

WASHINGTON ELECTRIC COOPERATIVE, INC.

NET METERING TARIFF

A. Application.

The following tariff shall apply to members who: (1) take service under a rate within this electric service tariff, (2) have received approval pursuant to 30 V.S.A. sections 219a and 248 from the Vermont Public Service Board (“Board”) for an individual net metered system or a group net metered system as defined below, and (3) employ an eligible system (defined below in sections C(1) and D(1)) to generate electricity primarily for their own use and which from time to time generates electricity in excess of the member's then current needs and is connected to deliver such excess electricity to the Washington Electric Cooperative, Inc.'s (“WEC” or “Co-op”) distribution system. Members must conform to all applicable requirements of 30 V.S.A. sections 219a and 248 and to Vermont Public Service Board Orders, Rules, Regulations, electrical safety, power quality, current WEC bylaws and membership application provisions, and interconnection requirements pertaining to self-generation of energy for net metering. This tariff provision shall not supersede any terms and conditions of any other tariff provision under which the member takes service from WEC, which other terms and conditions shall continue to apply.

A net metering system or facility installed after the filing of this tariff as referenced herein shall include any new construction or the replacement of a net metering system that requires a Certificate of Public Good from the Board.

B. Certificate of Public Good and Energy Efficiency Audit.

Any member seeking to take service in accordance with this tariff provision shall be required to submit written application for a certificate of public good under 30 V.S.A. sections 219a and 248 to the Board on forms specified by the Board, follow all procedures specified in those forms, and obtain such a certificate from the Board before connecting any eligible *system* to WEC's distribution system or any portion of the member's own electric system that is itself connected to WEC's electric distribution system.

A certificate of public good for a net metering system is automatically transferred when the property with the net metering system is sold or otherwise conveyed. The new owner may commence net metering provided that the new owner: (1) agrees to operate and maintain the net metering system according to the terms and conditions of the certificate of public good and in compliance with Board Rule 5.100 and; (2) files a transfer form provided by the Board with the Co-op and the Board.

An Energy Efficiency Audit will be required and applies to members who install net metering systems (both individual and any member participating in a group net metering system) after the date of the filing of this tariff. Any residential member seeking to take new service in accordance with this tariff, with historic energy consumption of 750 kWh or more per month that is based upon the past two years average kWh consumption, or any commercial or industrial member regardless of average use shall be required to obtain an Energy Efficiency Audit prior to submitting an application to the Public Service Board as set forth above.¹ The Energy Efficiency Audit may be provided by Efficiency Vermont or any other vendor/contractor approved by WEC. The Energy Efficiency Audit must provide a summary of energy efficiency options, savings, and recommendations. The member, at its discretion, shall decide whether or not to implement the recommendations. However, this requirement shall be waived by WEC in the event the member can demonstrate that its home and/or building that is taking service under this tariff received a 5 Star energy efficiency rating or equivalent rating or conducted an Energy Efficiency Audit accepted by WEC in the past ten years. In the event WEC approves an audit from someone other than Efficiency Vermont or consents to a waiver of the Efficiency Audit upon satisfaction of the criteria set forth above, WEC shall provide such approval or waiver in writing. The member shall provide such written approval, waiver, or evidence of the completed Efficiency Vermont audit in its application for a Certificate of Public Good prior to the installation of the net metering system.

C. Individual Net Metering System.

1) **Definition.** An eligible individual net metering system is defined as a facility for generation of electricity that is no more than 500 kW capacity rated as Alternating Current (AC) at the point of interconnect to the WEC distribution system, or any other net metering system installed and approved by the Vermont Public Service Board prior to the adoption of this new tariff, , in conformity with PSB Rule 5.100; operated in parallel with facilities of WEC’s distribution system; is intended primarily to offset part or all of the member's own electricity requirements; is located on the member's premise and employs a renewable energy source using a technology that relies on a resource that is being consumed at a harvest rate at or below its natural regeneration rate pursuant to 30 V.S.A. § 8002(17) or is a qualified micro-combined heat and power system with a capacity up to 20 kW (AC) that meets the definition of a combined heat and power facility under 30 V.S.A. section 8015(b)(2) (hereinafter referred to as “eligible system” or “facility”). The member shall be responsible for the maintenance, safety, interconnection requirements, and condition of the eligible system.

