

Policy Number: 10-001- Rev 5

Policy: Distributed Generation Metering and Payment Policy

Policy Description: In an effort to ensure fair treatment of all of its customers, this policy specifies the treatment of distributed generation (“DG”) installations based on the size of the facility. This policy has been designed to reduce the effect of cost-shifting that can occur as a result of net metering these resources. Although CEL encourages the installation of small scale renewable energy projects, it also understands the burden that these installations can have on other customers. CEL may charge customers for costs associated with installing additional meter requirements and incidental administration costs. All potential DG customers must have an approved interconnection agreement with CEL prior to the installation of a DG system. The customer must meet all requirements in the interconnection agreement prior to commercial operation. (see Table 1 for fee schedule)

Net Metering: Net metering allows the customer to use the output of its generating equipment to exceed its own electric usage in some hours, and to have those excess kilowatt-hours credited to its usage during hours when the output of the generating equipment is less than the customers load.

CEL allows for Third Party Lease of DG Installations but does not allow third party Purchase Power Agreements (PPA’s). These installations will be treated as DG Generators as defined later in this policy. Third party PPA’s allow generation developers to sell electricity directly to customers competing with CEL for that customer’s sales, which is considered retail wheeling. State Law exempts municipal electric utilities from offering retail wheeling.

The net metering facility must be located on property owned or occupied by the customer-generator and must operate in parallel with the Department’s existing distribution facilities. The primary intent of the net metering facility must be to offset some of the customer-generator’s own on-site electric power requirements. CEL does not allow the use of neighborhood or network net metering.

CEL limits the cumulative generating capacity of all net metered Residential and Small Customer DG Installations to one percent (1%) of its 2013 annual peak demand. The cumulative generating capacity of all net metered DG Installations will be limited to three percent (3%) of the annual peak demand. The 2013 annual peak was 100 MW.

In order to provide reasonable protection to all customers but provide incentive for small scale DG projects, CEL offers net metering for the classes describe below:

Residential DG Installations: In order to receive net metering benefits, the installed DG shall be smaller than 5 kW. Any kilowatt hours produced by the customer–generator will be credited at the full retail value minus the Distribution/Access Charge (per kWh) per the Customer Rate Schedule at the normal rate for that customer-generator’s current class of service. For existing On/Off Peak installations with a dual-register meter, a dual-register meter will be installed on the generator output. The kilowatt hours produced by the generator will be credited against the corresponding On/Off peak usage at the rate for that customer-generator’s current class of service. If the customer produces more energy than it uses for the month, the customer will be credited on its bill for the excess generation at the full retail rate minus the Distribution/Access Charge and the credit will be carried over to the following billing period. The customer shall not receive payment for any credit balance as a result of net metering, and credits that continue for more than a year will be deleted from the customer’s account. CEL reserves the right to purchase the DG REC’s associated with this generator. For systems larger than 5 kW, the Small Customer DG Installation terms and conditions, as defined below, will apply. A \$10.00/month Net Metering Fee will apply for all Residential DG Installations due to the ongoing costs associated with maintaining the additional metering point.

Small Customer DG Installations (≤ 100 kW): Commercial installations will be limited to 50% of the customer's annual peak demand. If the customer does not have a demand meter at the premise, the installation will be limited to 40% of the annual energy usage based on a capacity factor of 15%. Installations will be limited to a maximum size of 100 kW.

All kilowatt hours supplied to the customer will be billed at the normal rate for that customer-generator's current class of service. Any kilowatt hours produced by the customer generator will be credited at the full retail value minus the Distribution/Access Charge (per kWh) at the normal rate for that customer-generator's current class of service. For existing On/Off Peak installations with a dual-register meter, a dual-register meter will be installed on the generator output. The kilowatt hours produced by the generator will be credited against the corresponding On/Off peak usage at the rate for that customer-generator's current class of service. For installations that are less than 100 kW that do not meet the net metering requirements in the first paragraph of this section, the generation will be credited at the electric retail generation rate per the Customer Rate Schedule. If the customer has produced more energy than it has used for the month, the credit will be carried over to the following billing period. The customer shall not receive payment for any credit balance as a result of net metering. Customer credits that continue for more than a year will be deleted from the customer's account. A \$10.00/month Net Metering Fee will apply for all Small Customer DG Installations due to the ongoing costs associated with maintaining the additional metering point.

Large Customer DG Installations (≤ 750 kW): Commercial installations will be limited to 60% of the customer's annual peak demand up to a maximum installed capacity of 750 kW.

All kilowatt hours supplied to the customer will be billed at the normal rate for that customer-generator's current class of service. Any kilowatt hours produced by the customer-generator will be credited at the electric customer's retail generation rate per the Customer Rate Schedule, and the credit will be carried over to the following billing period. For existing On/Off Peak installations with a dual-register meter, a dual-register meter will be installed on the generator output. The kilowatt hours produced by the generator will be credited against the corresponding On/Off peak usage at the normal rate for that customer-generator's current class of service. The customer shall not receive payment for any credit balance as a result of net metering. Customer credits that continue for more than a year will be deleted from the customer's account. A \$25.00/month Net Metering Fee will apply for all Large Customer DG Installations due to the ongoing costs associated with maintaining the additional metering point.

DG Generators: Installations that do not meet the requirements defined above will be listed as DG generators. DG generators can sell to the ISO-NE wholesale markets or to third parties outside of CEL's service territory. DG generators may be required to register as an ISO-NE Market Participant and sign an interconnection agreement with ISO-NE in addition to an interconnection agreement with CEL. These customers will be charged a wheeling charge as determined by CEL. CEL and the DG Generator may mutually agree to enter into a Purchase Power Agreement. Should both parties enter into a PPA, then all generation will be governed by the terms of the PPA.

CEL reserves the right to change this policy at any time to reflect changes in its Electric Rate Schedules or to bill the customer-generator for any costs that occur as a result of charges directly related to the customer-generator.

Indemnification: CEL shall not be liable, directly or indirectly, for permitting or continuing to allow the attachment of DG facility, or for the acts or omissions of the customer-generator that cause property damage, or loss, or injury, including death, to any party. CEL will not be held liable for any financial harm that this policy or modifications to this policy cause the customer-generator.

Safety & Operation: Customers must not interconnect their generating facility with the Department's distribution facilities until they receive written authorization from CEL and approval from the Wiring Inspector. Unauthorized interconnections may result in injury to persons and damage to equipment or property for which the customer may be liable. CEL reserves the right to disconnect generation systems when they are determined to interfere with the operation of Department or other customer equipment, in the sole judgment of the Department. Any corrections or modifications to the equipment will be at the sole expense of the customer-generator.

Table 1 – Distributed Generation Fee Schedules

	≤ 100 kW	≥ 100 kW
	Listed DG	Any DG
Application Fee (covers screens)	\$5/kW Minimum \$100 Maximum \$500	\$5/kW Minimum \$500 Maximum \$3,000
Supplemental Review or Additional Review (if applicable)	N/A	Up to 10 Engineering hours at \$100/hr (\$1,000 maximum)
Standard Interconnection Initial Review	N/A	Included in Application fee (if applicable)
Impact and Detailed Study (if required)	N/A	Actual Cost
Facility Upgrades	Actual Cost	Actual Cost
O&M	TBD	TBD
Witness Test	Actual Cost	Actual Cost