

VIRTUAL NET METERING RIDER

AVAILABLE to Municipal, State or Agricultural Customers who seeks to allocate Virtual Net Metering Credits produced by an Eligible Facility to Beneficial Accounts pursuant to Connecticut General Statutes § 16-244u and § 16-244u(e)(3), as amended by Public Act 13-298, Sec. 35, Public Act 13-247, Sec. 119, Public Act 16-216, Sec. 1. Customers seeking to receive service under this Rider must qualify for, and maintain eligibility for, service as provided herein. This Rider is issued in accordance with PURA Final Decision, dated July 21, 2014, Docket No. 13-08-14, *PURA Development of the Administrative Processes and Program Specifications for Virtual Net Metering* (the "VNM July 2014 Decision") as amended by (1) PURA Final Decision, dated December 17, 2014, Docket No. 13-08-14RE01, *PURA Development of the Administrative Processes and Program Specifications for Virtual Net Metering – VNM Methodology* (the "VNM December 2014 Decision"), (2) PURA Final Decision, dated December 2, 2015, Docket No. 13-08-14RE02 (the "VNM December 2015 Decision"), (3) PURA Final Decision, dated February 3, 2016, Docket No. 15-09-08 (the "VNM February 2016 Decision"), and (4) PURA Final Decision, dated October 26, 2016, Docket No. 13-08-14RE03 (the "VNM October 2016 Decision"), and (5) PURA Final Decision, dated July 20, 2018, Docket No. 13-08-14RE04 (the "VNM July 2018 Decision").

DEFINITIONS:

*"Agricultural Beneficial Account"* means the account of an Agricultural Customer designated by an Agricultural Customer Host to receive virtual net metering credits from that Agricultural Customer host. The Agricultural Customer Host shall not designate more than 10 Beneficial Accounts, each of which shall (1) use electricity for the purposes of agriculture, as defined in subsection (q) of Connecticut General Statutes § 1-1, or (2) be a Municipal Customer, or (3) be a critical facility, as defined in subdivision (2) of subsection (a) of Connecticut General Statutes §16-243y that is also non-commercial. Accordingly, a non-commercial critical facility may qualify as an Agricultural Beneficial Account.

*"Agricultural Customer"* means an in-state retail end user of an electric distribution company that uses electricity for the purpose of agriculture, as defined in subsection (q) of Connecticut General Statutes § 1-1.

*"Agricultural Customer Host"* is an Agricultural Customer that fully owns, or holds an equity interest in a special purpose entity (SPE) that either owns the Virtual Net Metering Facility or directly owns less than 100% of the Agricultural Virtual Net Metering Facility and participates in agricultural virtual net metering.

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*“Agricultural Virtual Net Metering Facility”* means a Class I renewable energy source, as defined in Connecticut General Statutes § 16-1(a)(26), as it may be amended from time to time, that is operated as part of a business for the purpose of agriculture, as defined in subsection (q) of Connecticut General Statutes § 1-1, that : (i) is served by an electric distribution company on land owned or controlled by an Agricultural Customer Host and serves the electricity needs of the Agricultural Customer Host and its Beneficial Accounts; (ii) is within the same electric distribution company service territory as the Agricultural Customer Host and its Beneficial Accounts; (iii) has a nameplate capacity rating of three (3) megawatts or less, and (iv) is physically located behind a single electric distribution company revenue meter billed to the Agricultural Customer Host.

*“Allocation Factors”* equal the relative proportion of load for each of the Beneficial Accounts designated by the Customer Host, as determined by meter readings of the Beneficial Accounts.

*“Beneficial Account”* means an Agricultural Beneficial Account, Municipal Beneficial Account, Municipal Critical Facility Beneficial Account, State Beneficial Account or State Critical Facility Beneficial Account as appropriate for the context of its usage. For all purposes pursuant to service under this rider a Municipal Beneficial Account must be an account of a Municipal Related Customer, and a State Beneficial Account must be the account of a State Related Customer, as defined below.

*“Complete Billing Service”* means the Customer Host receives from the Company an invoice reflecting an Electric Supplier’s generation service charges.

*“Customer Host”* means an Agricultural Customer Host, Municipal Customer Host or State Customer Host as appropriate for the context of its usage.

*“Declining Percentage of the Transmission and Distribution Charges”* means a percentage of the transmission and distribution charges, which commencing on the later of the effective date of this rider or on the first day of commercial operation of an Eligible Facility shall equal eighty (80) percent during the first twelve (12) consecutive months following such date, sixty (60) percent during the immediately following twelve (12) consecutive months and forty (40) percent each month thereafter.