¹ . In the event of a new residential member seeking to take service under this tariff does not have two years of prior usage history, and the new member is not otherwise required to complete an Efficiency Audit under WEC’s line extension tariff, prior usage shall be determined by reviewing prior historic usage of the member of a minimum of two months or the historic usage of the preexisting property owner.

2) (a) **Energy Measurement for Net Metering Facilities Installed Prior To The Filing of This Tariff.** The Co-op shall measure the net electricity produced or consumed during each billing period. A digital utility meter with bi-directional functionality, owned by the Co-op and appropriate for the member's rate class will be provided. Such meter will measure both the kWh produced by the member's eligible system, as well as the net consumption of energy supplied by the Co-op. For members who desire a second meter for their own information, the Co-op shall supply an appropriate additional meter and the Member shall pay for the equipment and installation at the Co-op's actual cost including overhead. The meter shall be installed in accordance with the Co-op's standards-and shall be the property of the Co-op. Such additional meter shall be accessible to the Co-op at all reasonable times, and shall not be removed or otherwise disturbed by the member without advance written notice to and permission from the Co-op. Such additional meter shall be located in reasonable proximity to the existing meter and subject to testing by the Co-op at any time at the Co-op's own expense upon reasonable advance written notice to the member.

2)(b) **Energy Measurement for Net Metering Facilities Installed After The Filing of This Tariff.** The facility shall be interconnected directly to the Co-op's grid with a separate, second production meter. The Co-op shall measure both the amount of electricity produced from the facility and electricity consumed from WEC by the member during the billing period. There will be two meters, both shall be owned by WEC. The first meter will be a digital utility meter, installed and paid for by WEC. This meter shall measure total energy consumed by the member. The second meter, supplied by WEC, shall measure total production from the facility. The member shall pay for the second meter including the equipment and installation at the Coop's actual cost, which includes overhead. Both meters shall be installed in accordance with the Coop's standards. Both meters shall be accessible to the Coop at all reasonable times, and shall not be removed or otherwise disturbed without advance written notice to and permission from the Coop.

3)(a) **Billing for Net Metering Facilities Installed Prior to The Filing of This Tariff.** If, at the end of a billing period, the electricity generated and fed back to the distribution system by the member exceeds the electricity supplied by the Co-op, then the Co-op shall calculate a monetary credit to the member by multiplying the excess kWh generated during the billing period by the retail kWh rate paid by the member for electricity supplied by the Co-op.² The Co-op shall apply the monetized credit to any remaining charges on the member's current electric bill for that period. If application to such charges does not use the entire balance of the credit, the remaining balance of the credit shall appear on the member's bill. When the net metering system is served via a time-of-use rate class and more generation is produced within a time period than was consumed in that time period, then the excess kWh generation shall be used to offset any net kWh

² . For WEC's residential retail rate, which consists of an inclining block rate, it shall be the highest rate of the block rates for residential service.

consumption in any other time period within the billing period prior to the monetization calculation.

(i) However, if a time of use member who has a qualifying net generating facility interconnected directly to WEC, whose generation does not offset consumption and is measured through a separate meter, where its primary purpose is to measure the energy generated by the system, then the member's bill credits shall apply to all kWh generated by the net metering system and shall be calculated at WEC's highest residential block retail rate.

