LOUISIANA PUBLIC SERVICE COMMISSION

GENERAL ORDER

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

Docket No. R-31417 - In re: Re-examination of the Commission's Net Energy Metering Rules found in General Order No. R-27558, dated November 30, 2005 (the "Net Metering Order")

(Decided at the June 22, 2011 Business and Executive Session)

Background

On November 30, 2005, the Louisiana Public Service Commission ("LPSC" or "the Commission") implemented Order No. R-27588, establishing net metering rules for LPSC-jurisdictional electric utilities. The Order was issued in response to Act 653 of the 2003 Regular Session of the Louisiana Legislature finding that net metering encourages the use of renewable energy resources and renewable energy technologies. The Legislature revisited the issue of net metering in 2008 seeking to raise the capacity limits for commercial net metering facilities from 100kW to 300kW. Because the LPSC is the Constitutional body with jurisdiction over Louisiana electric utilities, however, this change necessitated a Commission vote.

Under the directive of the Commission at its June 2010 Business and Executive Session (B&E), LPSC Staff ("Staff") published notice of this rulemaking in the Commission's Official Bulletin No. 962 dated July 9, 2010 with a twenty-five (25) day intervention period. The Alliance for Affordable Energy, the Association of Louisiana Electric Cooperatives, Byrd Energy, Cleco Power, LLC ("Cleco"), Entergy Gulf States, Louisiana, LLC ("EGSL") and Entergy Louisiana ("ELL") ("collectively, "Entergy"), Gulf States Renewable Energy Industries Association ("GSREIA"), Joule-Energy, Lite Solar Corporation, Louisiana Energy Users Group, Louisiana Solar Corp., Marathon Oil Company, Louisiana Generating and NRG Power Marking LLC, Performance Building Consulting, Solaron, LLC, and Southwestern Electric Power Company ("SWEPCO") intervened in this matter.

Staff initially recommended to the Commission at its September 15, 2010 B&E, that it follow the 2008 action of the Legislature and increase commercial net metering limits from 100kW to 300kW. The Commission declined to approve the recommendation at that time, however, directing Staff to review all necessary changes to the net metering rules and present a recommendation to the Commission. After several rounds of comments, Staff made proposed changes on May 13, 2011, including the addition of §§ 2.06 and 5.02. Section 2.06 provides a procedure for the approval of commercial projects greater than 300kW that are found in the

public interest[1]. And Section 5.02 provides for Commission review of the rules, and a change to the definition of net metering facility, increasing commercial net metering limits from 100kW to 300kW.

At the Commission's May 2011 B&E, the Commission approved Staff's recommendation that the net metering limits for commercial and agricultural customers should be raised from 100kW to 300kW, but declined to vote on any other issues in the docket. Staff issued a General Order June 14, 2011 memorializing the increase. Staff also held a Technical Conference on May 31, 2011 to discuss any remaining issues. Staff received timely post-technical conference comments from Entergy, Cleco, LEUG and SWEPCO. Staff also received comments from Byrd Energy. Following its analysis of the post-technical conference comments, Staff issued its final recommendation June 10, 2011 for consideration at the Commission's June 22, 2011 B&E.

Jurisdiction

The Commission has the jurisdiction to decide this matter pursuant to its constitutional authority found in Louisiana Constitution Article IV § 21(B).

Staff Recommendation

Staff recommended that the Commission adopt the proposed rules issued June 10, 2011, which included the additions of Sections 2.06 and 5.02 to the former net metering rules, and minor revisions to the proposed rules issued May 13, 2011.

Commission Consideration

Commissioner Skrmetta made a motion to accept Staff Recommendation and adopt the rules proposed June 10, 2011, excluding Section 2.06 B and 2.06 C[2] adding that pricing for projects larger than 300 kW would be at the utility's avoided cost. Commissioner Field seconded this motion; however Commissioner Skrmetta subsequently withdrew his motion.

On motion of Commissioner Skrmetta, seconded by Commissioner Field, with Commissioners Campbell and Boissiere concurring and Commissioner Holloway objecting, the Commission voted to adopt the rules proposed June 10, 2011, excluding Sections 2.06 B and

[1] While Staff recommended that such projects be limited to 2 MW per project and 10 MW per utility in § 2.06 B and C, respectively, these limitations were not approved by the Commissioners and therefore did not become part of the revised rules.

[2] See previous note.

2.06 C and reserving the Commissions right to determine on an individual basis the appropriate pricing on projects larger than 300 kW.

