

SCHEDULE NO. NEM-NEMA
NET METERING SERVICE
NET METERING SERVICE AGGREGATION

APPLICABILITY

This net energy-metering and net energy-metering aggregation schedule is applicable to residential, small commercial, commercial, industrial, or agricultural Customers who use an electrical generating facility ("Customer-Generator"): (1) with a capacity of not more than 1,000 kilowatts; (2) that is located on the customer's owned, leased, or rented premises; (3) is interconnected and operates in parallel with the Utility's transmission and distribution facilities, (4) is intended primarily to offset part or all of the customer's own electrical requirements; and (5) uses one of the following generation technologies: (a) solar or wind turbine, or a hybrid system of both as specified in PUC 2827(b)(2) and 2827 (b) (4) ("Eligible Customer-Generator"); or (b) eligible fuel cell as specified in California Public Utilities Code Section 2827.10(a)(2) and (3) ("Fuel Cell Customer-Generator"). This schedule is applicable on a first-come, first-served basis for new (1) Eligible Customer-Generators until such time as the total rated generating capacity of Eligible Customer-Generators exceeds five percent of the Utility's aggregate peak load in California; and (2) Fuel Cell Customer-Generators until such time as 112,500 kW of rated generating capacity is served under this Schedule statewide and will expire on January 1, 2014 unless extended by legislation.

This service is not applicable to interruptible customers.

This service is not applicable to a Direct Access ("DA") customer where the Customer's ESP does not offer such a service. Additionally if a Customer-Generator participates in direct transactions with an ESP that does not provide distribution service for the DA, the ESP, and not the Utility, is obligated to provide net energy metering to the Customer-Generator.

This schedule is offered in compliance with California Public Utilities Code Section 2827, et seq. and is not intended to expand nor limit rights under such section.

TERRITORY

Entire California Service Area

(Continued)

Advice Letter No. 81E

Issued by
Gregory S. Sorenson
Name

Date Filed July 17, 2017

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President
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RATES

1. Net Energy Metering and Net Energy Metering Aggregation. All rates charged under Schedule NEM-NEMA will be in accordance with the Customer-Generator's otherwise-applicable metered rate schedule ("OAS"). A Customer-Generator served under this Schedule is responsible for all charges from its OAS including monthly minimum charges, customer charges, meter charges, facilities charges, demand charges and surcharges on the net consumption of electricity supplied by the Utility.

A.

Multiple Meter Aggregation (NEM Aggregation). Pursuant to PU Code Section 2827(h)(4), Customers served under this Schedule who have additional metered service accounts located on property where the Renewable Electrical Generating Facility is located and/or on property adjacent or contiguous to the property on which the Renewable Electrical Generating Facility is located, if those properties are all solely owned, leased, or rented by the Customer, may choose to have the electrical load (kWh) served by such meters aggregated for the purposes of determining if the Customer is a net consumer or a net producer of energy. For the purposes of NEM Aggregation only, parcels that are divided by a street, highway, or public thoroughfare are considered contiguous, provided they are within an unbroken chain of otherwise contiguous parcels and are all solely owned, leased or rented by the Customer, as verified in Form 14-937. Customers are also eligible to participate in NEM Aggregation where all meters in an NEM Aggregation arrangement are located within an unbroken chain of contiguous parcels that are all solely owned, leased, or rented by the Customer. For example, if there are three parcels (A, B and C), all of which are solely owned, leased or rented by the Customer, where A contains the Renewable Electrical Generating Facility and abuts B, B abuts C, but A and C are separated by B, then the loads of all three parcels shall be eligible to participate in NEM Aggregation. Refer to Diagram 1 (for illustrative purposes only). In addition, if there are five parcels (A, B, C, D and E) that form a cluster of contiguous parcels, where A contains the Renewable Electrical Generating Facility, and D and E are separated from A, B, and C by a street, highway or public thoroughfare, for the purposes of participating in NEM Aggregation only, all five parcels are considered contiguous, provided they are otherwise contiguous and all solely owned, leased or rented by the Customer. Refer to Diagram 2 (for illustrative purposes only).

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RATES (continued)

2. An eligible Customer-Generator who elects to receive compensation under this Schedule will receive a rate (the "Surplus Compensation Rate") that will mirror the actual cost of non-renewable energy supplied to Utility that is displaced by the generator for the applicable month. The Surplus Compensation Rate will be based on the Pacific Gas and Electric Company methodology used to determine its Default Load Aggregation Price as applied to the Utility's Commission-approved power purchase agreement rates. The Surplus Compensation rate will be defined as the rate in effect on the Calendar month in which the customer receives the meter reading.