*“Eligible Facility”* means a Virtual Net Metering Facility or Agricultural Virtual Net Metering Facility, as appropriate for the context of its usage.

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*“Electric Supplier”* has the meaning defined in the Company’s Terms and Conditions.

*“Generation Service”* has the meaning defined in the Company’s Terms and Conditions.

*“Last Resort Service”* has the meaning defined in the Company’s Terms and Conditions.

*“Microgrid”* has the meaning specified in Connecticut General Statutes § 16-243y(5), as may be amended from time to time.

*“Municipal Beneficial Account”* means the account of a Municipal Related Customer designated by a Municipal Customer Host to receive Virtual Net Metering Credits from such Municipal Customer Host. A Municipal Customer Host may designate up to five (5) Municipal Beneficial Accounts. A Municipal Beneficial Account may also qualify as an Agricultural Beneficial Account.

*“Municipal Critical Facility Beneficial Account”* means a retail end user of electric service located in the service territory of the Company, designated by a Municipal Customer Host to receive Virtual Net Metering Credits from such Municipal Customer Host, that (i) may be a Municipal Customer, (ii) is not a State Customer, and (iii) is a critical facility, as defined in subdivision (2) of subsection (a) of Connecticut General Statutes § 16-243y, that is connected to a Microgrid. A Municipal Customer Host may designate up to five (5) Municipal Critical Facility Beneficial Accounts in addition to its designated Municipal Beneficial Accounts.

*“Municipal Customer”* means a retail end user of electric service located in the service territory of the Company that is a Municipality.

*“Municipal Customer Host”* means a Municipal Customer who owns, leases or enters into a long-term contract for an Eligible Facility.

*“Municipal Related Customer”* means a retail end user of electric service located in the service territory of the Company, and belonging to the same Municipality to which the Municipal Customer Host belongs. The Municipal Beneficial Account Customer must be a retail end user of electric service that is a Municipality, as defined below.

*“Municipality”* has the meaning specified in Connecticut General Statutes § 7-148 and means any Connecticut town, city or borough, consolidated town and city or consolidated town and borough(s) and, for purposes of § 16-244u(a)(1) of the Connecticut General Statutes, shall also include any school district of any such municipality.

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*“Net Exported kWh”* means, in any monthly billing period, the difference between the total kWh supplied to the electric distribution system by a Customer Host and the total kWh supplied to that Customer Host from the electric distribution system, to the extent that it is greater than or equal to zero.

*“Passthrough Billing Service”* means the Customer Host receives from an Electric Supplier an invoice reflecting the Electric Supplier’s generation service charges.

*“PURA”* means the Connecticut Public Utilities Regulatory Authority and any predecessor or successor agency.

*“Standard Service”* has the meaning defined in the Company’s Terms and Conditions.

*“State Beneficial Account”* means a State Related Customer designated by a State Customer Host to receive Virtual Net Metering Credits from such State Customer Host. A State Customer Host may designate up to five (5) State Beneficial Accounts.

*“State Critical Facility Beneficial Account”* means a retail end user of electric service located in the service territory of the Company, designated by a State Customer Host to receive Virtual Net Metering Credits from such State Customer Host, that (i) may be a Municipal Customer, (ii) is not a State Customer, and (iii) is a critical facility, as defined in subdivision (2) of subsection (a) of Connecticut General Statutes § 16-243y, that is connected to a Microgrid, A State Customer Host may designate up to five (5) State Critical Facility Beneficial Accounts in addition to its designated State Beneficial Accounts.

*“State Customer”* means a retail end user of electric service located in the service territory of the Company that belongs to any office, department, board, council, commission, institution, constituent unit of the state system of higher education, technical high school or other agency in the executive, legislative or judicial branches of state government of Connecticut.

*“State Customer Host”* means a State Customer that owns, leases or enters into a long-term contract for an Eligible Facility.

*“State Related Customer”* means a retail end user of electric service located in the same service territory of the Company and the State Customer Host. The State Related Customer must be a State Customer, as defined above.

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*“Terms and Conditions”* means the latest version of the Company’s TERMS AND CONDITIONS FOR DELIVERY SERVICE on file with, and approved by, PURA.

*“Virtual Net Metering Credit” or (“VNMC”)* means a monthly monetary credit associated with the amount of Net Exported kWh produced by a Customer Host in a monthly billing period.

