Extended Eligibility Term for Municipal Group Net Metering Projects: *A Guide for Municipalities*

A Joint Advisory of the New Hampshire Municipal Association and Clean Energy NH
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Summary of Changes Pursuant to Chapter Law 315 (SB 538)

Chapter Law 315 (SB 538) amends RSA 362-A:9 to extend the eligibility term for municipal group net metering projects to 2040 or for 20 years, whichever is longer.

Summary of Net Metering

In New Hampshire, net energy metering (NEM) is the billing mechanism that allows eligible customer-generators, including solar and hydropower energy systems, to receive credits for electricity generated onsite and exported to the electric distribution grid. Eligible systems are capped at less than 5 MW for municipal hosts and less than 1 MW for all other customer-generators. Rather than selling power into ISO New England's wholesale markets these systems opt to participate in the NEM program, which is regulated by the state PUC and not the Federal Energy Regulatory Commission (FERC).

Chapter Law 315 adds a new paragraph, RSA 362-A:9, II-a, that establishes an extended eligibility term for municipal group net metering projects. In addition to covering municipal hosts, this bill also covers low-moderate income (LMI) community solar projects designated for the Electric Assistance Program (EAP). The amendment does not require any local ordinance, vote, or other municipal action to take effect; it operates directly as a change to state law and the tariffs offered by each electric distribution utility.

Definitions

As defined in RSA 362-A:1-a:

Municipal host means, "a customer generator with a total peak generating capacity of greater than one megawatt and less than 5 megawatts used to offset the electricity requirements of a group consisting exclusively of one or more customers who are political subdivisions, provided that all customers are located within the same utility franchise service territory" and now includes "a low-moderate income community solar project designated for the Electric Assistance Program," as established in SB538.

Political subdivision means, “the state of New Hampshire or any city, town, county, school district, chartered public school, village district, school administrative unit, or any district or entity created for a special purpose administered or funded by any of the above-named governmental units.”

Other definitions:

A utility service territory is the geographic area where a particular utility company-- in NH these include Eversource, Unitil, Liberty, the New Hampshire Electric Co-op-- is authorized and responsible for providing distribution services such as electricity.

Utility tariffs are approved by the New Hampshire Public Utilities Commission (NHPUC) and establish the rates, charges, and terms under which utilities provide service. While a rate generally refers to the cost per unit of electricity, a tariff encompasses the broader pricing framework, including monthly service fees or customer charges, and other applicable fees.

Municipal Net Energy Metering Background

New Hampshire has allowed group net metering since 2013, when SB 98 first authorized net-metered group host facilities that were up to and including one megawatt to share excess electricity generation with other account holders ("group members") in the same utility territory who themselves are not customer-generators.

Prior to 2017, New Hampshire operated under NEM 1.0 (Standard Net Metering). Under this tariff, systems generally received 1:1 net-metering compensation, which is to say that any electricity generated was valued at the same amount as electricity consumed. In 2017, New Hampshire implemented NEM 2.0 (Alternative Net Metering) under PUC Order No. 26,029. For systems greater than 100 kW and up to 5 MW (for municipal group hosts), NEM 2.0 only provides a full credit for the default-service energy component of electricity exported to the grid, but not the other charges. Importantly, in order No. 26,029 the PUC left the 2040 end date in place for NEM 2.0. In a subsequent order, 27,074, the PUC again declined to extend the NEM 2.0 program beyond 2040.

A 2021 law (HB315) extended eligibility for "municipal host" arrays from one megawatt to five megawatts, provided the electricity offsets a group made up entirely of political subdivisions within the same utility service territory. Municipalities have come together to take advantage of this framework to develop shared distributed energy resource projects, typically a large solar array or local hydropower project, at a scale no single town could finance alone. There have been growing concerns that, absent a legislative fix, projects have a shrinking period in which they know how to model their future revenue and have faced growing financial uncertainty. Without certainty that some sort of compensation structure other than wholesale market participation will exist after 2040, lenders were increasingly viewing New Hampshire as an uninvestible market, and project developers were not able to get loans to finance their projects. As a result, NH was discouraging new project development and the pipeline of proposed municipal arrays in the interconnection queue began to decline dramatically in 2025.

Who Is Covered in the updated RSA 362-A:9

The extended term applies to an "eligible customer-generator" that meets three requirements

- Has submitted an interconnection application to a distribution utility on or before the effective date of this law (September 8th, 2026);
- Is used to offset the electricity requirements of a group consisting exclusively of one or more political subdivisions or LMI community solar projects designed for the EAP; and,
- First receives compensation under an Order No. 26,029 (NEM 2.0) alternative net metering tariff.

Revised Eligibility Term

A qualifying municipal group net metering project remains eligible for its Order No. 26,029 tariff for whichever is longer:

- 20 years from the first year in which the project first receives net metering compensation, or
- Until January 1, 2040.

This replaces the prior arrangement, under which many municipal projects faced a sunset around 2040 regardless of when they came online — leaving projects with a shrinking and less financeable, guaranteed term.

What happens at expiration?

Upon expiration of a project's eligibility after 2040 or the 20-year term, the customer-generator may transition to whatever net metering tariff is available at that time, rather than losing net metering access altogether.

Effective Date: September 8, 2026.
Statute Amended: RSA 362-A:9