

**Comments of**  
**The United Illuminating Company**  
**Before the Energy & Technology Committee**

**Re:**

**Raised House Bill No. 5364**  
**AN ACT CONCERNING VIRTUAL NET METERING**

**Legislative Office Building**

**March 4, 2010**

Good afternoon Senator Fonfara, Representative Nardello, members of the Energy and Technology Committee. My name is Michael A. Coretto – Associate Vice President – Regulatory & Legislative Affairs for The United Illuminating Company (“UI” or “Company”). UI submits these comments on **Raised House Bill 5364 – AN ACT CONCERNING VIRTUAL NET METERING.**

The Company is concerned that passage of HB 5364 will result in a shift of costs to support the transmission and distribution system from customers who participate in the virtual net metering to those who do not. The result is that rates will go up for non-participating customers.

While it is not entirely clear based on the proposed language, it appears that any beneficial account would receive credit for all current retail charges on their electric bills associated with the generation from the virtual net metering facility. The result is that both the customer host and all designated beneficial accounts receive credit for their competitive transition assessment (CTA) charge, systems benefits charge (SBC), conservation and load management (CLM) charge, the renewable energy investment (REI) charge, along with their transmission and distribution (T&D) charges. (line 15)

The result is a form of retail wheeling. The utility T&D system is clearly being used to “wheel” power from the generating facility to the beneficial accounts. However, those accounts are not paying for their use of the system. Since the infrastructure of the electric system is unchanged, the costs to support that system are not recovered from the host and beneficial accounts but rather are shifted to other retail customers.

However, there is language in the proposed bill which seems to limit the credit for excess generation to the applicable generation services charge (line 57-58). This is certainly a more equitable allocation of costs and benefits of these proposed facilities, but the language throughout the proposed bill is inconsistent and unclear.

The avoidance of the CTA and SBC charges for both the customer host and the beneficial accounts appears to be in conflict with other statutory language, specifically Section 16-243(h) which obligates Class 1 renewable facilities larger than 10kW to pay those charges on their gross generation, not on their net consumption. This statute was enacted so that customers could not avoid paying their fair share of the support of the electric system that provides them backup service for interruptions of on-site generation.

The proposed bill is also unclear as to the cost responsibility (and recovery) of "necessary interconnections" (line 36) and "metering equipment" (lines 38-39). These provisions obligate the electric distribution company to install these facilities but do not appear to allow for cost recovery. In essence, the virtual net metering facilities are being treated differently from other generating facilities that are required to bear the cost of many of the interconnection and metering facilities.

Finally, there are technical issues on how such a proposal could be implemented, given the current process for daily load settlement with ISO-NE. That process allocates all load within a distribution company's territory to the various retail suppliers who may be serving customers. A cornerstone to that process is that each meter, or point of delivery, is a customer. That relationship is critical to allow the process to be completed within the deadlines established by the marketplace. The proposed bill would disrupt that relationship and creates a mismatch between the wholesale responsibility for load and the retail payment for load. In effect, certain suppliers will be allocated more (or less) load in the settlement process, creating either additional revenue or additional expense for those suppliers. There are also issues in connection with implementation of the proposal such as the sixty day notice for the designation of a beneficial account, which time frame may be insufficient to assure accurate billing.