

Schedule No. NEM-35

NET METERING SERVICE

APPLICABILITY

Applicable on a first-come, first-served basis to a residential, small commercial, commercial, industrial, or agricultural Customer that owns and operates a solar or wind electrical generating facility, or a hybrid system of both, with a capacity of not more than one megawatt that is located on the Customer's owned, leased, or rented premises, is interconnected and operates in parallel with the Utility's transmission and distribution facilities, and is intended primarily to offset part of all of the Customer's own electrical requirements. This provision shall be available until the time that the total rated generating capacity used by the eligible Customer-generators exceeds five (5) percent of the aggregate Customer peak demand of the Utility. This Schedule is offered in compliance with Cal. Pub. Util. Code Ann. § 2827, et seq. (West 2002).

TERRITORY

Within the entire territory served in California by the Utility.

DEFINITIONS

Net Energy Metering is the difference between electricity supplied through the electric grid and electricity generated by an eligible Customer-generator and fed back to the electric grid over a 12-month period.

BILLING

An eligible residential or small commercial Customer-generator shall be billed, at the end of the 12-month period following the date of the Utility's final interconnection of their system, and on the anniversary date thereafter, for electricity used during that period. The Utility shall determine if the eligible Customer-generator was a net consumer or a net producer of electricity during that time period.

If the electricity supplied by the Utility exceeds the electricity generated by the eligible residential or small commercial Customer-generator, the eligible residential or small commercial Customer-generator is a net energy consumer and shall be billed for the net energy supplied to the Utility as follows:

For eligible Customer-generators taking service under tariffs employing "baseline" and "over baseline" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same Customer would be assigned to if the customer did not use an eligible solar or wind electrical generating facility, except that eligible Customer-generators shall not be assessed standby charges on the electrical generating capacity or the kilowatthour production of an eligible solar or wind electrical generating facility. If those same Customer-generators are net generators over a billing period, the net kilowatthours generated shall be valued at the same price per kilowatthour as the Utility would charge for the baseline quantity of electricity during that billing period, and if the number of kilowatthours generated exceeds the baseline quantity, the excess shall be valued at the same price per kilowatthour as the Utility would charge for electricity over the baseline quantity during that billing period.

(Continued)

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BILLING (continued)

For eligible Customer-generators taking service under tariffs employing "time of use" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same Customer would be assigned to if the customer did not use an eligible solar or wind electrical generating facility, except that eligible customer-generators shall not be assessed standby charges on the electrical generating capacity or the kilowatthour procurement of an eligible solar or wind electrical generating facility. When those same Customer-generators are net generators during any discrete time of use period, the net kilowatthours produced shall be valued at the same price per kilowatthour as the Utility would charge for retail kilowatthour sales during that same time of use period.

For all residential or small commercial Customer-generators and for each monthly period, the net balance of moneys owed to the Utility for net consumption of electricity or credits owed to the Customer-generator for net generation of electricity shall be carried forward until the end of each 12-month period.

For all commercial, industrial, and agricultural Customer-generators the net balance of moneys owed shall be paid in accordance with the electric service provider's normal billing cycle, except that if the commercial, industrial, or agricultural customer-generator is a net electricity producer over a normal billing cycle, any excess kilowatthours generated during the billing cycle shall be carried over to the following billing period as a monetary value, calculated according to the same procedure as for residential and small commercial Customer-generators, and appear as a credit on the Customer-generator's account, until the end of the 12-month period.

If the electricity generated by the eligible Customer-generator exceeds the electricity supplied by the Utility, the eligible Customer-generator is a net energy producer and the Customer-generator may elect to receive credit for excess kilowatt-hours that will be rolled into the next 12-month period or compensation at the end of each 12-month period. To be eligible for such compensation a system must meet the definition of an eligible Customer-generator within Section 2827(b)(4), including that the system be intended to offset part or all of the customer's own electrical requirements. The estimated production of a system cannot be more than the estimated electrical requirements of a Customer-generator. The Customer-generator seeking compensation must notify the Utility that they are a Qualifying Facility exempt from Federal Energy Regulatory Commission certification filing requirements using a form available from the Utility. If an eligible Customer-generator declines to elect either option, the Utility shall retain any excess kWh generated during the prior 12-month period.

A Customer-generator who elects to receive compensation for the excess kilowatt-hours generated over each 12-month period will receive a rate equal to the simple rolling average of the Pacific Gas & Electric Default Load Aggregation Point ("DLAP") prices from 7 a.m. to 5 p.m. corresponding to the customer-generator's 12-month true up period. In order to receive a check from the utility, the total amount of compensation must be equal to or greater than \$25.00. If the amount is less than \$25.00 the compensation will be credited to the bill of the Customer-generator.