IT IS THEREFORE ORDERED THAT:

1) The Commission hereby adopts the revised "Louisiana Net Metering Rules" attached hereto as Attachment "A"; and

2) This Order is effective immediately.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
July 22, 2011

/S/ JAMES M. FIELD

DISTRICT II
CHAIRMAN JAMES M. FIELD

/S/ CLYDE C. HOLLOWAY

DISTRICT IV
VICE CHAIRMAN CLYDE C. HOLLOWAY

/S/ FOSTER L. CAMPBELL

DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

/S/ LAMBERT C. BOISSIERE

DISTRICT III
COMMISSIONER LAMBERT C. BOISSIERE, III

EVE KAHAO GONZALEZ
SECRETARY

/S/ ERIC F. SKRMETTA

DISTRICT I
COMMISSIONER ERIC F. SKRMETTA

ATTACHMENT "A"
Louisiana Net Metering Rules

Louisiana Net Metering Rules Updated in Docket No. R-31417

LOUISIANA NET METERING RULES
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DEFINITIONS

Avoided Costs

The incremental cost to an electric utility for energy or capacity or both which, but for the purchase from the net metering facility, the utility would generate itself or purchase from another source.

Billing period

The billing period for net metering will be the same as the billing period under the customer's applicable standard rate schedule.

Biomass

(A) Any organic matter that is available on a renewable or recurring basis (excluding old-growth timber), including dedicated energy crops and trees, agricultural food and feed crop residues, wood and wood wastes and residues, aquatic plants, grasses, residues, fibers, and animal wastes, municipal wastes, and other waste materials.

(B) Biomass shall not include:

1. Wood contaminated with plastic or metals; exceptions such as construction debris may be allowed by the Commission after a docketed proceeding and only after the applicant has obtained any and all additional approval from other state and/or federal regulatory agencies.
2. Recyclable post-consumer waste paper; exceptions may be allowed on a case by case basis by the Commission after a docketed proceeding and only after the applicant has obtained any and all additional approval from other state and/or federal regulatory agencies.

Biomass facility

A facility that may use one or more organic fuel sources that can either be processed into synthetic fuels or burned directly to produce steam or electricity, provided that the resources are renewable, environmentally sustainable in their production and use, and the process of conversion to electricity results in a net environmental benefit. This includes, but is not limited to, dedicated energy crops and trees, agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic plants, animal wastes, and other accepted organic, renewable waste materials.

Commercial customer

A customer served under a utility's standard rate schedule applicable to commercial service.

Commission

The Louisiana Public Service Commission.

Electric utility/Utility

A public or investor owned electric utility, an electric cooperative, or any private power supplier or marketer that engages in the business of supplying electric energy to the ultimate customer or any customer class within the state. The electric utility must fall under the jurisdiction of the Commission in order to be required to comply with the provisions set out herein.

Fuel cell facility

A facility that converts the chemical energy of a fuel directly to direct current electricity without intermediate combustion or thermal cycles.

Geothermal facility

An electric generating facility in which the prime mover is a steam turbine. The steam is generated in the earth by heat from the earth's magma.

Hydroelectric facility

An electric generating facility in which the kinetic energy is derived from moving water. The facility must meet all local, state, and Federal regulations that govern or effect the construction and operation of a hydroelectric power plant and must protect all users of the resource, including the plant, fish, and animal communities that utilize the water. Local, state, and Federal legal restrictions on the development of the hydroelectric site and the use of the water must be complied with

Interconnection costs

The reasonable costs of connection, switching, metering, transmission, distribution, safety provisions and administrative costs incurred by the electric utility directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with a net metering facility, to the extent the costs are in excess of the corresponding costs which the electric utility would have incurred if it had not engaged in interconnected operations, but instead generated an equivalent amount of electric energy itself or purchased an equivalent amount of electric energy or capacity from other sources. Interconnection costs do not include any costs included in the calculation of avoided costs.

Micro turbine facility

A facility that uses a small combustion turbine to produce electricity.

Net metering

Measuring the difference between electricity supplied by an electric utility and the electricity generated by a net metering customer and fed back to the electric utility over the applicable billing period.

Net metering customer

Any customer who chooses to take electric service under the net metering tariff, as set out below. For commercial customers, this includes subsidiaries and affiliates.