3)(b) Billing for Net Metering Facilities Installed After The Filing of This

Tariff. At the end of a billing period, WEC shall measure the generation consumed and the generation produced. If measurement of generation consumed is greater than the generation produced, the member shall be billed, based upon their respective customer class tariff for the net consumed, less any credits as set forth below. If at the end of a billing period, the electricity generated and fed back to the distribution system by the member exceeds the electricity consumed by the member, then the Co-op shall calculate a monetary credit as follows:

(i) For facilities less than or equal to 15 kW, the excess kWh generated during the billing period multiplied by \$.20

(ii) For facilities greater than 15 kW, the excess kWh generated during the billing period multiplied by \$.19.

These rates will remain fixed through the life of the project. These credits shall be applied as set forth in subsection (5) below

4) Grid Service Fee. WEC shall bill monthly a Grid Service Fee computed as follows:

(a). The gross kWh generated from the net metering facility multiplied by \$0.0463 less the customer charge otherwise billed under the member's rate class, but in no case less than \$0.00.

(b) The Grid Service Fee shall be modified with across the board rate adjustments as approved the PSB. In addition, WEC's computation of the Grid Service Fee is premised upon the value of Renewable Energy Credits at \$0.0600 per kWh. Ten years after the filing of this tariff, WEC shall adjust the Grid Service Fee (up or down) on an annual basis starting January 1st following the tenth anniversary of this tariff filing to reflect current REC market prices. (For illustration purposes only, if the prevailing market prices for RECs is \$0.0700 per kWh, the Grid Service Fee would decrease by \$0.0100. If the prevailing market conditions for RECs is \$0.0400, then the Grid Service Fee

would increase by \$0.0200). However in no event will the grid service fee be negative.

(i) WEC shall determine the current market prices for RECs by utilizing publically available market brokerage sheets for sales of RECs for the respective year's vintage issued in April, May, and June of the previous year.

(c) The Grid Service Fee shall not apply to those members with net metering systems installed prior to the filing date of this tariff.

5) Accumulated Credits. Any accumulated monetary credits shall be used by the member within twelve months or shall revert to the Co-op without any compensation to the individual net metering system member. Monetized credits shall not be applied to past due balances. Accumulation of monetary credits shall not result in any financial payments to the member. The Co-op shall apply monetized credits from previous billing periods using credits that are scheduled to expire soonest first.

(a) For net metering members who install net metering systems after the filing date of this tariff, the credit shall only be applied to the portion of the member's net electric energy use on WEC's system as billed under the applicable rate structure of that member's rate class. Net metering credits shall not be applied or used to offset any other charges including the customer charge, demand charge, EVT charge, Grid Service Fee, etc.

D. Group Net Metering System.

1) Definition. An eligible group net metering system is defined as a group of members, or a single member with multiple electric meters, all located within the Co-op's service territory, where the members have elected to share monetized excess generation credits created by a net metered system defined as a facility for generation of electricity that is no more than 500 kW AC capacity, or any other group net metering system installed and approved by the Vermont Public Service, in conformity with PSB Rule 5.100; operated in parallel with facilities of the Co-op's distribution system; is intended primarily to offset part or all of the group net metering system member's own electricity requirements; is located on the premise of a group net metering system member; and employs a renewable energy source produced using a technology that relies on a resource that is being consumed at a harvest rate at or below its natural regeneration rate pursuant to 30 V.S.A. § 8002(17) or is a qualified micro-combined heat and power -system with a capacity up to 20 kW that meets the definition of a combined heat and power facility under 30 V.S.A. § 8015(b)(2). Unmetered municipal street lighting accounts are not eligible to be members of a group. An account cannot be a member of more than one group.

2) The group net metering system members shall be responsible for the maintenance, safety and condition of the eligible system.

3) A group net metering system shall file with the Board, the Department of Public Service and WEC a completed net metering application provided by the Board including the-following information:

(a) The meters identified by account number to be included in the group system.

(b) A procedure for adding and removing meters included in the group net metering system and directions as to the manner in which the Co-op shall allocate any accrued credits among the meters included in the system as outlined further below.

