

Net Metering & Compensation Seminar

August 24, 2016

Eversource Energy

WM DG – Hadley, MA

Changes Are Here

- The private cap has been raised to 7% and the public cap to 8% of historic peak load
- A “market net metering credit” is being introduced equal to 60% of the current net metering credit
 - Distribution rate is included in calculation of market net metering credit for Class III facilities
- To be eligible for net metering under the old regime, the facility must meet three criteria:
 - Submission of an Application for Cap Allocation (ACA) before the Notification Date of September 26, 2016 at 2:00 pm
 - ACA must be deemed complete by the Administrator of the System of Assurance
 - Cap allocation must be received by January 8, 2017
- Net metering under old regime available for 25 years from date of interconnection
- Certain facilities have been “grandfathered” from the new credit
 - Units under 10 kW on a single phase circuit or 25 kW on a 3-phase circuit
 - Municipality and Other Governmental Entities
 - Wind and other non-solar technologies
 - Grandfathered facilities are not subject to 25-year grace period

Other notable rule changes

- Net metering facilities currently seeking an exemption from certain rules will be deemed eligible for net metering under the old regime by the DPU on a case by case basis
- Any expansions post Notification Date resulting in re-classification as Class II or III will receive market net metering credits
- Monthly Minimum Reliability Contribution still to be determined
- A new Net Metering Tariff is being developed

Net Metering in Massachusetts

- Net Metering means the process of measuring the difference between electricity delivered by an investor owned Distribution Company and the electricity generated by a Class 1, Class II, or Class III Net Metering Facility and fed back to the Distribution Company.
- Three Classes of Net Metering Facilities in Net Metering Tariff:
 - Class I: Any generator up to 60 kW is eligible (though compensation differs depending on type of generation).
 - Class II: Agricultural, Anaerobic Digestion, Solar, or Wind Net Metering Facility over 60 kW but less than or equal to 1 MW (for Municipality or Other Governmental Entity it's "per unit").
 - Class III: Agricultural, Anaerobic Digestion, Solar, or Wind Net Metering Facility over 1 MW but less than or equal to 2 MW (for Municipality or Other Governmental Entity it's "per unit").

Net Metering in Massachusetts

- Defines “Unit” such as a wind turbine or inverter.
- Facility is defined as one project on one parcel of land with one meter and one point of interconnection.
 - Private limited to 2 MW per parcel, Public limited to 2 MW per unit and 10 MW per entity throughout Massachusetts or on a single parcel.
 - Other non-Net Metered generation can exist on the same parcel as a Net Metering Facility.
- Established “Public” and “Private” Facilities (Class II and III only).
 - Public: Host Customer is certified as a Municipality or Other Governmental Entity by the DPU and has Class II or Class III Facility. Host Customer may allocate only to customers who are certified as a Municipality or Other Gov. Entity. Ten MW limit per entity in Massachusetts.
 - Private: All other Host Customers.
- Apply to DPU to be certified as a Public Facility.
 - Host Customer of and those being allocated to by a Public Facility.
 - Send copy of certificate(s) to utility.

Net Metering Eligibility

- 11-11E issued 7/1/13 which allows for ‘an exception for optimal interconnection’.
- Utility can have more than one interconnection point and meter for technical and/or operational reasons.
- Still only allows one net-metered facility per parcel.
- Customers can petition DPU for exceptions.
- Can have a separate metered service for net metering facility along with other non-net metered services on the single parcel.
- Eligibility for Net Metering will be determined during the review process.
- Parcel boundaries needed to be set in 2010.

Note: Eversource Energy requires applicants to include lot lines and all other generation on site plans.

Net Metering Caps

- Limits based on each Distribution Company's peak load; 7% cap for Private and 8% cap for Public Facilities.
 - 80% of DC-STC rating used towards cap for capacity of Solar Facilities.
 - For Eversource EM, peak was 4,978 MW. 7% is 348.46 MW and 8% is 398.24 MW.
 - For Eversource WM, peak was 854MW. 7% is 59.78 MW and 8% is 68.32 MW.
- Interconnected generation which contributes towards limits are posted on each Distribution Company's web site. (For Eversource Energy: www.eversource.com *)
- Small Renewable Energy Facilities are excluded from Private cap.
 - Up to 10 kW single phase Facility on single phase service, up to 25 KW three phase Facility on three phase service.
- Private and Public Facilities can not receive net metering services from Company until they have a RESERVED cap allocation.

* NOTE: On the Eversource web site, "Set Location" with the zip code of the customer to get information for the operating company which serves that customer.