Net metering facility

A facility for the production of electrical energy that:

(A) Uses solar, wind, hydroelectric, geothermal, or biomass resources to generate electricity including, but not limited to, fuel cells and micro turbines that generate electricity if the fuel source is entirely derived from renewable resources; and,

(B) Has a generating capacity of not more than twenty-five (25) kilowatts for residential or three hundred (300) kilowatts for commercial or agricultural use; and,

(C) Is located in Louisiana; and,

(D) Can operate in parallel with an electric utility's existing transmission and distribution facilities; and,

(E) Is intended primarily to offset part or all of the net-metering customer requirements for electricity or,

(F) Is designated by the Commission as eligible for net metering service pursuant to § 2.06 below, because it has applied for and is entitled to receive state or federal funding for all or part of the costs of its project, which the Commission finds to be in the public interest.

Parallel operation

The operation of on-site generation by a customer while the customer is connected to the utility's distribution system.

Renewable energy credit

The environmental, economic, and social attributes of a unit of electricity, such as a megawatt hour, generated from renewable fuels that can be sold or traded separately.

Residential customer

A customer served under a utility's standard rate schedules applicable to residential service.

Solar facility

A facility in which electricity is generated through the collection, transfer and/or storage of the sun's heat or light.

Wind facility

A facility in which an electric generator is powered by a wind-driven turbine.

SECTION 1. GENERAL PROVISIONS

1.01. Purpose

The purpose of these Rules is to establish rules for net energy metering and interconnection.

1.02. Statutory Provisions

A. Article IV, Section 21(B) of the Louisiana Constitution.

B. Legislative Act No. 653, Regular Session 2003.

C. Legislative Act No. 543, Regular Session 2008.

1.03. Other Provisions

A. These Rules apply to all jurisdictional electric utilities, as defined in these Rules.

B. The Net Metering Rules are not intended to, and do not affect or replace any Commission approved general service regulation, policy, procedure, rule or service application of any utility which address items other than those covered in these Rules.[1]

[1] The issue of securitization non-bypassability and its applicability to net metering customers was raised by LEUG in its post technical conference comments and in discussions with Staff. Both LEUG and Entergy filed comments on this issue and both are in agreement with Staff that the non-bypassability provisions of the various Financing Orders approved by the Commission apply equally to all new self-generation resources regardless of size to the extent that such resources may displace electric load met by one of the Companies that existed at the time specified in those Orders.

C. Net metering customers taking service under the provisions of the Net Metering Tariff may not simultaneously take service under the provisions of any other alternative source generation or cogeneration tariffs except as provided herein.

SECTION 2. NET METERING REQUIREMENTS

2.01. Electric Utility Requirements

A. An electric utility, subject to the jurisdiction of this Commission, that offers residential or commercial electrical service, or both, shall allow net metering facilities to be interconnected using a standard meter capable of registering the flow of electricity in two (2) directions. A two-channel meter or other type meter(s) which is capable of determining the net energy can be utilized, as well.

B. If the meter that is currently installed on the net metering facility is incapable of registering the flow of electricity in two directions, an additional meter or meters to monitor the flow of electricity in each direction may be installed by the electric utility. The cost of the meter shall not be borne by the net metering customer, unless the additional meter(s) is not required by the electric utility, but instead requested by the net metering customer. A customer charge for the any installations where the meter will not register in both directions may be assessed by the utility in conformity with Section 2.02(A) below.

C. If an additional meter or meters are installed, as described in 2.01(B) above, the net energy metering calculation shall yield the same result as when a single meter is used.

2.02. Metering Requirements

A. Metering equipment shall be installed to both accurately measure the electricity supplied by the electric utility to each net-metering customer and also to accurately measure the electricity generated by each net-metering customer that is fed back to the electric utility over the applicable billing period. Notwithstanding the provisions of Section 3.01 below, the cost of the meter is the responsibility of the electric utility, but the utility will be allowed to assess a one-time customer charge to cover the installation costs. The utility may also assess a customer charge for any additional meter installations if the additional installations are requested by the net metering customer.

B. Accuracy requirements for a meter operating in both forward and reverse registration modes shall be defined in Appendix B. A test to determine compliance with this accuracy requirement shall be made by the electric utility either before or at the time the net metering facility is placed in operation in accordance with these Rules. The costs associated with the test may be included in the customer charge, as set out in Section 2.02(A) or it may be a separate customer charge, to be assessed to the net metering customer. The customer

charge for testing may be assessed when the customer's meter is first tested, and the same fee may be charged by the utility each time the customer requests additional meter tests to be performed unless the test demonstrates that the meter does not comply with the accuracy requirements. If the meter is found to not comply with the accuracy requirements, then the net metering customer shall not be charged for the testing.

