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## NET ENERGY METERING RIDER

### AVAILABILITY

This Rider is available to Customers served under Rate Schedules "R", "C", "G", "PH" and "PP" that own and operate, or contracts with other persons to own, operate, or both, an electrical renewable fuel generator as defined by §56-576 of the Code of Virginia; where such generating facility is owned and operated by the Customer and is located on the Customer's premises and is connected to the Customer's wiring on the Customer's side of its interconnection with the Company; where such generating facility is interconnected pursuant to a Net Energy Metering arrangement and operated in parallel with the Service of the Company and is intended primarily to offset all or part of the Customer's electricity requirements; and where such generating facility has an alternating current capacity of not more than 10 kilowatts for Residential Customers, and not more than 500 kilowatts for Non-Residential Customers. The Customer may alternatively select other options to operate in parallel and sell power under terms of the Company's Schedule "CO-G".

A prospective Net Energy Metering Customer shall not be allowed to interconnect a renewable fuel generator if doing so will cause the total rated generating alternating current capacity of all interconnected renewable fuel generators within the Company's Virginia Service territory to exceed 1.0% of the Company's Virginia peak-load forecast for the previous year. In any case, where a prospective Net Energy Metering Customer has submitted an Interconnection Notification Form, and the Customer's interconnection would cause the total rated generating alternating current capacity of all interconnected renewable fuel generators within the Company's Virginia Service territory to exceed 1.0% of the Company's Virginia peak-load forecast for the previous year, the Company shall, at the time it becomes aware of the fact, send written notification to such prospective Net Energy Metering Customer and to the Commission's Division of Energy Regulation that the interconnection is not allowed. In addition, upon request from any Customer, the Company shall provide to the Customer the amount of capacity still available for interconnection pursuant to §56-594D of the Code of Virginia.

### NOTIFICATION

A prospective Net Energy Metering Customer shall submit a completed Interconnection Notification Form to the Company at least:

1. 30 days prior to the date the Customer intends to interconnect a renewable fuel generator with an alternating current capacity of 25 kilowatts or less to the Company's facilities, and
2. 60 days prior to the date the Customer intends to interconnect a renewable fuel generator with an alternating current capacity greater than 25 kilowatts to the Company's facilities.

If the prospective Net Energy Metering Customer has contracted with another person to own or operate, or both, the renewable fuel generator, then the notice will include detailed, current and accurate contract information for the owner or operator, or both including without limitation, the name and title of one or more individuals responsible for the interconnection and operation of the generator, a telephone number, a physical street address other than a post office box, a fax number, and an e-mail address for each such person or persons. The Net Energy Metering Customer shall immediately notify the Company of any changes in the ownership of, operational responsibility for, or contract information for the generator. The Customer shall have all equipment necessary to complete the grid interconnection installed prior to such notification. The Customer should contact the Company prior to making financial commitments. The Company shall have 30 days for generators with a rated capacity of 25 kilowatts or less, and 60 days for generators with a rated capacity greater than 25 kilowatts from the date of notification to determine whether the requirements contained in 20 VAC 5-315-40 have been met. The date of notification shall be considered to be the third day following the mailing of the Interconnection Notification Form by the Customer.

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**NET ENERGY METERING RIDER (Continued)**

Thirty-one days after the date of notification for renewable fuel generators with a rated capacity of 25 kilowatts or less, and sixty-one days after the date of notification for renewable fuel generators with an alternating current capacity greater than 25 kilowatts, the Customer may interconnect the renewable fuel generator and begin operation unless the Company requests a waiver of this requirement prior to said 31st or 61st day, respectively. In cases where the Company requests a waiver, a copy of the request for waiver must be mailed simultaneously by the requesting party to the Customer and to the Commission's Division of Energy Regulation.

The Company shall file with the Commission's Division of Energy Regulation a copy of each completed Interconnection Notification Form within 30 days of final interconnection.

