

Net Metering

(a) Definitions

- (1) “Biomass” means a power source that is comprised of, but not limited to, combustible residues or gases from forest products manufacturing, waste, byproducts, or products from agricultural and orchard crops, waste or co-products from livestock and poultry operations, waste or byproducts from food processing, urban wood waste, municipal liquid waste treatment operations, and landfill gas.¹
- (2) “Customer-generator” means any customer of an Electricity Provider that generates electricity on the customer’s side of the billing meter with Renewable Energy Generation that is primarily intended to offset part or all of the customer’s electricity requirements. A Customer-generator does not need to be the owner of the Renewable Energy Generation system.
- (3) “Electricity Provider” means the jurisdictional entity that is required to offer Net Metering service to eligible Customer-generators.
- (4) “Net Metering” means a methodology under which electric energy generated by or on behalf of a Customer-generator and delivered to the Electricity Provider’s local distribution facilities may be used to offset electric energy provided by the Electricity Provider to the Customer-generator during the applicable billing period.
- (5) “Renewable Energy Generation” means an electrical energy generation system that uses one or more of the following fuels or energy sources: Biomass, solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power, or hydrogen produced from any of these resources.
- (6) “Renewable Energy Credit” means a tradable instrument that includes all renewable and environmental attributes associated with the production of electricity from a Renewable Energy Generation system.

(b) Net Metering general provisions

- (1) All Electricity Providers shall offer Net Metering to Customer-generators with Renewable Energy Generation that that is interconnected and operated in parallel pursuant to the interconnection rules in Section [[*reference state interconnection rules here*]]; *provided, however*, that **the rated capacity of the Renewable Energy Generation does not exceed the Customer-generator’s service entrance capacity.**²

¹ The definition of Biomass may need to be adjusted to reflect state renewable portfolio standard definitions.

² **Some states do not impose limitations on the size of a Renewable Energy Generating system that may be Net Metered. For states that impose system size limitations, such limits vary from as**

- (2) All Electricity Providers shall make Net Metering available to Customer-generators in a timely manner and on a first-come, first-served basis. An Electricity Provider shall not limit the cumulative, aggregate generating capacity of net-metered systems in any manner.³
- (3) Each Electricity Provider shall develop a net metering tariff that provides for Customer-generators to be credited in kilowatt-hours (kWh) at a ratio of 1:1 for any excess production of their generating facility that exceeds the Customer-generator's on-site consumption of kWh in the billing period.
- (4) The Electricity Provider shall carry over any excess kWh credits earned by a Customer-generator and apply those credits to subsequent billing periods to offset the Customer-generator's consumption in those billing periods until all credits are used.⁴ Any excess kWh credits shall not reduce any fixed monthly customer charges imposed by the Electricity Provider.
- (5) An Electricity Provider shall offer a Customer-generator the choice of a time-differentiated energy tariff rate or a non-time-differentiated energy tariff rate, if the Electricity Provider offers the choice to customers in the same rate class as the Customer-generator. If a Customer-generator uses a meter and retail billing arrangement that has

low as 25 kilowatts to as high as 80 megawatts; however, most states appear to be coalescing at a 2-megawatt cap.

³ Some states cap the total amount of aggregate Renewable Energy Generation that can be Net Metered for a particular Electricity Provider. Most commonly, aggregate enrollment caps are expressed as a percentage of an Electricity Provider's peak demand based on the aggregate of nameplate capacity of the generation systems (though it should be noted that capacity calculations are not standardized in their methodology across or even within states). Such percentages can vary from as low as 0.1% to as high as 20%. IREC believes aggregate caps arbitrarily and unnecessarily limit private investment in Renewable Energy Generation and needlessly curtail the flow of benefits that are associated with customer-side Renewable Energy Generation. Moreover, aggregate caps ignore the fact that many large systems do not export energy yet disproportionately count towards meeting a cap, limiting the number of small systems that are eligible. For these reasons, IREC has not adopted an aggregate enrollment cap in these rules.

⁴ States have explored various approaches regarding the treatment of annual net excess generation. The most common approaches allow an Electricity Provider either to retain the net excess generation free of charge or to provide payment for annual net excess generation at the Electricity Provider's avoided cost. However, more novel approaches have also been taken. At least one state directs annual net excess generation to a state low-income assistance program. These rules provide for perpetual rollover of excess generation credits. This approach has been adopted in a number of states and has been adopted as a best practice in these rules. This approach allows for maximum flexibility in sizing a system while assuring a minimum level of regulatory and administrative burden.

time differentiated rates, the Electricity Provider shall net any excess production against on-site consumption within the same time-of-use period in the billing period. Excess monthly kWh credits shall be based on the ratio representing the difference in retail rates for each time of use period.