(c) A designated person responsible for all communications between the group net metering system and WEC except for communications related to individual account billing, payment and disconnection.

(d) A binding process for the resolution of any disputes within the group net metering system relating to net metering that does not rely on the Co-op, the Board, or the Department of Public Service. This process does not apply to disputes between WEC and the individual group members regarding billing, payment, and disconnection.

4) WEC shall bill directly and send all communications regarding billing, payment and disconnection directly to each individual group net metering system account. All charges for each individual account shall be based on the individual meter for that account and the rate class associated with that meter, unless otherwise specified herein.

5)(a) **Energy Measurement for Group Net Metering Facilities Installed Prior to The Filing of This Tariff.** The Co-op shall measure the net electricity produced or consumed during each billing period for the group net metering system meter that has the generation interconnected. A digital utility meter with bi-directional functionality, owned by the Co-op and appropriate for the group's rate class will be provided. Such meter will measure both the kWh produced by the generating account as well as the net consumption of energy supplied by the Co-op. For group net metering systems who desire a second production meter for their own information, the Co-op shall supply an appropriate additional meter. The group net metering system members shall pay for the equipment and installation of the second production meter at the Co-op's actual cost including overhead. The meter shall be installed in accordance with the Co-op's standards and shall be the property of the Co-op. Such additional meter shall be accessible to the Co-op at all reasonable times, and shall not be removed or otherwise disturbed by the group net metering system members without advance written notice to and permission from the Co-op. Such additional meter shall be located in reasonable proximity to the existing meter and subject to

testing by the Co-op at any time at the Co-op's own expense upon reasonable advance written notice to the group net metering system designated person.

5(b) Energy Measurement for Group Net Metering Facilities That Commence Service After The Filing of This Tariff.

The Co-op shall measure both the amount of electricity produced from the facility and electricity consumed from WEC by the members during the billing period. The facility shall be interconnected directly to the Co-op's grid with a separate production meter. This production meter, supplied by the Co-op, shall measure total production from the facility. The group net metering members shall pay for this production meter including the equipment and installation at the Coop's actual cost, which includes overhead. This production meter shall be installed in accordance with the Co-op's standards. This production meter shall be accessible to the Co-op at all reasonable times, and shall not be removed or otherwise disturbed without advance written notice to and permission from the Co-op.

6(a) Billing For Group Net Metering Facilities Installed Prior To The Filing of This Tariff Where Generation is Physically Connected to Billing Meter and Offsets Consumption of The Member.

If, at the end of a billing period, the electricity generated and fed back to the distribution system by the generating account exceeds the electricity supplied to that account by the Co-op to the particular billing meter, then the excess kWh shall be allocated to the group member accounts pursuant to the allocation instructions provided by the group. The allocated kWh shall then be credited and monetized at the underlying kWh rate for that particular member's account.³ For time of use members, the calculation is the same and the credit is applied to the applicable time of use rate based upon the member's pro rata usage between on and off peak rates. If application to such credits to charges does not use the entire balance of the credit, the remaining balance of the credit shall appear on the individual member's bill. Any accumulated monetary credits shall be used by the individual member within twelve months or shall revert to the Co-op without any compensation to the group net metering system members. Accumulation of monetary credits shall not result in any financial payments to the member.

When the generating account of a group net metering system is served via a time-of-use rate class and more generation is produced within a time period than was consumed in that time period, then the excess kWh generation shall be used to offset any net kWh consumption in any other time period within the billing period for that account prior to the allocation of excess kWh to group members.

³ . Residential rates will be credited at the highest block rate.

6)(b) Billing For Group Net Metering Facilities Installed Prior To The Filing of This Tariff Where Generation is Interconnected to The Grid Such That Generation Does Not Offset Consumption to The Member or Group.