A.

An eligible customer-generator with multiple meters may elect to aggregate the electrical load of the meters located on the property where the renewable electrical generation facility is located and on all property adjacent or contiguous to the property on which the renewable electrical generation facility is located if those properties are solely owned, leased, or rented by the eligible customer-generator.

B.

For the purposes of NEM Aggregation only, parcels that are divided by a street, highway, or public thoroughfare are considered contiguous, provided they are within an unbroken chain of otherwise contiguous parcels and are all solely owned, leased or rented by the Customer, as verified in Form 14-937. Customers are also eligible to participate in NEM Aggregation where all meters in an NEM Aggregation arrangement are located within an unbroken chain of contiguous parcels that are all solely owned, leased, or rented by the Customer. For example, if there are three parcels (A, B and C), all of which are solely owned, leased or rented by the Customer, where A contains the Renewable Electrical Generating Facility and A abuts B, B abuts C, but A and C are separated by B, then the loads of all three parcels shall be eligible to participate in NEM Aggregation. Refer to Diagram 1 (for illustrative purposes only). In addition, if there are five parcels (A, B, C, D and E) that form a cluster of contiguous parcels, where A contains the Renewable Electrical Generating Facility, and D and E are separated from A, B, and C by a street, highway or public thoroughfare, for the purposes of participating in NEM Aggregation only, all five parcels are considered contiguous, provided they are otherwise contiguous and all solely owned, leased or rented by the Customer. Refer to Diagram 2 (for illustrative purposes only).

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RATES (continued)

Diagram 1

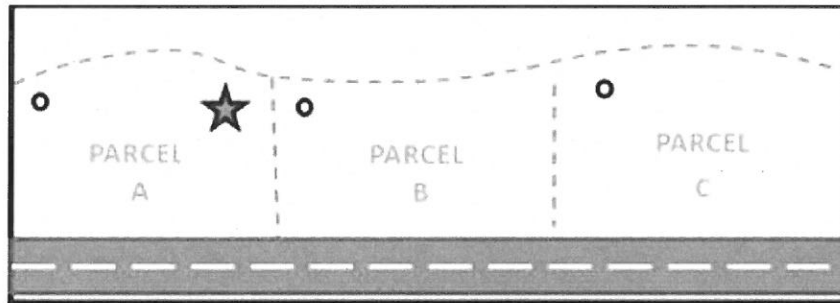
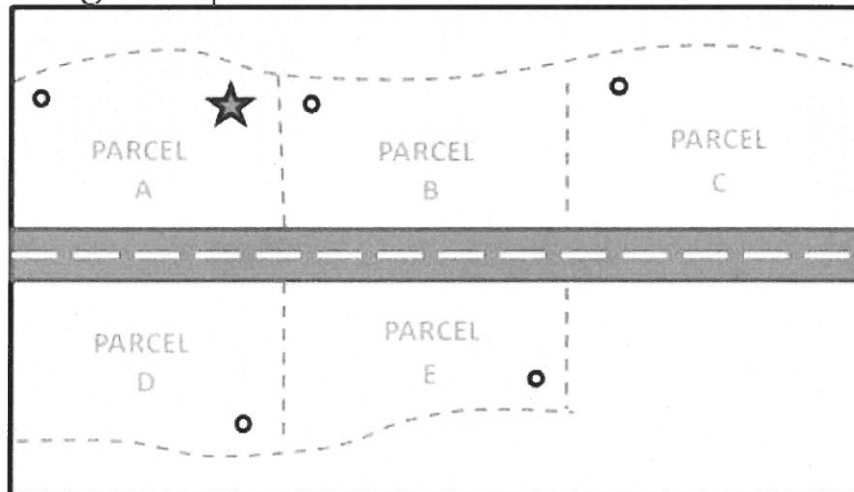


Diagram 2



- ★ = RENEWABLE ELECTRICAL GENERATING FACILITY
- = METER
- = ELIGIBLE

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RATES (continued)

- 3. The power factor charge, when it applies on the OAS, will be based on the average power factor over the past 12 billing months of operation prior to starting on this rate schedule. Customer-Generators without 12 billing months of power factor history, will have their power factor estimated based on the type of the connected facilities and their hours of operation. Power factor charges will be applied to the Customer-Generator's bill until the Customer-Generator demonstrates to the Utility's satisfaction that a specified correction has been provided. The Utility will continue to monitor and review the power factor and if warranted, change the power factor correction charge on the Customer-Generator's bills.

