

Senate Energy and Natural Resources Committee

Daley Frenette 271-3042

HB 1599-FN, relative to customer generators who sell renewable energy certificates.

Hearing Date: April 5, 2022

Members of the Committee Present: Senators Avard, Giuda, Gray, Watters and Perkins Kwoka

Members of the Committee Absent : None

Bill Analysis: This bill establishes deductions from the monetary credit for certain exports to the electric grid until the public utilities commission adopts alternative tariffs.

Sponsors:

Rep. Vose

Rep. Notter

Who supports the bill: 3 People Signed Support.

Who opposes the bill: 75 People Signed in Opposition.

Who is neutral on the bill: 1 Person Neutral.

Summary of testimony presented:

Representative Vose, Rockingham-District 9

- HB 1599-FN attempts to correct a mistake that was made back in 2017 when the latest tariff was established for net metering regarding customer generators who generate over 100 kilowatts of electricity. What happened was the Public Utilities Commission changed the way that net metering customers were compensated for the energy they put back onto the grid. Prior to 2017, those customers received credit for all of the kilowatt hours that they put onto the grid. The new tariff in 2017 changed that scheme and monetized the value of the kilowatt hours that were put back onto the grid by a customer generator. What that did was it required the utilities to be obligated to pay for the amount of electricity used by the customer generator even though the customer generator got credited for part of that energy.
- One example is if a customer generator had put 1000 kilowatt hours of electricity under the grid and we received cash for 500 of that the utility was obligated to pay RPS on the full 1000-kilowatt hours, but the customer

generator was not paying his fair share of that thousand-kilowatt hours. This is what Honorable Cliff Below described as the missing money problem. Mr. Below testified before the House Science, Technology, and Energy Committee saying, “The problem with the current compensation of full default service rate is that it creates a missing money problem that results in substantial and ironic undo cost shifting that did not occur before 2017 with traditional net metering. This particular change in how RPS compliance costs are calculated creating the current missing money/cost shifting problem was not explicitly recognized by any of the parties or PUC staff or commissioners and DE16-576, the PUC docket, in which the first iteration of alternative net energy metering tariffs were developed.

- HB 1599 actually puts into statute language that was authored by the Honorable Mr. Below that essentially says that a customer generator cannot be compensated for RPS costs that are due because that would shift costs to everybody else in the system because the utility is still responsible for that obligation.
- Representative Vose considers this bill to be a technical fix and is sure the PUC will address it when they complete their next iteration of net metering tariff generation or establishment. In the meantime, we think it is important to shift as few costs as possible to non-net metering customers and this bill will do that.
- Senator Avard asked if Cliff Below helped draft the bill. Representative Vose stated that he did.
- Senator Giuda asked if this issue is being looked at by the Department of Energy’s ongoing Value of Distributed Energy Resources Study. Representative Vose stated that he was unsure. Until he sees the study, he will not know what is in it.
- Senator Watters asked if Representative Vose could provide the committee with a copy of Mr. Below’s testimony. Representative Vose stated that he would.

Greg Moore, AFP-NH

- Mr. Moore stated his support for the bill. They have no problem with customer generators. Their issue is with the costs that get passed along to other ratepayers and this bill as well as HB 1629-FN reduce the cost shifting onto these ratepayers. He understands that the DOE is currently studying cost shifting, but they believe that these are positive steps forward.

Josh Elliot, Department of Energy

- The DOE is neutral on the bill. He noted that the bill as currently written would only apply to new customer generators with a total peaking capacity of greater

than 1 megawatt. This would only impact municipal hosts who are allowed to generate above 1 megawatt.

Sam Evans-Brown, CENH

- Mr. Evans-Brown spoke in opposition. While this bill in principle makes sense, it is only looking at one half of the ledger, whereas there are many benefits to the grid and many cost shifts that go in the opposite direction. For example, whenever a renewable generation facility is producing a reduction in coincident peak demand, that is lowering capacity payments that are needed to be made regionally as well as transmission payments. He asked why we should simply look at reducing compensation to these municipal facilities that are just getting off the ground in the wake of HB 315. The developers are trying to make these new projects and have not yet got their bearings and we are already trying to shift their compensation.
- Mr. Evans-Brown stated that we should wait for the Value of Distributed Energy study to be completed so we may have a better understanding of this issue and then we can have a more fulsome conversation of what is the appropriate compensation regime for these distributed energy resources, as opposed to looking at individual items.
- Senator Watters asked if they would be amendable to making the effective date of the bill a year later in order to give these businesses that are just getting off the ground enough time to prepare themselves. Mr. Evans-Brown said that would be helpful. He stated that he has conversations with solar developers weekly who are interested in coming into the market because of HB 315. The feasibility of these projects is limited because there are not many municipalities in New Hampshire that can support a 1–5-megawatt project. The further restriction that the project needs to be located within the geographic boundaries of the municipality has meant that there will not be many projects as a result of HB 315. HB 1599-FN is another restriction on top of that which will likely decrease the number of projects as well. They still oppose the bill and the finances for these municipal projects are already fairly tenuous in New Hampshire without eliminating an extra half-cent off their compensation rate.

Heidi Kroll, Granite State Hydropower Association and Monadnock Paper Mills

- Mrs. Kroll stated her opposition to the bill. One reason they are opposed is that the Value of Distributed Energy Resources study is nearing completion and the purpose of the study is to look at all the values and potential cost shifting. This bill may be premature because of that. The bill is only looking at one side of the ledger and we could be missing factors such as avoided distribution costs, avoided transmission costs, avoided capacity costs, and environmental benefits.

- It is also important to remember that the PUC docket, all the stakeholders that were involved including the utilities, consumer advocates, and renewables advocates including the Granite State Hydropower Association as well as the Office of Energy and Planning all agreed to work within the alternative new metering tariff that was adopted and to work with that until the study was completed. This bill deviates from that. They believe that there is value for net metered energy above the default rate.
- She added that if the committee is inclined to move forward with this bill, they believe the term “new” needs to be clearly defined as it is not clear what “new” means. In other legislation, the committee has used language such as “first became operational after” a certain date. They oppose the bill but ask that clarifying language be added if the committee decides to move forward with it.

Jennifer Smith, MD, MPH

- Mrs. Smith stated that she cannot speak for her town energy committee they are an advisory committee and she does not have that power. She noted that Heidi Kroll mentioned a few things that may apply to her town if they got to the point where hydropower in their town is being limited by private use who may be induced to use some kind of contract with the town to use more of their hydropower since they could go beyond the 1-megawatt limit. She agrees that this makes things less useful. She owns a small array that is in group net metering and it was very difficult to pencil out even with grant money how they were going to make it work. We should wait on this.

Representative Vose, Rockingham-District 9

- Senator Watters asked if Representative Vose could comment on the request to clarify the term “new”. Representative Vose stated that the New Hampshire constitution prohibits legislating backwards, the assumption would be that any new generation that came online after the passage of the bill would be subject to the new tariff.
- Senator Watters asked if it makes sense to push the implementation date of the bill to a later date. Representative Vose stated that since this bill fixes a problem that is occurring now, it should be implemented as soon as possible and then the PUC will make a new tariff determination in the future that will likely take all this into account. In the meantime, costs are being shifted to customers and we should not do this.

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