Where generation is interconnected to the Co-op such that the generation does not offset consumption of the member or group, total production shall be allocated in the manner prescribed by the group. Each group member is credited the underlying kWh rate for that respective Co-op member. The exception being that a time of use member shall be credited at WEC's highest residential block rate. If application of such credits to charges does not use the entire balance of the credit, the remaining balance of the credit shall appear on the individual member's bill. Any accumulated monetary credits shall be used by the individual member within twelve months or shall revert to the Co-op without any compensation to the group net metering system members. Accumulation of monetary credits shall not result in any financial payments to the member.

6)(c) Billing For Group Net Metering Facilities That Commence Service After The Filing of This Tariff.

At the end of a billing period, WEC shall measure the total generation and allocate in the manner prescribed by the group. If measurement of generation consumed by the member is greater than the generation produced and allocated, the member shall be billed, based upon their respective customer class tariff for the net consumed, less any credits as set forth below. If at the end of a billing period, the electricity generated and allocated exceeds the electricity consumed by the member, then the Co-op shall calculate a monetary credit as follows:

- (i) For facilities less than or equal to 15 kW, the excess kWh generated during the billing period multiplied by \$.20
- (ii) For facilities greater than 15 kW, the excess kWh generated during the billing period multiplied by \$.19.

The above rates will remain fixed through the life of the project

The credits shall be applied as set forth in subsection (8) below.

7) Grid Service Fee. WEC shall bill monthly a Grid Service Fee for each account participating in a group net metering system installed after the filing of this tariff, which shall be computed as follows:

- (a). The kWh generated by the net metering facility multiplied by \$0.0463 less the equivalent of one member's customer charge otherwise billed under the

member's rate class, but in no case less than \$0.00.

(b) The Grid Service Fee shall be modified with across the board rate adjustments as approved the PSB. In addition, WEC's computation of the Grid Service Fee is premised upon the value of Renewable Energy Credits at \$0.0600 per kWh. Ten years after the filing of this tariff, WEC shall adjust the Grid Service Fee (up or down) on an annual basis starting January 1st following the tenth anniversary of this tariff filing to reflect current REC market prices. (For illustration purposes only, if the prevailing market prices for RECs is \$0.0700 per kWh, the Grid Service Fee would decrease by \$0.0100. If the prevailing market prices for RECs is \$0.0400, then the Grid Service Fee would increase by \$0.0200). However in no event will the grid service fee be negative.

(i) WEC shall determine the current market prices for RECs by utilizing publically available market brokerage sheets for sales of RECs for the respective year's vintage issued in April, May, and June of the previous year.

8) **Accumulated Credits.** Any accumulated monetary credits shall be used by the member within twelve months or shall revert to the Co-op without any compensation. Monetized credits shall not be applied to past due balances. The Co-op shall apply monetized credits from previous billing periods using credits that are scheduled to expire soonest first.

(a) For group net metering members who install net metering systems after the filing date of this tariff, the credit shall only be applied to the portion of the member's net electric energy use on WEC's system as billed under the applicable rate structure of that member's rate class. Net metering credits shall not be applied or used to offset any other charges including the customer charge, demand charge, EVT charge, etc.

9) **Allocation of Group Net Metering Excess kWh.** Allocations may only be changed on written notice to the Co-op by the designated person of the group net metering system. The Co-op shall implement appropriate changes to the allocation of credits within thirty days after receiving written notification from the designated person. Allocations can be changed no more than twice per calendar year and shall not be applied retroactively.

E. Renewable Energy Credits.

This section shall apply to all net metering facilities installed after the filing of this tariff. All renewable energy credits and associated environmental attributes ("RECs") generated by the net metering system installed after the filing of this tariff

shall be owned by WEC. WEC may sell, transfer or retire the RECs at its sole and full discretion. The member shall not otherwise sell, transfer, or pledge the RECs to any other entity or claim ownership of the environmental attributes, unless the member purchases the RECs from WEC as set forth below. The member shall cooperate in good faith with WEC to provide documentation and information as needed to validate the production of RECs from the net metering facility. Failure to cooperate will terminate eligibility under this tariff and will result in removal of any credits previously accumulated with this tariff.

