COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUE-2009-00105

Ex Parte: In the matter of amending regulations governing net energy metering

ORDER ADOPTING REGULATIONS

The Regulations Governing Net Energy Metering, 20 VAC 5-315-10 *et seq.* ("Net Energy Metering Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 of the Virginia Electric Utility Regulation Act ("Regulation Act"), and Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia ("Code"), establish the requirements for participation by an eligible customer-generator in net energy metering in the Commonwealth. The Net Energy Metering Rules include conditions for interconnection and metering, billing, and contract requirements between net metering customers, electric distribution companies, and energy service providers.

On November 16, 2009, the Commission entered an Order Establishing Proceeding to amend the Net Energy Metering Rules ("Order") to reflect statutory changes enacted by Chapter 804 of the 2009 Acts of Assembly ("Chapter 804"), which amended § 56-594 of the Code to: (1) authorize utilities to elect a capacity limit for participation by nonresidential customers in the net energy metering program that exceeds the existing limit of 500 kW; (2) permit customers who are served on time-of-use tariffs that have electricity supply demand charges contained within the electricity supply portion of the time-of-use tariff to participate as customer-generators; and (3) provide that a participating customer-generator owns any renewable energy certificate ("REC" or "certificate") associated with its generation of electricity, and provides for a

one-time option to sell the certificates to its supplier at a rate established by the Commission, with the utility's costs of acquiring the certificates recoverable under the Renewable Energy Portfolio Standard rate adjustment clause or through the supplier's fuel adjustment clause.

The Commission appended to its Order proposed amendments revising the Net Energy Metering Rules ("Proposed Rules"), which were prepared by the Commission Staff to reflect the permitted increase in the nonresidential capacity, to permit certain time-of-use customers to participate as customer-generators, and to establish a mechanism for eligible customer-generators to sell RECs to their electric distribution company at rates established by the Commission.

Notice of the proceeding was published in the Virginia Register of Regulations on December 7, 2009 and in newspapers of general circulation throughout the Commonwealth.[1] Interested persons were directed to file any comments and requests for hearing on the Proposed Rules on or before December 21, 2009.

The Virginia, Maryland & Delaware Association of Electric Cooperatives[2], Virginia Electric and Power Company ("Virginia Power"), and the Interstate Renewable Energy Council ("IREC") filed timely comments. The Commission also received public comments from several individuals including some who participate in net metering. No requests for hearing on the Proposed Rules were filed.

NOW THE COMMISSION, upon consideration of the record and applicable statutes, is of the opinion and finds that the regulations attached hereto as Appendix A should be adopted as

[1] *See* Memoranda from Laura S. Martin and Affidavits of Publication, filed in this docket on December 10, 2009.

[2] The Association submitted its comments along with and on behalf of its Virginia members: A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative (collectively, the "Cooperatives").

final rules. To the extent parties have requested changes to the Proposed Rules that go beyond the scope of such rules, we will not expand the scope of this proceeding to consider issues beyond those required to implement the amendments to § 56-594 of the Regulation Act.

The Proposed Rules define "Demand charge-based time-of-use tariff" as "a retail tariff for electric supply service that has two or more time-of-use tiers for energy-based charges and an electricity supply demand (kilowatt) charge" and define "Energy service provider" as the entity providing electricity supply to a net metering customer. Virginia Power proposes that each definition be changed to refer to electricity supply service, rather than electricity supply. We agree, and the Proposed Rules will be amended accordingly. Virginia Power also requests that the term "generation demand charge" be added to the definition of Demand charge-based time-of-use tariff. We disagree that such a change is necessary.

As required by Chapter 804, the Proposed Rules revised the definition of Renewable fuel generator to provide that an electric distribution company may change the otherwise-applicable alternating current capacity limit for certain customers by tariff. Virginia Power requests that the Proposed Rules be changed to clarify that the electric distribution company may only elect a higher capacity limit for nonresidential customers. Although we believe that the language in the Proposed Rules is consistent with the statutory language, the clarification requested by Virginia Power is reasonable, and we will amend the Proposed Rules accordingly.

The Cooperatives argue that the Commission has not provided adequate guidance regarding the mechanism to be used in setting higher capacity limits for nonresidential customers, and express concern that setting a fixed higher capacity limit (rather than, for example, a variable limit based on the size of the nonresidential customer's load) could lead to abuse of the net metering program through installation of generation in excess of that required to

offset the customer's load. The Commission does not believe that such a change in the Proposed Rules, which the Cooperatives concede are consistent with the statute, is necessary at this time. The Commission will review such matters as they arise on a case-by-case basis.