**RATES**

Net metered energy shall be measured in accordance with standard metering practices by metering equipment capable of measuring (but not necessarily displaying) power flow in both directions. Each contract or tariff governing the relationship between the Customer and Company shall be identical with respect to the rate structure, all retail rate components and monthly charges, to the contract or tariff under which the Customer would be served if such Customer was not a Net Energy Metered Customer, with the exception that time of use metering is not permitted. Said contract or tariff shall be applicable to both the electric energy supplied to, and consumed from, the grid by the Customer.

This Rider provides no adjustment to the kilowatt or reactive demand billing determinant or the capacity charges that a Customer eligible for Service under this Rider may be subject to including minimum charges.

The Company shall provide metering that is capable of measuring the flow of electricity in two directions to Customers qualified to receive Service under this Rider. In instances where the Customer's metering equipment is of a type for which meter readings are made off-site, and where this equipment has, or will be, installed for the convenience of the Company, the Company shall provide the necessary additional metering equipment to enable Net Energy Metering Service, at no charge to the Customer. In instances where a Customer has requested, and where the Company would not have otherwise installed metering equipment which is intended to be read off-site, the Company shall charge the Customer the actual cost of installing any additional equipment necessary to implement Net Energy Metering Service.

If electricity generated by the Customer and fed back to the electric grid exceeds the electricity supplied to the Customer from the grid during a Net Metering Period, defined as each successive 12-month period beginning with the first meter reading date following the date of final interconnection of the renewable fuel generator with the Company's facilities, the Customer shall receive no compensation from the Company unless the Customer has entered into a power purchase agreement with the Company.

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**NET ENERGY METERING RIDER (Continued)**

If the Company is also the energy service provider of the Customer, the Company, upon the written request of the Customer, shall enter into a power purchase agreement for the excess generation for one or more Net Metering Periods, as requested by the Customer, that begin on or after July 1, 2007. For Net Metering Periods beginning during the time period July 1, 2007, through December 31, 2008, the written request of the Customer shall be submitted prior to the end of the Net Metering Period. For Net Metering Periods beginning on or after January 1, 2009, the written request of the Customer shall be submitted prior to the beginning of the Net Metering Period. The power purchase agreement shall obligate the Company to purchase the excess generation for requested Net Metering Periods at a price equal to the PJM Interconnection, L.L.C. (PJM) zonal day-ahead annual, simple average Locational Marginal Price (LMP) for the APS Zone or its successor, as published by the PJM Market Monitoring Unit, for the most recent calendar year ending on or before the end of each Net Metering Period, unless the Company and the Customer mutually agree to a higher price or unless, after notice and opportunity for hearing, the Commission establishes a different price or pricing methodology. The Company shall make full payment annually to the Customer within 30 days following the latter of the end of the Net Metering Period or the date of the PJM Market Monitoring Unit's publication of the previous calendar-year's APS Zone day-ahead annual, simple average LMP. The Company may offer the Customer the choice of an account credit in lieu of a direct payment. A copy of this Rider or an Internet link to this Rider, at the option of the Customer, shall be provided to each Customer requesting interconnection of a renewable fuel generator.

In the case of static inverter-connected renewable fuel generators with an alternating current capacity in excess of 10 kilowatts, the Customer shall have the inverter settings inspected by the Company. The Company shall impose a fee on the Customer of \$50 for such inspection.

In the case of non-static inverter-connected renewable fuel generators, the Customer shall interconnect according to the Company's guidelines and the Company must inspect all protective equipment settings. The Company shall impose a fee on the Customer of \$50 for such inspection.