- (6) If a Customer-generator terminates service with the Electricity Provider or switches Electricity Providers, the Electricity Provider is not required to provide compensation to the Customer-generator for any outstanding excess kWh credits.
- (7) A Customer-generator facility used for Net Metering shall be equipped with metering equipment that can measure the flow of electricity in both directions. For Customer-generator facilities less than 25 kilowatts (kW) in rated capacity, this shall be accomplished through the use of a single, bi-directional electric revenue meter that has only a single register for billing purposes.⁵
- (8) A Customer-generator may choose to use an existing electric revenue meter if the following criteria are met:
 - i. The meter is capable of measuring the flow of electricity both into and out of the Customer-generator's facility; and
 - ii. The meter is accurate with a degree of accuracy that the Electricity Provider requires when measuring electricity flowing from the Customer-generator facility to the electric distribution system.
- (9) If a Customer-generator's existing electric revenue meter does not meet the requirements of subsection (b)(8), the Electricity Provider shall install and maintain a new revenue meter for the Customer-generator at the Electricity Provider's expense. Any subsequent revenue meter change necessitated by the Customer-generator, whether because of a decision to stop Net Metering or for any other reason, shall be paid for by the Customer-generator.
- (10) The Electricity Provider shall not require more than one meter per Customer-generator. However, an additional meter may be installed under either of the following circumstances:
 - i. The Electricity Provider may install an additional meter at its own expense if the Customer-generator provides written consent; or
 - ii. The Customer-generator may request that the Electricity Provider install a meter, in addition to the revenue meter addressed in subsection (b)(8), at the Customer-

⁵ This provision may need to be modified in states that are implementing advanced metering infrastructure (AMI) and require residential and small commercial customers to have AMI meters; provided, however, that any such meter does not result in an additional cost to a Customer-generator beyond the cost that would be paid in the absence of a customer having Renewable Energy Generation.

generator's expense. In such a case, the Electricity Provider shall charge the Customer-generator no more than the actual cost of the meter and its installation.

- (11) A Customer-generator owns the Renewable Energy Credits (RECs) associated with the electricity it generates, unless such RECs were explicitly contracted for through a separate transaction independent of any Net Metering or interconnection tariff or contract.
- (12) An Electricity Provider shall provide to Customer-generators electric service at non-discriminatory rates that are identical, with respect to rate structure, retail rate components and any monthly charges, to the rates that a Customer-generator would be charged if not a Customer-generator, including choice of retail tariff schedules.
- (13) An Electricity Provider shall not charge a Customer-generator any fee or charge; or require additional equipment, insurance or any other requirement not specifically authorized under this sub-section or the interconnection rules in Section *[[reference state interconnection rules here]]*, unless the fee, charge or other requirement would apply to other similarly situated customers who are not Customer-generators.
- (14) Each Electricity Provider shall submit an annual Net Metering report to the *[[insert name of state regulatory commission]]*. The report shall be submitted by *[[insert date]]* of each year, and shall include the following information for the previous year:
 - i. The total number of Net Metered Customer-generator facilities, by resource type;
 - ii. The total rated generating capacity of Net Metered Customer-generator facilities, by resource type;
 - iii. The total number of kWh received from Net Metered Customer-generators; and
 - iv. The total estimated amount of kWh produced by Net Metered Customer-generators, provided that this estimate does not require additional metering equipment.

(c) General Provisions

- (1) If a Customer-generator's Renewable Energy Generation system has been approved for interconnection under the interconnection rules in Section *[[reference state interconnection rules here]]*, the Electricity Provider shall not require a Customer-generator to test or perform maintenance on the Customer-generator's system except in the case of any testing or maintenance recommended by the system manufacturer.
- (2) An Electricity Provider shall have the right to inspect a Customer-generator's system during reasonable hours and with reasonable prior notice to the Customer-generator. If an Electricity Provider finds that the Customer-generator's system is not in compliance with the requirements of the interconnection rules in Section *[[reference state interconnection rules here]]* and the requirements of IEEE Standard 1547, and non-compliance adversely affects the safety or reliability of the Electricity Provider's facilities or of other