Net Metering Requirements & Process

- Class II and Class III need to install their own revenue grade production meter on generation. Capacity registration is required and associated ISO-NE OP 18 metering.
- Class II and III will need communication to the Company revenue meter, such as a phone line.
- Eligible electric customer (Host Customer) submits Schedule Z to utility with interconnection application.
 - Can submit up to two per calendar year once facility is on line.
- Dollar credits are applied to electric account(s), customer does not receive a check*. No annual true up.

(* NOTE = Distribution Company may elect to pay Host customer of Class III Facility. Eversource Energy credits accounts.)
- When required, apply for and receive a reserved Cap Allocation from the System of Assurance (SoA) at www.MassACA.org
- MassACA send list to utilities weekly with the status.

Net Metering Process

- Customer is compensated for energy produced after receiving approval to operate and all other requirements have been met.
 - If you have questions regarding billing, compensation for exported energy, and/or credit allocation contact:
 - EM Customer Care: Residential: 800-592-2000
 Business: 800-340-9822
 - WM Customer Care: Residential: 888-783-6616
 Business: 888-783-6610
- Net metering credits may not be applied to the Host Customer's account until the next billing cycle.
 - Customers may be on different billing cycles.
 - Credits allocated to other Eversource accounts may be applied on a different billing cycle than the Host Customer's account.
- Once online, review and implementation of a new Schedule Z will take a minimum of one billing cycle.

Net Metering Credits

Energy use is “netted” over the billing period, typically a month

- If there is net energy usage, Host Customer is billed for net purchases.
- If there is net energy sales, credit is net kWh export multiplied by components of the Host Customer’s rate.

Class	min	max	Type	Credit the following charges			
				Default Service kWh **	Distribution kWh ***	Transmission kWh	Transition kWh
I	0	60 kW	Agricultural, Anaerobic Digestion, Solar, Wind	X	X	X	X
I*	0	60 kW	All Other				
II	>60 KW	1 MW	Agricultural, Anaerobic Digestion, Solar, Wind	X	X	X	X
III	>1 MW	2 MW	Agricultural, Anaerobic Digestion, Solar, Wind	X	Public only	X	X

- Customer still responsible for customer charges and demand charges, even if net export
- Tariff allows credits to be allocated (with limitations)

Notes: 1) Class I* All Other (Non-Renewable) = Credited at average monthly clearing price set by ISO-NE. 2) Default Service kWh ** = Fixed Basic Service rate. 3) Distribution kWh *** = For Eversource WM, include following kWh components of Distribution, Revenue Decoupling Mechanism, Pension/PBOP Adj. Mechanism, Residential Assistant Adj. Clause, Solar Program Cost Adj., Basic Svc. Cost Adj. (True Up), Net Metering Surcharge, AG Consultant Expenses and Storm Recovery Adj..

Net Metering Production Reporting

- Net Metering Tariff requires reporting of generator's kWh output.
- Reporting required by January 31 and September 30.
- Eversource is encouraging customers to participate in the MassCEC Production Tracking System (PTS).
- Eversource currently obtains production data from PTS, not directly from Net Metered Customers.

Alternatives Forms of Compensation

- No compensation - If the customer will never export power, there will be no compensation.
- Power Purchase Schedule (PPS) rate – A customer with a Qualifying Facility (QF) can become certified by FERC for the generator and receive compensation under the local utility's PPS rate. (The PPS Short Run Energy rate is the ISO-NE locational marginal price (LMP).)
 - Fill out Form 556: *Certification of QF Status for Small Power Production and Cogeneration Facilities* at FERC website: <http://www.ferc.gov/docs-filing/forms.asp>
- Wholesale Market – A customer can sell energy and/or capacity to ISO-NE.

Net Metering Summary

- If planning to Net Meter, submit Schedule Z with interconnection application.
- Correctly fill out Schedule Z.
 - Host Customer is primary account holder on the electric account.
 - Must be signed by Host Customer.
- If allocating, verify name/address/account info of electric customer(s) or will need to submit corrected form.
- Host Customer must apply to DPU for certification as a Municipality or Other Governmental Entity and submit confirmation to Distribution Company.
 - If allocating credits to customers, those customers must also obtain certification.
- Obtain a cap allocation from Mass ACA when required.
- Production reporting is required.

STANDARDS FOR INTERCONNECTION OF DISTRIBUTED GENERATION

For Example Only – Your Answers May Vary

Schedule Z – Additional Information Required for Net Metering Service

Please fill out the form completely.