- 4. The voltage and transformer adjustment, when it applies on the Customer-Generators OAS shall be as stated on the OAS.

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1. Metering:

A Net Energy Metering. The following applies to all Customer-Generators.

- (1) Single Meter. Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. If the eligible Customer-Generator's existing electrical meter is not capable of measuring the flow of electricity in two directions, the eligible 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.
- (2) Dual Meter. An additional meter or meters, installed in a dual meter socket ("dual metering"), to monitor the flow of electricity in each direction may be installed with the consent of the Customer-Generator, at the expense of the Utility, and the dual metering shall be used only to provide the information necessary to accurately bill or credit the customer according to the Customer-Generator's OAS or to collect generating facility performance information for research purposes. The Utility shall determine whether dual metering is required under this provision. If dual metering is installed, the Net energy metering calculation shall yield a result identical to that of a single meter capable of measuring the flow of electricity in two directions.
- (3) The Utility shall not require dual metering except where necessary for billing accuracy. If none of the normal metering options available at the Utility's disposal which are necessary to render accurate billing are acceptable to the Customer-Generator, the Utility shall have the right to refuse interconnection under this schedule.

B. TOU metering is not applicable for NEM or NEMA.

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1. Billing

Billing for Eligible Customer-Generators Using Net Energy Metering. The following applies to Customer Generators using a solar generating facility or wind generating facility at or below 1000 kilowatts or solar/wind hybrid generating facility at or below 1000 kilowatts:

- A. Net energy is defined as the difference between the electricity supplied by the Utility through the electric grid to the Eligible Customer-Generator and electricity generated by an Eligible Customer Generator and fed back into the electric grid over a 12 -month period or part, such that the end of the Relevant Period ends in December of each year ("Relevant Period"). The proportional allocation is determined per billing period based on the cumulative consumption of each aggregated account compared to the cumulative consumption of the NEM Aggregation arrangement since the start of the Relevant Period, and the cumulative generation exported from the Renewable Electrical Generating Facility since the start of the Relevant Period. The Customer is required to designate one account in the NEM Aggregation arrangement to receive any remaining kWh not allocated due to rounding after the proportional allocation methodology described above is completed.
- B. NEMA account set up fees
 - 1) \$25 per account, not to exceed \$500 per arrangement, and
 - 2) \$5 Monthly Billing Fee
- C. At the end of each Relevant Period, the Eligible Customer-Generator will receive a true up for net energy exported to the utility :

(1) In the event that the value of the electricity supplied by the Utility at the end of the Relevant Period exceeds the electricity generated by the Eligible Customer-Generator during the same period, the Eligible Customer-Generator is a net electricity consumer and the Utility shall bill the Eligible Customer-Generator for the net consumption during the Relevant Period based on the Eligible Customer-Generator's OAS.

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Billing: (Continued)

- (2) In the event that the value of the electricity supplied by the Utility at the end of the Relevant Period is less than the electricity generated by the Eligible Customer-Generator at the end of the Relevant Period, the eligible Customer Generator will be paid at the applicable Surplus Compensation Rate applicable at the end of the Relevant Period. NEMA accounts are allowed to have non-NEM eligible generating facilities directly interconnected to them.
- (3) The minimum threshold for monetary payment at the end of the true up period will be \$25 and amounts less than \$25 will be carried over to the next 12 month period.
- (4) If an Aggregated Account that is not a Generating Account is separated from the NEMA Arrangement, and subsequently qualifies for NEM, it is also eligible to receive Net Surplus Compensation on a going-forward basis, provided it meets all other applicable NEM eligibility criteria.
- (5) Existing NEM customers electing NEM Aggregation who also have executed interconnection agreements will not be required to complete new interconnection agreements, nor conduct new interconnection studies.