*“Virtual Net Metering Facility”* means a Class I Renewable Energy resource, as defined in Connecticut General Statutes § 16-1(a)(26), as may be amended from time to time, with a generating capacity of less than or equal to three (3) megawatts, or a Class III Renewable Energy resource, as defined in Connecticut General Statutes § 16-1(a)(44), as may be amended from time to time, with a generating capacity of less than or equal to three (3) megawatts, that is physically located behind a single electric distribution company revenue meter billed to the Customer Host.

MONTHLY RATES AND VIRTUAL NET METERING CREDITS:

Charges for electric service to a Customer Host and all Beneficial Accounts shall be based on actual meter readings and rates, terms and conditions of the applicable tariff for electric service of each such customer. Generation service charges to the Customer Host, payments and allocation of VNMCs to Beneficial Accounts shall be determined as follows.

For each Customer Host and corresponding Beneficial Accounts, the calculation and allocation of VNMCs shall be based on the meter readings obtained and used by the Company for billing the Customer Host and Beneficial Accounts under their applicable rate schedules during a given calendar year.

If in a given monthly billing period of a calendar year the Customer Host supplies more electricity to the Company than the Company delivers to the Customer Host, the Company shall in that month, if the Customer Host receives Standard Service, Last Resort Service or Generation Service from an Electric Supplier pursuant to Complete Billing Service, bill the Customer Host for zero kilowatt hour (kWh) of generation and assign a VNMC for any Net Exported kWh. If the Customer Host receives Generation Service from an Electric Supplier pursuant to Passthrough Billing Service, the Company shall set the amount of generation supply to zero kWh in the customer usage information transaction of the Customer Host provided to the

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Electric Supplier for that billing period and assign a VNMC for any Net Exported kWh.

*Monthly VNMC.* The VNMC for a given billing month shall equal the product of (a) the sum of (i) the applicable Standard Service or Last Resort Service rate per kWh of the rate schedule under which the Customer Host received, or was eligible to receive, service during such month and (ii) the retail cost per kWh the Customer Host may have otherwise been charged for transmission and distribution service in accordance with the rate schedule under which the Customer Host received electric service during such month, adjusted in accordance with the schedule of Declining Percentage of the Transmission and Distribution Charges, and (b) any Net Exported kWh. Such VNMC shall be allocated and applied to the balance of the account of each Beneficial Account in accordance with the applicable Allocation Factors. Pursuant to the VNM December 2015 Decision, all Beneficial Accounts will be billed separately. Where consistent with the provisions set forth in the VNM December 2015 Decision, an annual reapportionment of credits may be performed.

QUALIFICATION AND COMMENCEMENT OF SERVICE:

Eligibility to take service under this Rider is subject to the approval of the Company. An Agricultural Customer, Municipal Customer or State Customer applicant submitting an Interconnection Application on or after July 1, 2013 is entitled to participate in the VNM program pursuant to the VNM Decisions. Applicants who would have qualified for the VNM queue and have already obtained operational status will be entitled to VNM credit treatment under this Rider for consumption on or after the effective date of this Rider.

Applicants seeking to qualify as a Customer Host and participate in virtual net metering under this Rider must submit a Virtual Net Metering Application (VNM Application), and must both initially and on an ongoing basis satisfy the Company's interconnection requirements, as referenced herein. An applicant must also meet (at the applicant's expense) any metering and telemetering requirements designated by the Company. Upon receipt of an applicant's (i) completed VNM Application, (ii) preliminary results from the Company pursuant to an Interconnection Application, and (iii) a power purchase agreement or other proof of commitment to receive or self-supply energy, an applicant will be placed in a queue for processing and determination of eligibility for Virtual Net Metering.

Once accepted into the queue, an applicant has one year from the date of acceptance into the queue to begin commercial operation. Failure to satisfy the applicable deadline for commercial operation will result in dismissal from the queue and VNM program and

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release of assigned credits. An applicant will receive an automatic six-month extension if an interconnection agreement is executed by all parties and all payments for construction and testing is received by an EDC within one year from a project's VNM queue acceptance date. Applicants may request a one-time, six-month extension of their queue termination date by paying a fee equal to one-half of their annual VNM credit cap. The automatic extension only applies to projects that are not yet in the VNM queue as of the date of this Decision, or those that are in the VNM queue but have not already received any extensions as of the date of this Decision. For those projects that have already received extensions prior to this Decision, the previous non-refundable fees continue to apply.