Primary Account Holder

Host Customer Name: John Doe Telephone: 413-123-4567

Address of Facility: 123 Main Street, Town, MA 01000

Billing Account Number: 541234567891

Meter Number: 112233445 Application ID Number: 2A100-2000

Is the Host Customer a: Municipality Other Governmental Entity

If so, attach a copy of DPU issued Public Entity certification form *Complete if applicable, otherwise leave blank*

A) Is the Host Customer applying for net metering service an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 C.M.R. §11.00?

No
 Yes (you are not eligible for net metering service)

NOTE: Definitions are:

“Aggregator” means an entity which groups together electricity Customers for retail sale purposes, except for public entities, quasi-public entities or authorities, or subsidiary organizations thereof, established under the laws of the commonwealth. G.L. c. 164, § 1.

“Electric company” means a corporation organized under the laws of the commonwealth for the purpose of making by means of water power, steam power or otherwise and for selling, transmitting, distributing, transmitting and selling, or distributing and selling, electricity within the commonwealth, or authorized by special act so to do, even though subsequently authorized to make or sell gas; provided, however, that electric company shall not mean an alternative energy producer; provided further, that a distribution company shall not include an entity which owns or operates a plant or equipment used to produce electricity, steam and chilled water, or an affiliate engaged solely in the provision of such electricity, steam and chilled water, where the electricity produced by such entity or its affiliate is primarily for the benefit of hospitals and nonprofit educational institutions, and where such plant or equipment was in operation before January 1, 1986; and provided further, that electric company shall not mean a corporation only transmitting and selling, or only transmitting, electricity unless such corporation is affiliated with an electric company organized under the laws of the commonwealth for the purpose of distributing and selling, or distributing only, electricity within the commonwealth. G.L. c. 164, § 1.

STANDARDS FOR INTERCONNECTION OF DISTRIBUTED GENERATION

“Generation company” means a company engaged in the business of producing, manufacturing or generating electricity or related services or products, including but not limited to, renewable energy generation attributes for retail sale to the public. G.L. c. 164, § 1.

“Host Customer” means a Customer with a Class I, II, or II Net Metering Facility that generates electricity on the Customer’s side of the meter.

“Nameplate Capacity” means, for the purposes of calculating net metering capacity only, the nominal capacity of a system that reflects normal operating conditions, and not maximum operating conditions.

“Supplier” means any supplier of generation service to retail Customers, including power marketers, brokers and marketing affiliates of distribution companies, except that no electric company shall be considered a supplier. G.L. c. 164, § 1.

For the terms “energy marketer” and “energy broker,” please use the definition for “Electricity Broker,” which means an entity, including but not limited to an Aggregator, which facilitates or otherwise arranges for the purchase and sale of electricity and related services to Retail Customers, but does not sell electricity. Public Aggregators shall not be considered Electricity Brokers. 220 C.M.R. 11.02.

B) If applying for Net Metering as an Agricultural Net Metering Facility, please answer the following questions:

- 1) Is the Agricultural Net Metering Facility operated as part of an agricultural business?
 Yes
 No (the facility is not eligible for Net Metering as an Agricultural Net Metering Facility)
- 2) Has the Commissioner of the Department of Agriculture recognized the business as an agricultural business?
 Yes
 No
- 3) Is the Agricultural Net Metering Facility located on land owned or controlled by the agricultural business mentioned in Item B.1 above?
 Yes
 No (the facility is not eligible for Net Metering as an Agricultural Net Metering Facility)
- 4) Is the energy from the Agricultural Net Metering Facility used to provide electricity to metered accounts of the agricultural business mentioned in Item B.1 above?
 Yes
 No (the facility is not eligible for Net Metering as an Agricultural Net Metering Facility)

Complete if applicable, otherwise leave blank

Does not apply to solar or wind

C) If applying for neighborhood net metering, please answer the following questions:

STANDARDS FOR INTERCONNECTION OF DISTRIBUTED GENERATION

Complete if applicable, otherwise leave blank

- 1) Are all participants served by the same distribution company? Yes No
- 2) Are all participants served by the same ISO-NE load zone? Yes No
- 3) Do all participants reside in the same municipality? Yes No

NOTE: If any of the answers to the questions in Item C are no, then the facility is ineligible for neighborhood net metering unless granted an exception by the Department of Public Utilities under 220 C.M.R. §18.09(6).