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**NET ENERGY METERING RIDER (Continued)**

**SPECIAL CONDITIONS**

1. **Net Energy:** Net Energy is the energy supplied by the Company minus the energy generated by the Customer, during a billing period, where the energy generated by the Customer is that energy fed back into the Company's system at such times as Customer generation exceeds Customer requirements. Only if Net Energy is positive shall Net Energy charges be applied at the rates specified above, except that the minimum charge will be applied in any case. If the calculation of Net Energy yields a negative result, all such negative Net Energy shall be considered Net Energy Transmitted and shall be treated as stated in Special Condition No. 2 below. The components of Net Energy shall be determined by the use of metering capable of measuring the flow of electricity in two directions.
2. **Net Energy Transmitted:** Net Energy Transmitted occurs when the cumulative value of energy generated by the Customer exceeds the cumulative value of energy generated and supplied to the Customer by the Company during an entire billing period, and is the amount by which the energy generated by the Customer and fed back into the Company's system exceeds the energy generated and supplied by the Company over an entire billing period. If electricity generated by the Customer and fed back to the electric grid exceeds the electricity supplied to the Customer from the grid during any billing period (Billing Period Credit), the Customer shall be required to pay only the non-usage sensitive charges for that billing period. Such Billing Period Credits shall be accumulated, and carried forward and applied at the first opportunity to any billing periods having positive net consumption. However, any accumulated Billing Period Credits remaining unused at the end of a Net Metering Period shall be carried forward into the next Net Metering Period only to the extent that such accumulated Billing Period Credits carried forward do not exceed the Customer's billed consumption for the current Net Metering Period, adjusted to exclude accumulated Billing Period Credits carried forward and applied from the previous Net Metering Period

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**NET ENERGY METERING RIDER (Continued)**

3. **Billing and Billing Periods:** The billing period to be used under this tariff shall be the customary billing period for ordinary Residential or Non-residential Rate Schedules.
4. **Safety and Reliability:** The design and installation of the Customer's generation must comply with all applicable laws and regulations and shall meet all applicable safety and performance standards established by the National Electrical Code, The Institute of Electrical and Electronics Engineers, the Underwriters Laboratories or other national testing laboratories in accordance with IEEE Standard 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems, July 2003, as well as the Company's standards for safety and reliability of interconnected operations set forth in AP Engineering Manual Section 19, Subject Index 35.0 and titled "Small Generators – Interconnection Policy and Guidelines – Distribution System Interconnection" ("Standards"). A copy of these Standards will be provided to a prospective Customer upon request. The following is a brief outline of the Standards.
  - a. The Customer assumes sole responsibility to design and install its system for protection against faults or disturbances on the Company's system.
  - b. Interconnection with the Company's system requires the installation of protective equipment by the Customer which, in the Company's judgment, provides safety for persons, property and equipment affected, and prevents interference with the Company's supply of Service to others, including voltage, frequency, or wave shape of power. After installation and at any time this Rider is in effect, the Company shall have the right to inspect all the facilities and their operation, and to test all protective equipment.
  - c. Customer generation must operate in parallel with Company generation. Customer must provide synchronizing equipment, which will automatically isolate the Customer generation from the Company's system if the Company's circuit becomes de-energized or if the Customer should lose synchronization.
  - d. Parallel operation must cease immediately and automatically during electrical outages and other emergency or abnormal conditions as specified by the Company, or when maintenance on Company facilities is being performed and safety considerations require the de-energizing of the Customer. The Company is not liable for and accepts no responsibility whatsoever for any loss, cost, expense, damage or injury to any person or property resulting from the use or presence of electric current or voltage which originates from a Customer's generation facilities, or is caused by failure of the Customer to operate in compliance with Company requirements.

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**NET ENERGY METERING RIDER (Continued)**