In the event an applicant does not qualify for the automatic six-month extension because it did not pay the interconnection fee and sign the interconnection agreement with the EDC within the initial one-year period, that applicant will still be allowed to pay the six-month extension fee. In addition, an applicant that does not qualify for the automatic six-month extension, but paid for a six-month extension, may request a second six-month extension by paying another fee equal to one-half of their annual VNM credit cap. If the project is completed and achieves commercial operation within the two years, the applicant will be refunded the extension fee, or both extension fees, as applicable. If the project is still incomplete at the end of the two years, the extension fee, or both extension fees, as applicable, will not be returned to the applicant and the assigned credit cap will be freed to satisfy other applications.

Any material change in the VNM application will require submission of a new VNM application. The existing queue position will be forfeited and the assigned VNM credit cap will be freed to satisfy other applicants. Examples of material change necessitating a new application are changes in generation type, capacity and location. The new application will be subject to available room in the VNM sector budget, and payment of a non-refundable re-application fee equal to one-half of the new annual credit cap.

An applicant who qualifies for service as a Customer Host under this Rider shall also submit its designation (i.e., a list) of Beneficial Accounts to the Company in writing at least 60 days prior to commencement of initial service. A Customer Host may change its list of Beneficial Accounts not more than once per subsequent calendar year by providing at least 60 days prior written notice to the Company. The Customer Host is responsible for, and will cooperate with the Company in providing any additional information the Company deems necessary to qualify Beneficial Accounts and to provide service under the Rider. If during a given calendar year service to a Beneficial Account has not begun, is terminated, or participation of a Beneficial Account is otherwise disallowed or discontinued, allocations of VNMC's shall be reapportioned to remaining Beneficial Accounts.

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MAXIMUM ENROLLMENT

Total enrollment under this Rider is limited to applicants whose total combined VNMC as calculated by the Company does not exceed an annual maximum amount of \$8,000,000. Furthermore, enrollment under this Rider within each classification (i.e., Agricultural, Municipal and State Customer Hosts) is limited to applicants whose total combined VNMC as calculated by the Company does not exceed an annual maximum amount of \$3,200,000. An additional allocation of \$4,800,000 is available for Municipal Hosts who submitted an interconnection application and virtual net metering application on or before April 13, 2016. An additional allocation of \$2,400,000 is available for Agricultural Customer Hosts, provided each agricultural customer host utilizes a virtual net metering facility that is an anaerobic digestion Class I renewable energy source and not less than fifty per cent of the dollar amount for such agricultural customer hosts is utilized by anaerobic digestion facilities located on dairy farms that complement such farms' nutrient management plans, as certified by the Department of Agriculture, and that have a goal of utilizing one hundred per cent of the manure generated on such farm. Once enrollment is closed, actual VNMC's in a given calendar year will be determined on the basis of actual Customer Host load, Eligible Facility performance and prevailing rates. New applicants may be considered if participation level drops.

CUSTOMER HOST ANNUAL VIRTUAL NET METERING CREDITS

An individual Customer Host's total, annual VNMC will be calculated using prevailing rates in effect at the time their application for participation in the Virtual Net Metering program pursuant to this rider is accepted. Such calculated amount shall be the maximum VNMC to be paid to such Customer Host in a particular calendar year.

If at any point during a particular calendar year the cumulative actual VNMC's of a Customer Host calculated and applied during billing reaches the maximum VNMC level for that particular Customer Host the determination and allocation of VNMC's for the remainder of that calendar year for that Customer Host shall stop. For the remainder of the calendar year any electricity supplied by such Customer Host to the Company that exceeds the amount the Company delivers to the Customer Host, as measured in kWh at the Company's billing meter and determined on a monthly basis, shall be purchased from the Customer Host by the Company in accordance with the applicable power purchase schedule.

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INTERCONNECTION AND METERING REQUIREMENTS:

The installation of a generation system that will interconnect with the Company's electric distribution system requires the approval of the Company. An applicant seeking to qualify as a Customer Host and participate in virtual net metering under this Rider (i) is required to file an interconnection application with the Company and to comply (at the applicant's expense) with the applicable requirements contained in The Connecticut Light and Power Company Guidelines for Generator Interconnection and (ii) is responsible for the cost of the interconnection service and any metering equipment provided by the Company.

TERM OF SERVICE

A Customer Host electing service under this Rider must remain on the rider for at least 12 consecutive months. Other Terms and Conditions of service, where not inconsistent with any provisions hereof, are part of this Rider.

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