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SPECIAL CONDITIONS

1. The annualized net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible Customer-generator and the electricity generated by the eligible Customer-generator and fed back to the electric grid over a 12-month period. If the Utility is the Customer's Electric Service Provider, this condition may be modified where the Customer has a signed contract to sell any portion of the Customer generated energy to the Utility.
2. If the Utility is not the Customer's Electric Service Provider, the Utility may recover from the Customer-generator's Electric Service Provider the incremental costs of metering and billing service related to net energy metering in an amount set by the Commission.
3. Net Energy Metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the customer-generator, at the expense of the Company, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the customer-generator or to collect solar or wind electric generating system performance information for research purposes. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions.
4. If the Customer-generator refuses consent for dual metering, and due to billing purposes a single bi-directional meter cannot be installed, the Utility shall have the right to refuse interconnection.
5. Customer shall furnish and install on Customer's side of the meter a safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from the Utility's electric service. The disconnect switch shall be located adjacent to the Utility's meters and shall be of the visible break type in a metal enclosure which can be secured by a padlock. The disconnect switch shall be accessible to utility personnel at all times. The Utility shall have the right to disconnect the Facility from The Utility's supply at the disconnect switch when necessary to maintain safe electrical operating conditions or, if in The Utility's sole judgement, the Facility at any time adversely affects The Utility's operation of its electrical system or the quality of The Utility's service to other Customers.
6. If the Utility is the Customer's Electric Service Provider, the Utility shall provide net electricity consumption information on each regular bill to every eligible residential or small commercial Customer-generator. The consumption information shall contain the current monetary balance owed to the Utility for net electricity delivered/consumed since the last 12-month period ended. The Utility shall permit the Customer to pay monthly for net energy delivered/consumed.

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SPECIAL CONDITIONS (continued)

7. A net metering system used by a Customer shall include, at the Customer's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electrical Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories. The Utility's written approval of the Customer's protection-isolation method to ensure generator disconnection in case of a power interruption from the Utility is required before service is provided under this Schedule.

8. Notwithstanding any other provisions within this Schedule, any wind energy project greater than 50 kW, but not exceeding one megawatt ("wind energy co-metering") shall be subject to the following additional requirements:

The eligible customer-generator shall be required to utilize a meter, or multiple meters, capable of separately measuring electricity flow in both directions. All meters shall provide "time-of-use" measurements of electricity flow, and the customer shall take service on a time-of-use rate schedule. If the existing meter of the eligible customer generator is not a time-of-use meter or is not capable of measuring total flow of energy in both directions, the eligible customer-generator is responsible for all expenses involved in purchasing and installing a meter that is both time-of-use and able to measure total electricity flow in both directions. This condition shall not restrict the ability of an eligible customer-generator to utilize any economic incentives provided by a government agency or the electric service provider to reduce its costs for purchasing and installing a time-of-use meter.

The consumption of electricity from the Utility for wind energy co-metering by an eligible customer-generator shall be priced in accordance with the standard rate charged to the eligible customer-generator in accordance with the rate structure to which the customer would be assigned if the customer did not use an eligible wind electrical generating facility. The generation of electricity provided to the Utility shall result in a credit to the eligible customer-generator and shall be priced in accordance with the generation component established under the applicable structure to which the customer would be assigned if the customer did not use an eligible wind electrical generating facility.

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SPECIAL CONDITIONS (continued)

- 9. The Utility shall make all necessary forms and contracts for net metering service available for download from its website.
- 10. The Utility shall ensure that requests for establishment of net energy metering are processed in a time period not exceeding that for similarly situated customers requesting new electric service, but not to exceed 30 working days from the date the Utility receives a completed application form for net metering service, including a signed interconnection agreement from an eligible customer-generator and the electric inspection clearance from the governmental authority having jurisdiction. If the Utility is unable to process the request within the allowable timeframe, the Utility shall notify both the customer-generator and the Commission of the reason for its inability to process the request and the expected completion date.
- 11. The Utility shall ensure that requests for an interconnection agreement from an eligible customer-generator are processed in a time period not to exceed 30 working days from the date the Utility receives a completed application form from the eligible customer-generator for an interconnection agreement. If the Utility is unable to process the request within the allowable timeframe, the Utility shall notify the customer-generator and the Commission of the reason for its inability to process the request and the expected completion date.
- 12. Any Customer with an existing electrical generating facility over 30 kilowatts and meter who enters into a new net energy metering contract shall complete and submit a copy of *Form 3584*, the *NEM Inspection Report*, to the Utility, unless the electrical generating facility and meter have been installed and inspected within the previous three years. The *NEM Inspection Report* shall be prepared by a California licensed contractor who is not the owner or operator of the facility and meter. A California licensed electrician shall perform the inspection of the electrical portion of the facility and meter and sign the *NEM Inspection Report*. If an inspection is required, the Customer shall submit the completed *NEM Inspection Report* to the Utility within 90 days of becoming the customer of record, or disconnect the generating facility and inform the Utility that the Customer will discontinue Schedule NEM-35 service. The *NEM Inspection Report* shall be incorporated into the net energy metering contract.

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