

MEMORANDUM

TO: Gregg Tivnan, Assistant Town Manager, Town of Nantucket
FROM: George H. Aronson, Principal, CRMC, Senior Advisor, Nantucket Energy Office
RE: Meeting with the Mass DPU and Nantucket on Net Metering
DATE: 26 January 2012

The meeting was attended by the following:

Mass. Department of Public Utilities

- Ann Berwick, Commissioner and Chair
- Laura Bickel, Esq., Hearing Officer on Docket No. 11-10 (net metering regulations)
- Nathan Phelps, Economist, Electric Power Division
- Kate McKeever, Chief of Staff

Representing Nantucket

- Honorable Senator Daniel Wolf
- Honorable Representative Timothy Madden
- Michaelah Morrill, Chief of Staff for Senator Wolf
- Kaitlin Lynch, Legislative Director for Senator Wolf
- Amy Goldberg, Legislative Aide to Representative Madden
- George Aronson, Principal, CRMC, Senior Advisor, Nantucket Energy Office
- Whitey Willauer, Nantucket Selectman (by speaker phone)

The Mass DPU representatives explained that the DPU had completed its role in the promulgation of the regulations implementing the 2010 amendment to the Green Communities Act (the 2011 Regulations). The 2011 Regulations are now in the pipeline for promulgation by the Governor's office, but there is no required timeline for their promulgation and no way to predict how long that process will take. When promulgated, the 2011 Regulations would raise the ceiling on Nantucket Electric Company net metering project eligibility from 390 kW to 802 kW for municipal projects and to 401 kW for private projects.

The Mass DPU representatives also explained that Nantucket could request the DPU to undertake a separate proceeding to request that Nantucket Electric combine its net metering program with that of Massachusetts Electric. Such a separate proceeding would take a minimum of 60 days to provide for adequate notice and comment periods, and might take substantially more time if intervenors raise issues requiring resolution, or if DPU staff are unavailable due to deployment on other projects. Upon successful conclusion of such a

separate proceeding, Nantucket would have the same access to the 100 MW state-wide cap of eligibility of net metering project as would other municipalities served by National Grid in Massachusetts. That would enable a 900 kw wind turbine project and multiple solar PV projects to be eligible for net metering, provided that the 100-MW cap was not met by other projects from other towns. On the other hand, Nantucket would then be competing for program eligibility space with other towns. Under the existing scheme, Nantucket does not need to compete with other towns for access to the cap under its net metering program.

The DPU representatives also confirmed the following:

- Consolidation of the net metering program caps of Nantucket Electric and Massachusetts Electric would not, in their view, violate covenants or conditions of tax exemption of the financing for the electric cables.
- Consolidation would not have any impact on Nantucket electric rates (other than those related directly to the impact on net metering).
- Facilities, once eligible, would continue to be eligible for the life of the program.

Based on the above, the Madaket Wind Turbine could become eligible for net metering through either of the following routes:

1. Wait for the 2011 Regulations to be promulgated, then implement a project of 802 kW or less – either by procuring a turbine of under 802 kW, or by restricting the output of a larger turbine to a maximum of 802 kW. In the latter case, as Nantucket's peak load grows over time, the restriction to 802 kW could be lifted accordingly.
2. Request the DPU to conduct a separate proceeding to consolidate the Nantucket Electric and Massachusetts Electric net metering programs, then pursue eligibility upon its conclusion.

Neither route would provide the Madaket Wind Turbine project with absolute assurance of eligibility for net metering by the date of Town Meeting (March 30, 2012), due to the time required to conduct a separate consolidation proceeding and the uncertain schedule for release of the new regulations.

Based on the above, CRMC recommends the following:

1. Evaluate the Madaket Wind Project on the basis of eligibility for 802 kW of net metering. Conduct sensitivity cases to evaluate the economic impacts of such limit based on (a) procurement of a turbine rated at below 802 kW; and (b) operation of a larger turbine limited to 802 kW in order to comply with the net metering program limit.
2. Defer the request for consolidation of the programs at least until after Town Meeting.
3. Pursue consolidation only if needed for development of other projects (e.g., solar PV projects) that appear feasible.