The Proposed Rules define "Renewable Energy Certificate (REC)" as "the renewable energy attributes associated with the production of one megawatt-hour (MWh) of electrical energy generated by a renewable fuel generator." The Cooperatives suggest that this definition does not provide a sufficient description for purposes of recognizing and establishing its value, and argue that a REC only has value if it is a tradable, marketable commodity. We find, however, that the scope of the proposed definition is reasonable for purposes of these rules. IREC proposes that RECs be defined in terms of kWh produced, rather than MWh, given that most customers will produce only a fraction of a MWh each year. The extent of the Commission's regulations, however, are set by the statute, which does not provide for fractional RECs. Furthermore, the change proposed by IREC would not eliminate the need to account for fractional RECs, as there would still remain fractions of such kWh-based RECs.

IREC requests that the Commission eliminate the Conditions of Interconnection set forth in 20 VAC 5-315-40, and instead incorporate the distributed generation interconnection standards established in Case No. PUE-2008-00004. We note that the distributed generation and net metering interconnection rules are based on different statutory standards and have evolved largely independently. Thus, the Commission believes the existing regulatory regime remains appropriate. We will not adopt IREC's recommendations.

The Proposed Rules provide that a net metering customer owns any RECs associated with its renewable fuel generator and may sell those RECs to any willing buyer at any time. The Proposed Rules further provide that the net metering customer has a one-time option at the time

of signing a power purchase agreement with its supplier to require the purchase, by the supplier, of all generated RECs over the duration of the power purchase agreement. The Cooperatives have requested clarification regarding whether a REC represents the total energy produced or the net power produced. We will revise the Proposed Rules to clarify that a REC represents the total output of the customer's renewable fuel generator.

Virginia Power proposes that the Rules be clarified to provide that the supplier is obligated to purchase only "generated RECs associated with excess generation purchased by the company in accordance with a power purchase agreement." Chapter 804, however, is quite explicit on this point, providing that "the customer-generator shall have a one-time option to sell the renewable energy certificates associated with such electrical generating facility to its supplier and be compensated at an amount that is established by the Commission to reflect the value of such renewable energy certificates." The statute and the Proposed Rules provide that the supplier may be required to purchase all RECs associated with the customer's generating facility, so we decline to make the change requested by Virginia Power.

The Proposed Rules require that the rate of the payment by the supplier for the customer's RECs shall be the daily unweighted average of the "CR" component of Virginia Power's Rider G tariff in effect over the period for which the rate of payment for the excess generation is determined. Virginia Power states that it is concerned that future changes to its tariff may require changes to the rules, and suggests that the Proposed Rules be revised to provide more generally that the applicable rate "shall be the daily unweighted average of the applicable REC commodity price component of that supplier's retail renewable energy tariff as approved by the Commission, if the utility has such a tariff." The Proposed Rules, which apply the CR component of the Virginia Power rate in effect at the time of delivery, recognize that the CR rate

will change from time to time. The Commission believes that this approach is reasonable, and will not adopt the change to the rules proposed by Virginia Power.

The Cooperatives believe the Proposed Rules go beyond the statutory mandate by providing that a customer may sell its RECs to a willing buyer at any time. The Commission disagrees. The statute provides that the customer owns the RECs associated with its generating facility. As such, the customer is free to sell such RECs to any third party upon mutually agreeable terms. While only the supplier is required to buy such RECs, any third party remains free to do so voluntarily. The Cooperatives also complain that while the statute speaks of the customer's one-time option to sell the RECs to its supplier, the Proposed Rules require the supplier to purchase the RECs. The Proposed Rules are fully consistent with the statute, which provides the customer a right to sell the RECs to the supplier at a Commission-defined price. If the customer has a right to sell, it is clear that the supplier has a corresponding obligation to purchase. The Commission will not revise the Proposed Rules as requested by the Cooperatives.

The Cooperatives complain that the Proposed Rules' requirement that suppliers develop and implement billing and accounting systems to deal with multiple time-of-use tiers may prove costly and discouraging. The Cooperatives further state that the Proposed Rules are ambiguous regarding how credits and charges over time-of-use tiers are to be accounted for. The Commission agrees that time-of-use rates for net metering customers is likely to be complicated, and may require special billing procedures by the supplier for such customers. However, Chapter 804 mandates that the Commission's regulations permit customers that are served on time-of-use tariffs that have electricity supply demand charges contained within the electricity supply portion of the time-of-use tariffs to participate as eligible customer-generators. The Proposed Rules are consistent with this statutory mandate.

Finally, the individual customer-generators who provided comments suggest that the Proposed Rules are complicated and suggest several changes to make the rules easier to understand. The Commission is sympathetic with these concerns, and agrees that the rules, as well as the statute upon which the rules are based, are complex. However, given that the Proposed Rules are consistent with Chapter 804, the Commission will not make further revisions at this time.