- e. The Company may disconnect from the Customer's facilities from time to time in order that the Company can (1) construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or any part of its system; or (2) if the Company determines the curtailment, interruption or reduction of deliveries of energy is necessary because of technical system emergencies including forced outages and operating conditions on its system, or as otherwise required by prudent electrical practices.
  - f. Manufactured or packaged solar generating systems, rated at 10 kW or less, that are installed according to the National Electrical Code and certified by the manufacturer to meet all of the applicable safety and performance standards established by the National Electrical Code, The Institute of Electrical and Electronic Engineers and the Underwriters Laboratory, shall be deemed by the Company to have met all of the Customer owned equipment requirements.
  - g. The Customer's generation equipment must be equipped with a Company-controlled, and easily accessible, manually operable disconnecting device capable of being locked in the open position to isolate Customer's generator from the Company's system. Interlocks must be provided to preclude paralleling the generator through any point other than the designated interconnection point.
  - h. Automatic reclosing shall not be installed on the interconnection-disconnecting device.
  - i. Customer equipment must be equipped with a Company-approved over-current protective device and necessary relaying to interrupt generator fault current due to faults on the Company's system.
  - j. The Customer may be required to install current limiting reactors to limit the magnitude of Customer-owned generator fault current.
5. **Periods During Which Purchases Are Not Required:** The Company will not be required to receive energy or capacity during an electrical emergency or during periods of maintenance when safety considerations would require the de-energizing of facilities. Whenever possible the Company will notify the Customer by telephone, followed by written confirmation, of such circumstances.
6. **General:**
- a. The Customer is solely responsible for the proper installation, operation, and maintenance of any equipment used, all costs, expense, pecuniary or other loss which may arise directly or indirectly from any act or omission of the Customer, its agents, servants, or employees.

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**NET ENERGY METERING RIDER (Continued)**

- b. A licensed electrician must certify, by signing the Interconnection Notification Form, that the required manually operable disconnecting device has been installed properly and that the renewable fuel generator has been installed in accordance with the manufacturer's specifications as well as all applicable provisions of the National Electrical Code.
  - c. The vendor must certify, by signing the Interconnection Notification Form, that the renewable fuel generator being installed is in compliance with the requirements established by Underwriters Laboratories, or other national testing laboratories.
  - d. A Customer with a renewable fuel generator with a rated capacity not exceeding 10 kilowatts shall maintain homeowners, commercial, or other insurance providing coverage in the amount of at least \$100,000 for the liability of the insured against loss arising out of the use of a renewable fuel generator. For a renewable fuel generator with a rated capacity exceeding 10 kilowatts, such coverage shall be in the amount of at least \$300,000. Customers shall not be required to obtain liability insurance with limits higher than that which is stated in this section; nor shall such Customers be required to purchase additional liability insurance where the Customer's existing insurance policy provides coverage against loss arising out of the use of a renewable fuel generator by virtue of not explicitly excluding coverage for such loss.
  - e. Maintenance and operation of the generator and associated equipment will be the responsibility of the Customer.
  - f. Failure of the Customer to comply with any of the Company's provisions or requirements shall result in immediate disconnection from the Company's system and the Company will be under no obligation to reconnect the Customer's Service until, in the sole opinion of the Company, the Customer does comply.
7. Additional conditions applicable to renewable fuel generators with an alternating current capacity greater than 25 kilowatts.

The following requirements shall be met before any interconnection with Company facilities shall occur:

- a. Electric distribution facilities and Customer impact limitations. A renewable fuel generator shall not be permitted to interconnect to distribution facilities if, in the sole judgement of the Company, the interconnection would reasonably lead to damage to any of the Company's facilities or would reasonably lead to voltage regulation or power quality problems at other Customer revenue meters due to incremental effect of the generator on the performance of the electric distribution system, unless the Customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection.
- b. Secondary, service, and service entrance limitations. The capacity of the renewable fuel generator shall be less than the capacity of the Company's secondary, service and service entrance cable connected to the point of interconnection, unless the Customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection.

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**NET ENERGY METERING RIDER (Concluded)**

- c. Transformer loading limitations. The renewable fuel generator shall not have the ability to overload the Company transformer, or any transformer winding, beyond manufacturer of nameplate ratings, unless the Customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection.
- d. Integration with Company facilities grounding. The grounding scheme of the renewable fuel generator shall comply with IEEE 1547 and shall be consistent with the grounding scheme used by the Company. If requested by a prospective Net Energy Metering Customer, the Company shall assist the Customer in selecting a grounding scheme that coordinates with its distribution system.
- e. Balance limitation. The renewable fuel generator shall not create a voltage imbalance of more than 3.0% at any other Customer's revenue meter if the Company transformer, with the secondary connected to the point of interconnection, is a three-phase transformer, unless the Customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection.

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