To the extent that a faulty meter has resulted in a net metering customer receiving insufficient credits or payments, pursuant to Section 2.04 (B) and (C) below, the utility shall make the appropriate credits or payments in the next billing cycle. If the faulty meter has resulted in the net metering customer receiving excess credits or payments, pursuant to Section 2.04 (B) and (C) below, then the utility shall reduce any future credits or payments by the excess amount in the next billing cycle. Nothing in this section shall supercede the provisions of the Commission's General Order dated April 21, 1993, in re: Computer glitches and billing errors.

2.03. New or Additional Charges

A. Any new or additional charge that would increase a net metering customer's costs beyond those of other customers in the rate class shall be filed by the electric utility with the Commission for approval. The filing shall be supported by cost/benefit analyses.

B. Following notice and opportunity for public comment, the Commission may authorize an electric utility to assess a net metering customer a greater fee or customer charge, of any type, if the electric utility's direct costs of interconnection and administration of net-metering outweigh the distribution system, environmental and public policy benefits of allocating the costs among the electric utility's entire customer base.

C. Net metering customers shall be obligated to pay any interconnection costs, as defined above. These costs shall be assessed on a nondiscriminatory basis with respect to other customers with similar load characteristics.

Electric utilities shall be reimbursed by the net metering customer for interconnection costs at the time the costs are incurred. Upon petition by any party involved and for good cause shown, the Commission may allow for reimbursement of the interconnection costs over a reasonable period of time and upon such conditions as the Commission may determine; provided, however, that no other customers of the utility shall bear any of the costs of interconnection.

2.04. Billing for Net Metering

A. On a monthly basis, the net metering customer shall be billed the charges applicable under the currently effective standard rate schedule and any

appropriate rider schedules. Under net metering, only the kilowatt-hour (kWh) units of a customer's bill are affected.

B. If the kWhs supplied by the electric utility exceeds the kWhs generated by the net metering facility and are fed back to the electric utility during the billing period, the net metering customer shall be billed for the net kWhs supplied by the electric utility in accordance with the rates and charges under the customer's standard rate schedule.

C. Where the electricity generated by the net metering customer exceeds the electricity supplied by the electric utility, the net metering customer shall be credited, during the next billing period, for the excess kilowatt hours generated in the same manner as Section 2.04(B) above. For the final month in which the net metering customer takes service from the electric utility, the electric utility shall issue a check to the net metering customer for the balance of any credit due in excess of amounts owed by the customer to the electric utility. The payment for any remaining credits shall be at the electric utility's avoided cost. That avoided cost shall be clearly identified in the electric utility's net metering tariff, as set out below in Section 5.01.

D. Customers with multiple accounts may not apply any credits from a net metering account to any other account or premise.

E. Net metering tariffs are not available for temporary services or commercial customers from an underground electrical network system.

2.05. Renewable Energy Credits

This section is not needed at this time due to the fact that no Renewable Energy Credit ("REC") program has been established. The Commission reserves the right to revisit this section if a REC program is established.

2.06. Large Net Metering Projects

A. The Commission may allow projects greater than 300kW for a commercial net metering customer, if the customer's project is found to be in the public interest.

B. Projects approved under this section shall meet all of the requirements of this rule, including the limitations set forth in paragraphs A,C,D, and E, found in the definition of net metering customer herein.

C. Large net metering customers shall reimburse the utility for reasonable and necessary engineering analyses and/or studies performed prior to project approval.

D. Large net metering customers shall compensate the utility for necessary upstream and/or downstream system infrastructure improvements triggered by the net metering project.

E. Utilities may request to recover lost base revenues associated with net metering facilities greater than 300kW through appropriate proceedings and/ or mechanisms.

F. All projects requested hereunder shall be docketed and published in the Commission's official bulletin prior to Commission approval. Expedited treatment may be allowed upon a showing of good cause by the applicant.

G. All projects hereunder are bound by all rules regarding interconnection and must continue to follow interconnection policies and procedures in the same manner as a non-net metering entity.

H. The Commission reserves its rights to determine on an individual basis the appropriate pricing on projects larger than 300kW.

SECTION 3. INTERCONNECTION OF NET METERING FACILITIES TO EXISTING ELECTRIC POWER SYSTEMS

3.01 Requirements for Initial Interconnection of Net Metering Facility

A. A net metering customer shall execute a Standard Interconnection Agreement for Net Metering Facilities (please see Appendix A) prior to interconnection with the utility's facilities. The Standard Interconnection Agreement shall set forth the expenses for which the net metering customer shall be responsible.

B. A net metering facility shall be capable of safely operating in parallel prior to commencing the delivery of power into the utility system at a single point of interconnection. A net metering facility shall have a visibly open, lockable, manual disconnection switch that is accessible by the electric utility and clearly labeled, unless this requirement is waived by the electric utility pursuant to Section 4 of the Standard Interconnection Agreement.