Accordingly, IT IS ORDERED THAT:

(1) The Regulations Governing Net Energy Metering are hereby adopted as shown in Appendix A to this Order, effective as of April 28, 2010.

(2) A copy of this Order with Appendix A including the Regulations Governing Net Energy Metering shall be forwarded to the Registrar of Regulations for publication in the Virginia Register of Regulations.

(3) On or before June 2, 2010, all electric utilities in the Commonwealth subject to Chapter 10 (§ 56-232 *et seq.*) of Title 56 of Code of Virginia shall file with the Commission's Division of Energy Regulation any revised tariff provisions necessary to implement the regulations as adopted herein.

(4) There being nothing further to come before the Commission, this case shall be removed from the docket and the papers filed herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all electric distribution companies licensed in Virginia as shown on Appendix A, hereto; and a copy shall also be sent to the Commission's Office of General Counsel and Divisions of Energy Regulation, Public Utility Accounting, and Economics and Finance.

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Chapter 315

Regulations Governing Net Metering

20VAC5-315-10. Applicability and scope.

These regulations are promulgated pursuant to the provisions of § 56-594 of the Virginia Electric Utility ~~Restructuring~~ Regulation Act (§ 56-576 et seq. of the Code of Virginia). They establish requirements intended to facilitate net energy metering for customers owning and operating, or contracting with persons to own or operate, or both, an electrical generator that uses renewable energy, as defined by § 56-576 of the Code of Virginia as its total fuel source. These regulations will standardize the interconnection requirements for such facilities and will govern the metering, billing, payment and contract requirements between net metering customers, electric distribution companies and energy service providers.

20VAC5-315-20. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Billing period" means, as to a particular customer, the time period between the ~~dates on~~ two meter readings upon which the electric distribution company ~~or~~ and the energy service provider~~,~~ ~~as the case may be, issues~~ calculate the customer's bills.

"Billing period credit" means, for a nontime-of-use net metering customer, the quantity of electricity generated and fed back into the electric grid by the customer's renewable fuel generator in excess of the electricity supplied to the customer over the billing period. For time-of-use net metering customers, billing period credits are determined separately for each time-of-use tier.

"Demand charge-based time-of-use tariff" means a retail tariff for electric supply service that has two or more time-of-use tiers for energy-based charges and an electricity supply demand (kilowatt) charge.

"Electric distribution company" means the entity that owns and/or operates the distribution facilities delivering electricity to the net metering customer's premises.

"Energy service provider (supplier)" means the entity providing ~~electric energy~~ electricity supply [service] to a net metering customer~~,~~ either as ~~a~~ tariffed~~,~~ or competitive~~, or default~~ service ~~pursuant to § 56-585 of the Code of Virginia~~.

"Excess generation" means the amount ~~by which~~ of electricity generated by the renewable fuel generator ~~exceeds~~ in excess of the electricity consumed by the ~~net metering~~ customer ~~for~~ over the course of the net metering period. For time-of-use net metering customers, excess generation is determined separately for each time-of-use tier.

"Net metering customer (customer)" means a customer owning and operating, or contracting with other persons to own or operate, or both, a renewable fuel generator under a net metering service arrangement.

"Net metering period" means 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 electric distribution company's facilities.

"Net metering service" means providing retail electric service to a customer operating a renewable fuel generator and measuring the difference, over the net metering period, between electricity supplied to ~~a net metering~~ the customer from the electric grid and the electricity generated and fed back to the electric grid by the ~~net metering~~ customer~~, using a single meter or, as provided in 20VAC5-315-70, additional meters~~.

"Person" means any individual, corporation, partnership, association, company, business, trust, joint venture, or other private legal entity and the Commonwealth or any municipality.

"Renewable Energy Certificate (REC)" represents the renewable energy attributes associated with the production of one megawatt-hour (MWh) of electrical energy generated by a renewable fuel generator.

"Renewable fuel generator" means an electrical generating facility that:

1. Has an alternating current capacity of not more than 10 kilowatts for residential customers and not more than 500 kilowatts for nonresidential customers unless the electric distribution company has chosen a higher capacity limit [for nonresidential customers] in its net metering tariff;

2. Uses renewable energy, as defined by § 56-576 of the Code of Virginia, as its total fuel source;

3. The net metering customer owns and operates, or has contracted with other persons to own or operate, or both;

4. 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 distributor;

5. Is interconnected pursuant to a net metering arrangement and operated in parallel with the electric distribution company's facilities; and

6. Is intended primarily to offset all or part of the net metering customer's own electricity requirements.

"Time-of-use net metering customer (time-of-use customer)" means a net metering customer receiving retail electricity supply service under a demand charge-based time-of-use tariff.

