single parcel (e.g., by installing rooftop solar arrays on several separate buildings), then the customer must obtain an exception from the Distribution Company on the basis of optimal interconnection.[14]

2. Net Metering Facility

In addition, we clarify a further application of the rule in D.P.U. 11-11-C regarding the term facility for purposes of net metering. As stated above, a net metering facility is the generating equipment (i.e., the equipment used to produce and/or generate electricity) associated with a single parcel of land, at a single interconnection point, behind a single meter. We have not yet clarified whether this rule applies to all generating equipment that a customer installs on a parcel of land. In other words, if a private entity customer installs, for example, a 3 MW solar

[14] We note, however, that the customer's aggregated net metering capacity on the parcel will determine its eligibility and class size as a net metering facility. For example, if a customer installs two rooftop solar arrays of 45 kilowatts ("kW") each, on two separate buildings, and is granted an exception for optimal interconnection (thereby allowing for two meters and two interconnection points), the aggregated capacity would nonetheless qualify as a single Class II net metering facility and not two Class I net metering facilities.

array, may it consider 2 MW to be net metering eligible and 1 MW to be ineligible? We answer this question below.

No customer may seek net metering services for a portion of a generating facility. For example, if a private entity customer seeks to install 3 MW of generating equipment as a net metering facility, all of the installed capacity will be ineligible for net metering services. Similarly, if a public entity customer installs a 12 MW facility, it may not seek net metering services for only a portion of the generating equipment.

However, nothing prevents a customer from installing a net metering facility in phases, with old and new generating equipment, assuming that all such equipment is eligible under the Department's net metering regulations and that the customer seeks a net metering cap allocation for all such equipment. For example, if a private entity customer has a 1 MW solar net metering facility, and later expands the facility to a total of 2 MW, the customer may seek net metering services for all of the equipment. Again, we have established a rule that recognizes a net metering facility as the generating equipment located on a single parcel, at a single interconnection point, and behind a single meter, but if a facility needs relief from one of these requirements, it may seek an exception from the Department (i.e., for exceptions to the single parcel requirement) or from the Distribution Companies (i.e., for exceptions to the single interconnection point and/or from the single meter requirement).[15]

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[15] We note, however, that net metering facilities should not be confused with separate electric generating facilities that do not receive net metering services, such as Qualifying Facilities ("QFs"). See, e.g., Qualifying Facilities and On-Site Generating Facilities, 220 C.M.R. § 8.00 et seq. By definition, and under the terms of certain tariffs, non-net metering facilities are permitted to sell electricity. See, e.g., 220 C.M.R. § 8.05; Boston Edison Company, Tariff M.D.T.E. No. 161; Cambridge Electric Company, Tariff M.D.T.E. Nos. 260 and 261; Commonwealth Electric Company, Tariff M.D.T.E. Nos.

E. Other Recommendations

For various reasons, one commenter also argued that the Department should allow the net metering facilities of public entities to include multiple host customers (Klavens Reply Comments at 2). We ruled on this issue in D.P.U. 11-10-A at 28, the comments have not persuaded us to revise our ruling, and they are beyond the scope of the issues on which we sought comment. Accordingly, we decline to address these comments here.

F. Conclusion

The Department reaffirms the definitions of unit and facility adopted in D.P.U. 11-11-C. However, where appropriate, Distribution Companies may grant exceptions to net metering facilities to allow additional meters and interconnection points on the basis of optimal interconnection.[16] We decline to impose upon the Distribution Companies an obligation to report or submit documentation to the Department or to the Administrator of the System of Assurance when the Distribution Companies allow such an exception; no further information will be required. However, given the increased volume of interconnection applications for net metering projects and the amount of changes to net metering law and policy, we expect the

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360 and 361; Fitchburg Gas and Electric Light Company, Tariff M.D.T.E. No. 57; Massachusetts Electric Company, Tariff M.D.T.E. No. 1032-C; Nantucket Electric Company, Tariff M.D.T.E. No. 1032-C; and Western Massachusetts Electric Company, Tariff M.D.T.E. No. 1014-C. In contrast, a net metering facility will receive net metering credits in exchange for electricity. See, e.g., 220 C.M.R. § 18.04. Without exception, all non-net metering facilities must be separately interconnected and separately metered from all net metering facilities.

16 Again, if customers with net metering facilities need relief from the single interconnection point and/or from the single meter requirement, they should address their requests to the Distribution Companies, and if they seek relief from the single parcel requirement, they should address such petitions for an exception to the Department, pursuant to 220 C.M.R. § 18.09(7).

Distribution Companies to renew their best efforts to communicate all requirements associated with eligibility for net metering, including the definition of unit and facility, to applicants at an early stage of net metering project development. Accordingly, we direct the Distribution Companies to jointly submit within 30 calendar days a written plan for how they will evaluate and communicate net metering eligibility requirements to their customers at an early stage of net metering project development.

IV. ORDER

Accordingly, after notice, comment, and due consideration, it is hereby

ORDERED: That the exception to the terms unit and facility on the basis of optimal interconnection as described herein is adopted, effective as of the date of this Order; and it is

FURTHER ORDERED: That, within thirty days of the date of this Order, Fitchburg Gas and Electric Light Company, d/b/a Unitil; Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid; NSTAR Electric Company; and Western Massachusetts Electric Company shall submit a written report on a plan for how they will communicate net metering eligibility requirements to their customers at an early stage of net metering project development; and it is

FURTHER ORDERED: That Fitchburg Gas and Electric Light Company, d/b/a Unitil; Massachusetts Electric Company and Nantucket Electric Company, d/b/a National Grid; NSTAR Electric Company; and Western Massachusetts Electric Company shall comply with all other directives contained in this Order.

By Order of the Department,

/s/
Ann G. Berwick, Chair

/s/
Jolette A. Westbrook, Commissioner

/s/
David W. Cash, Commissioner