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Billing: (Continued)

- D. Monthly Billing. If the Utility supplies the Customer-Generator with electricity, the Utility shall provide the Customer-Generator with net electricity consumption information with each regular bill. That information shall include the current monetary balance owed the Utility for the net electricity consumed since the last Relevant Period ended. For, Customer-Generators, the net balance of all moneys owed must be paid on each monthly billing cycle; when they are a net electricity producer over a monthly billing cycle, any excess kilowatt-hours generated during the billing cycle shall be carried over to the following billing period as a monetary credit, at the applicable Surplus Compensation Rate and appear as a credit on the Customer -Generator's account, until the end of the Relevant Period.
- E. Billing for Customer-Generators Using TOU Metering. The following applies to Customer -Generators using a wind generating facility or a solar/wind hybrid generating facility, , or a Fuel Cell generating facility using TOU Metering:
 - 1) The generation of electricity provided to the Utility by a Customer-Generator shall result in a credit to the Customer-Generator valued in accordance with the generation component of Schedule A-3 or above TOU schedule, as applicable. All electricity supplied to the Customer-Generator by the Utility shall be priced in accordance with either Schedule A-3 or the above TOU rates, as applicable.
 - 2) Time of Use Rates. For Customer-Generators taking service on OAS TOU, any net consumption or production shall be valued monthly as follows:
 - 3) If the Customer-Generator is a net consumer during any discrete time-of-use period, the net kWh consumed shall be billed in accordance with that same TOU period in the Customer-Generator's OAS.
 - 4) If the Customer-Generator is a net generator during any discrete TOU period, the net kWh produced shall be valued at the Surplus Compensation Rate per kWh of the same TOU period in the Customer Generator's OAS

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Billing (Continued)

- F. To calculate the maximum generation credit for a Customer-Generator, the Utility will, at the end of each Relevant Period, determine the credit for energy based on the following equation:
- G. Credit (\$) = Total energy fed back to the Utility (kWh) during the relevant period x Surplus Compensation Rate for the relevant period.
- H. The Utility shall provide the Customer-Generator with gross energy (kWh) consumption and net energy (kWh) consumed/produced information with each monthly billing statement.
- I. The Utility's written approval of the Customer-Generator'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 NEM.
- J. Payment at end of 12 month relevant Period. Utility will true up the Customer-Generators who elects service under this Schedule at the end of the 12 month period, which will be set on the basis of a calendar year and paid after the December bill. The minimum threshold for monetary payment at the end of the true up period will be \$25 and amounts less than \$25 will be carried over to the next 12 month period.

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2. Special Conditions

- 1) A visible disconnect switch is required to isolate the generating facilities from the Utility's distribution system. The disconnect switch shall be furnished and installed by the customer. The device must be accessible to Utility personnel and be capable of being locked in the open position.
- 2) Generating facilities shall not be operated in a manner that interferes with the Utility's operations or service to other customers. The Utility retains the right to disconnect service to maintain safety and quality of service to other customers.
- 3) The Utility will ensure that requests for establishment of net energy metering service for solar, wind and solar/wind hybrid generating facilities are processed in a time period not exceeding 30 working days from the date that the Utility receives a completed application for service hereunder, including a signed interconnection agreement from the Customer Generator and the electric inspection clearance from the governmental authority having jurisdiction. The Utility shall notify the Commission if it cannot interconnect within such period.
- 4) QF Status – Customers receiving net surplus compensation must first demonstrate to Liberty that they are Qualifying Facilities in order to receive service under this Schedule.

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- (1) In the event that the value of the electricity supplied by the Utility at the end of the Relevant Period exceeds the electricity generated by the Eligible Customer-Generator during the same period, the Eligible Customer-Generator is a net electricity consumer and the Utility shall bill the Eligible Customer-Generator for the net consumption during the Relevant Period based on the Eligible Customer-Generator's OAS.
- (2) In the event that the value of the electricity supplied by the Utility at the end of the Relevant Period is less than the electricity generated by the Eligible Customer-Generator at the end of the Relevant Period, the eligible Customer Generator will be paid at the applicable Surplus Compensation Rate applicable at the end of the Relevant Period.
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 - 3) If the Customer-Generator is a net consumer during any discrete time-of-use period, the net kWh consumed shall be billed in accordance with that same TOU period in the Customer-Generator's OAS.
 - 4) If the Customer-Generator is a net generator during any discrete TOU period, the net kWh produced shall be valued at the Surplus Compensation Rate per kWh of the same TOU period in the Customer Generator's OAS

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Billing (Continued)

- E. To calculate the maximum generation credit for a Customer-Generator, the Utility will, at the end of each Relevant Period, determine the credit for energy based on the following equation:
- F. $\text{Credit (\$)} = \text{Total energy fed back to the Utility (kWh) during the relevant period} \times \text{Surplus Compensation Rate for the relevant period.}$
- G. The Utility shall provide the Customer-Generator with gross energy (kWh) consumption and net energy (kWh) consumed/produced information with each monthly billing statement.
- H. The Utility's written approval of the Customer-Generator'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 NEM.
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