D) Please indicate how the Host Customer will report to the Company the amount of electricity generated by the net metering facility. The information is due twice each year: (1) by January 31 for the prior year's generation; (2) by September 30 for the year-to-date generation:

- _____ Provide the Company access to their ISO-NE GIS account
- _____ Provide the Company access to their metering or inverter data
- _____ Provide the Company with a report in writing of the generation by January 31 and again on _____ on September 30 each year

E) For any Billing Period in which the Host Customer earns Net Metering Credits, please indicate how the Distribution Company will apply them:

Select One

- Apply all of the Net Metering Credits to the account of the Host Customer (Skip Items F and G)
- Allocate all the Net Metering Credits to the accounts of eligible Customers (Class I and II Net Metering Facilities skip Item F)
- Both apply a portion of the Net Metering Credits to the Host Customer's account and allocate a portion to the accounts of eligible Customers (Class I and II Net Metering Facilities skip Item F)

F) If the Host Customer has a Class III Net Metering Facility, please indicate below the range that best represents the number of eligible Customer accounts to which Net Metering Credits would be allocated. Alternatively, please complete Item G. This information will allow the Company to exercise its option to purchase Net Metering Credits from the Host Customer rather than allocating such credits.

The Company will notify the Host Customer within 30 days of the filing of Schedule Z whether it will allocate or purchase Net Metering Credits. If the Company elects to purchase Net Metering Credits, the Company will render payment by issuing a check to the Host Customer each Billing Period, unless otherwise agreed in writing by the Host Customer and Company. If the Company elects to allocate Net Metering Credits, the Host Customer must complete Item G and submit the revised Schedule Z to the Company.

- _____ Allocate Net Metering Credits to fewer than 50 eligible Customer accounts (Skip Item G)
- _____ Allocate Net Metering Credits to 100 or fewer eligible Customer accounts (Skip Item G)
- _____ Allocate Net Metering Credits to more than 100 eligible Customer accounts (Skip Item G)

STANDARDS FOR INTERCONNECTION OF DISTRIBUTED GENERATION

G) Please state the total percentage of Net Metering Credits to be allocated.

Complete if applicable, otherwise leave blank

_____ % Amount of the Net Metering Credit being allocated. The total amount of Net Metering Credits being allocated shall not exceed 100 %. Any remaining percentage will be applied to the Host Customer's account.

Please identify each eligible Customer account to which the Host Customer is allocating Net Metering Credits by providing the following information (attach additional pages as needed):

NOTE: If a designated Customer account closes, the allocated percentage will revert to the Host Customer's account, unless otherwise mutually agreed in writing by the Host Customer and the Company.

Customer Name: (Customer Name as listed on Electric Bill)

Service Address: (Service Address as listed on Electric Bill. This is NOT the Mailing Address)

Billing Account Number: (Billing Account number as listed on Electric Bill)

If public entity, DPU Public Classification ID: (Complete if applicable, otherwise leave blank)

Amount of Net Metering Credit Allocated: (Amount being allocated to this account) %

Complete if applicable, otherwise leave blank

Customer Name: _____

Service Address: _____

Billing Account Number: _____

If public entity, DPU Public Classification ID: _____

Amount of Net Metering Credit Allocated: _____ %

Customer Name: _____

Service Address: _____

Billing Account Number: _____

If public entity, DPU Public Classification ID: _____

Amount of Net Metering Credit Allocated: _____ %

Customer Name: _____

Service Address: _____

Billing Account Number: _____

If public entity, DPU Public Classification ID: _____

Amount of Net Metering Credit Allocated: _____ %

STANDARDS FOR INTERCONNECTION OF DISTRIBUTED GENERATION

Customer Name: _____
Service Address: _____
Billing Account Number: _____
If public entity, DPU Public Classification ID: _____
Amount of Net Metering Credit Allocated: _____ %

Customer Name: _____
Service Address: _____
Billing Account Number: _____
If public entity, DPU Public Classification ID: _____
Amount of Net Metering Credit Allocated: _____ %

H) The Company may elect to seek to obtain capacity payments from ISO-NE for the electricity generated by Class II and III Net Metering Facilities. The Company will notify the Host Customer within 30 days of the filing of Schedule Z whether it will assert title to the right to seek those capacity payments. If the Company elects to assert title to those capacity payments, the Company will include any capacity payments received from ISO-NE in the Company's annual Net Metering Recovery Surcharge reconciliation.

I) The terms of this Schedule Z shall remain in effect unless and until the Host Customer executes a revised Schedule Z and submits it to the Company. Unless otherwise required herein or mutually agreed to in writing by the Host Customer and the Company, a revised Schedule Z shall not be submitted more than twice in any given calendar year.

J) A signature on the application shall constitute certification that (1) the Host Customer has read the application and knows its contents; (2) the contents are true as stated, to the best knowledge and belief of the Host Customer; and (3) the Host Customer possesses full power and authority to sign the application.

Host Customer (Signature) ← *Primary Account Holder*

Host Customer (Print)

Date

Issued by: Craig Hallstrom
President
2015

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Effective: June 1,