(1) The Member may purchase the RECs generated from his/her respective net metering facility at \$0.0600 per kWh for the first ten years after the filing of this tariff and through December 31st of the 10th anniversary year. Starting January 1st following the tenth anniversary of this tariff, the price for a Member to purchase the RECs shall be based upon current market prices as determined by WEC, which shall be based upon the following:

(a) WEC shall determine the current market price for RECs by utilizing publically available market brokerage sheets for sales of RECs for the respective year's vintage issued in April, May, and June of the previous year.

The purchase of the RECs by the member shall be reflected on the monthly bill and added to the Grid Service Fee

F. Liability Insurance.

Net metering members shall maintain a liability insurance policy in an amount of no less than those proscribed by the Public Service Board's rules. Proof of insurance shall be furnished annually to the Coop.

G. Interconnection Requirements.

The Cooperative may require a customer to comply with generation interconnection, safety and reliability requirements, as determined by the Board by rule or order.

If the Co-op determines that the capacity of the distribution system is insufficient for the designed generation the member shall be required to pay for the cost of Co-op improvements necessary to interconnect, establish, and distribute power from the net metering facility.

If the Co-op determines through preliminary analysis that interconnection and operation of the proposed net metering system may negatively impact the power quality, reliability or safety of the Co-op's distribution system, the Co-op may, pursuant to 30 V.S.A. Section 219a(h)(1), perform at the member's expense detailed analysis as

provided for in Board Rule 5.500.

H. Disconnection of Net Metering Facility.

Any eligible system shall be subject to emergency disconnection of the system. These emergency disconnection procedures do not supplant Board Rules 3.300 and 3.400 or other tariff rules and regulations related to Co-op disconnections.

In general, an emergency shall be considered to occur when the interconnection of an eligible system represents a condition which is likely to result in significant disruption of service to the Co-op's members or is likely to endanger life or property.

If the Co-op performs an emergency disconnection of an eligible system, the Co-op shall notify the member within twenty-four hours after the disconnection. If the emergency is not caused by the eligible system, then the Co-op shall reconnect the system upon cessation of the emergency. If the emergency is caused by the eligible system, then the Co-op shall communicate the nature of the problem with the member within five days, and attempt to resolve the issue with the member. The Co-op shall file a disconnection petition with the Board if the Co-op and the member have not reached a mutually agreed-upon resolution within thirty days of the emergency disconnection.

Non-emergency disconnections of an eligible system by the Co-op shall follow the same process as set out above for emergency disconnections of such system, except that the Co-op shall give written notice of the disconnection no earlier than ten days and no later than three working days prior to the first date on which the disconnection of the system may occur. Such prior notice shall communicate the reason for the disconnection and the expected duration of the disconnection. If the eligible system is not the reason for the system's disconnection, the Co-op shall reconnect the system as soon as the activity necessitating the disconnection ceases. Temporary, non-emergency disconnections due to the removal of the meter by the Co-op or their representatives such as those related to a meter exchange or meter test shall not require prior notice.

A member shall be prohibited from reclosing a disconnect device, which has been opened and tagged by the Co-op, without the prior approval of the Co-op, or, in event of dispute, the Board.

A member who initiates a permanent disconnection of an eligible system shall promptly notify the Co-op.

I. Other Terms and Conditions.

The authority under this tariff of any member to connect any eligible system capable of delivering electricity to the Co-op's distribution system will close after the total installed cumulative generating capacity of all eligible systems connected to the Co-op's distribution system (or to any portion of the customer's own electrical system that is itself connected to the Cooperative's electric distribution system) equals 15% of the peak retail demand of the Co-op's 1996 peak or the peak demand during the most recent full calendar year, whichever is greater.

The Co-op may require a customer to pay for meter reading, accounting, account correcting, and account maintenance of net metering arrangements that are greater than 15 kW capacity.