

Attachment 1 to RI Housing Letter
Dated November 29, 2016 Re:
National Grid's Tariff Advice Filing
to Amend Net Metering Provision
RIPUC No. 2178 (cancelling RIPUC No. 2169)

**Renewable Net Metering Credit
Low or Moderate Income Housing Eligible Credit Recipients
Submission Requirements to Determine Eligibility and
Determination of Benefits to Tenants**

I. Overview

Pursuant to the recent amendments to Chapter 26.4 of Title 39 of the General Laws entitled "Net Metering" (the "Act"), certain low or moderate income housing developments that comply with the provisions of R.I.G.L. Section 39-26.4-2(3)(iii) are eligible to receive net-metering credits ("Credits") under the Act. To be considered a low or moderate income housing development Eligible Credit Recipient under the Act, ("LMI Property") the LMI Property must satisfy the following provisions:

1. Must receive assistance under any federal, state, or municipal program to assist the construction of rehabilitation of housing affordable to low- or moderate-income households;
2. Must be encumbered by a deed restriction or other similar covenant (the "Use Agreement") that:
 - a. Restricts occupancy of at least 50% of the units in the property to households with a gross annual income that does not exceed eighty percent of the area median income ("AMI") as defined by HUD;
 - b. Restricts the monthly rent, including a utility allowance, that may be charged to residents to an amount that does not exceed thirty percent of the gross monthly income of a household earning eighty percent of AMI; and
 - c. Has an original term of not less than thirty years from the inception of the Use Agreement; and
3. Must agree that at least 50% of the Net Value of the Credits, as defined below, will be used to provide benefits to tenants of the LMI Property. The Net Value of the Credits is equal to the gross Credits available under the Act, less any payments made by the Property for receipt of the Credits. By way of example, if the gross Credits available are \$10,000, and the payment by the LMI Property for receipt of the Credits is \$8,000, the Net Value of the Credit is \$2,000, and at least \$1,000 must be used to provide benefits to tenants.

II. Submission Requirements

Applicants seeking to receive net-metering credits under the Act must submit an application to Rhode Island Housing, which application shall contain the following documents and information:

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1. A statement identifying the federal, state or municipal program under which the LMI Property receives assistance, and a summary description of the program and the assistance provided;
2. A statement specifying the total number of housing units at the LMI Property, and the number of units which are set aside for occupancy by households with annual income that does not exceed eighty percent of AMI;
3. A rent schedule for the LMI Property, by unit type, specifying the number of bedrooms in each unit type and the total rental charge for each unit type, and the total utility allowance for each unit type, if applicable;
4. A copy of the Use Agreement, along with evidence that the Use Agreement is recorded in the land evidence records of the community where the LMI Property is located, including the book and page of recording;
5. A schedule of the anticipated benefits to the property from the credit purchase agreement or remote net-metering credit agreement sufficient to determine the anticipated Net Value of the Credits;
6. A statement describing the way in which the Net Value of the Credits will be used to provide benefits to tenants of the LMI Property;
7. A non-refundable application fee of \$200.00 payable to Rhode Island Housing; and
8. A certification signed by an authorized representative of the Applicant and LMI Property acknowledging that:
 - a. The LMI Property must comply with the "Benefit to Tenants" provisions of the Act as a condition of eligibility for receipt of Credits, including submission of an annual compliance certification to Rhode Island Housing and such other information as Rhode Island Housing may reasonably require to determine compliance with the Act;
 - b. Applicant will only be eligible to receive net-metering credits during the period that the Use Agreement remains in full force and effect;
 - c. Applicant or LMI Property will be responsible for an annual monitoring fee of \$50, or such amount approved by the Public Utilities Commission ("PUC"), to Rhode Island Housing to cover the costs of compliance monitoring under the Act.

Rhode Island Housing will conduct an initial review of the application to determine whether the LMI Property qualifies as a Low or Moderate Income Housing Eligible Credit Recipient under the Act, and will promptly notify the Applicant of its determination.

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III. Determination of Benefits to Tenants

The Act does not provide specific direction as to what constitutes qualifying benefits to tenants. It appears that this was a deliberate choice in order to provide the LMI Property maximum flexibility in using the Net Value of Credits to benefit tenants. Rather than specifying how the LMI Property must employ the Net Value of Credits to benefit tenants, an LMI Property is encouraged to propose creative approaches of using at least 50% of the Net Value of the Credits to benefit tenants. These approaches could include direct reduction or rebates of tenant rents; establishment of increased operating or replacement reserves of the property; provision of free or reduced-cost high-speed internet access for the residents; provision of social service programs, such as job training or financial literacy programs, to the tenants; installation of additional energy-savings programs for the property, and other similar initiatives. This is not intended to be a comprehensive listing of potential initiatives to provide benefits to tenants. Proposals that are reasonably consistent with the approach set forth above will be deemed satisfactory. If the Net Value of the Credit is negative in any year, there is no "benefit" from the Credits to provide to tenants; however, in such event, the LMI Property may not take action that would result in fewer benefits to tenants than was provided prior to the LMI Property's participation in the program.

IV. Noncompliance

In the event that that Rhode Island Housing determines that a certified LMI Property no longer satisfies the requirements under the Act, Rhode Island Housing shall promptly notify National Grid, OER, the PUC, the Applicant and the LMI Property of this determination. Applicant and the LMI Property shall have six months from this notification to (i) provide evidence that the LMI Property has cured the noncompliance, or (ii) reassign the Credits to a substitute LMI Property that satisfies the requirements of the Act. Failure of (i) the LMI Property to cure the noncompliance or (ii) the Applicant to reassign Credits within the six month period will be result in loss of Credits.