C. The customer shall submit a Standard Interconnection Agreement to the electric utility at least forty-five (45) days prior to the date of the customer intends to interconnect the net metering facilities to the utility's facilities. Part I, Standard information, Sections 1 through 4 of the Standard Interconnection Agreement must be completed for the notification to be valid. The customer shall have all equipment necessary to complete the interconnection prior to such notification. If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection agreement. The net metering customer will be required to provide documentation indicating the date upon which the notification was

mailed to the electric utility. The electric utility shall provide a copy of the Standard Interconnection Agreement to the customer upon request.

D. Following notification by the customer as specified in Section 3.01.C, the electric utility shall review the plans of the facility and provide the results of its review to the customer within 45 calendar days from the date of notification. Any items that would prevent parallel operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modification necessary to remedy the violations.

E. The net metering facility, at the net metering customer's expense, shall meet all safety and performance standards established by local and national electric codes including the National Electric Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), the National Electrical Safety Code (NESC), and Underwriters Laboratories (UL).

F. The net metering facility, at the net metering customer's expense, shall meet all reasonable safety and performance standards adopted by the utility and filed with and approved by the Commission pursuant to these rules that are necessary to assure safe and reliable operation of the net metering facility when connected to the utility's system.

G. If the electric utility's existing facilities are not adequate to interconnect with the net metering facility, any changes will be performed in accordance with the electric utility's Extension of Facilities Tariff.

Rule 3.02. Requirements for Modification or Changes to a Net Metering Facility

Modifications or changes made to a net metering facility shall be evaluated by the electric utility prior to being made. The net metering customer shall provide detailed information describing the modifications or changes to the electric utility in writing prior to making the modifications to the net metering facility. The electric utility shall review the proposed changes to the facility and provide the results to its evaluation to the customer within forty-five (45) days of receipt of the customer's proposal. Any items that would prevent parallel operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

SECTION 4. STANDARD INTERCONECTION AGREEMENT FOR NET METERING FACILITIES.

4.01. Standard Interconnection Agreement.

Each electric utility shall file, for approval by the Commission, a Standard Interconnection Agreement for Net Metering Facilities (please see Appendix A). The electric utility may submit a Standard Interconnection Agreement with proposed

modifications, however, the proposed modifications will only become effective upon approval by the Commission or its Staff. The Standard Interconnection Agreement shall describe any and all interconnection expenses, and other customer charges in conformity with Sections 2.02 and 2.03 above, for which the net metering customer shall be responsible.

SECTION 5. STANDARD NET METERING TARIFF FOR NET METERING FACILITIES

5.01 Net Metering Tariff.

Each electric utility shall update its tariff on file with the Commission within thirty (30) days from the effective date of these rules. The Net Metering Tariff shall be filed with and maintained by the Commission. The tariff shall specify standard rates for purchases from net metering facilities with a design capacity of 300 kilowatts or less. The Net Metering Tariff must comply with the Section 204 (a)(c) and (e), regarding standard rates for purchases at avoided costs, of the Commission's General Order dated February 27,1998. Electric utilities may include seasonally differentiated avoided cost rates for purchases from net metering customers, to the extent that avoided costs vary by season. The net metering tariff may include customer charges or interconnection charges as set forth in Sections 2.02, 2.03, and 2.06 above.

5.02 Periods during which purchases not required.

A. When a utility determines that its net metering purchases exceed .5% of its LPSC-jurisdictional retail peak load, the affected utility shall advise the Commission by making a filing with the Secretary invoking this provision and requesting a suspension of the rule as applicable to new applications hereunder.

B. Once a utility has invoked paragraph A of this section, all future net metering applications shall be suspended until such time that the Commission has an opportunity to revisit the net metering rule to consider the impact of widespread distributed self-generated power. A claim by an electric utility that such a period has occurred or will occur is subject to verification by the Commission.

5.03 Filing and Reporting Requirements.

Each electric utility shall file an initial report within ninety (90) days of a Commission Order approving these rules, and an annual report no later than March 1 of each year thereafter, listing all existing net metering facilities and the generator rating and, where applicable, the inverter power rating of each net metering facility as of the end of the previous calendar year. When the filing is made, the title of the filing shall reference Docket Number R-31417.

5.04 Commission Review.

The Commission may revisit this rule at any time. The Commission shall revisit this rule, however, when any utility's net metering purchases exceed .5% of its LPSC-jurisdictional retail peak load and the utility has invoked Section 5.02(A) above.