"Time-of-use period" means an interval of time over which the energy (kilowatt-hour) rate charged to a time-of-use customer does not change.

"Time-of-use tier (tier)" means all time-of-use periods given the same name (e.g., on-peak, off-peak, critical peak, etc.) for the purpose of time-differentiating energy (kilowatt-hour)-based charges. The rates associated with a particular tier may vary by day and by season.

20VAC5-315-40. Conditions of interconnection.

A. A prospective net metering customer may begin operation of his renewable fuel generator on an interconnected basis when:

1. The net metering customer has properly notified both the electric distribution company and energy service provider (in accordance with 20VAC5-315-30) of his intent to interconnect;

2. If required by the electric distribution company's net metering tariff, the net metering customer has installed a lockable, electric distribution company accessible, load breaking manual disconnect switch;

3. A licensed electrician has certified, by signing the commission-approved notification form, that any required manual disconnect switch 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;

4. The vendor has certified, by signing the commission-approved notification form, that the renewable fuel generator being installed is in compliance with the requirements established by Underwriters Laboratories or other national testing laboratories in accordance with IEEE Standard 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems, July 2003;

5. In the case of static inverter-connected renewable fuel generators with an alternating current capacity in excess of 10 kilowatts, the net metering customer has had the inverter settings inspected by the electric distribution company. The inspecting electric distribution company may impose a fee on the net metering customer of no more than $50 for such inspection;

6. In the case of nonstatic inverter-connected renewable fuel generators, the net metering customer has interconnected according to the electric distribution company's interconnection guidelines and the electric distribution company has inspected all protective equipment settings. The inspecting electric distribution company may impose a fee on the net metering customer of no more than $50 for such inspection.

7. In the case of renewable fuel generators with an alternating current capacity greater than 25 kilowatts, the following requirements shall be met before interconnection may occur:

a. Electric distribution facilities and customer impact limitations. A renewable fuel generator shall not be permitted to interconnect to distribution facilities if the interconnection would reasonably lead to damage to any of the electric distribution company's facilities or would reasonably lead to voltage regulation or power quality problems at other customer revenue meters due to the incremental effect of the generator on the performance of the electric distribution system, unless the customer reimburses the electric distribution 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 electric distribution company-owned secondary, service, and service entrance cable connected to the

point of interconnection, unless the customer reimburses the electric distribution company for its cost to modify any facilities needed to accommodate the interconnection.

c. Transformer loading limitations. The renewable fuel generator shall not have the ability to overload the electric distribution company transformer, or any transformer winding, beyond manufacturer or nameplate ratings, unless the customer reimburses the electric distribution company for its cost to modify any facilities needed to accommodate the interconnection.

d. Integration with electric distribution company facilities grounding. The grounding scheme of the renewable fuel generator shall comply with IEEE 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems, July 2003, and shall be consistent with the grounding scheme used by the electric distribution company. If requested by a prospective net metering customer, the electric distribution company shall assist the prospective net metering 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 electric distribution company transformer, with the secondary connected to the point of interconnection, is a three-phase transformer, unless the customer reimburses the electric distribution company for its cost to modify any facilities needed to accommodate the interconnection.

B. A prospective net 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 that customer's electric distribution company's

Virginia service territory to exceed 1.0% of that company's Virginia peak-load forecast for the previous year. In any case where a prospective net metering customer has submitted a notification form required by 20VAC5-315-30 and that customer's interconnection would cause the total rated generating alternating current capacity of all interconnected renewable fuel generators within that electric distribution company's service territory to exceed 1.0% of that company's Virginia peak-load forecast for the previous year, the electric distribution company shall, at the time it becomes aware of the fact, send written notification to such prospective net 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 electric distribution company shall provide to the customer the amount of capacity still available for interconnection pursuant to § 56-594 D of the Code of Virginia.

C. Neither the electric distribution company nor the energy service provider shall impose any charges upon a net metering customer for any interconnection requirements specified by this chapter, except as provided under subdivisions A 5 and 6 of this section, and 20VAC5-315-50 as related to ~~off-site~~ additional metering.

D. The net energy metering customer shall immediately notify the electric distribution company of any changes in the ownership of, operational responsibility for, or contact information for the generator.

20VAC5-315-50. Metering, billing, payment and contract or tariff considerations.

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 a net metering customer, electric distribution company or energy service provider shall be identical, with respect to the rate structure, all retail rate components, and monthly charges, to the contract or tariff under

which the same customer would be served if such customer was not a net metering customer with the exception that ~~time of use~~ time-of-use metering under an electricity supply [service] tariff having no demand charges is not permitted. Said contract or tariff shall be applicable to both the electric energy supplied to, and consumed from, the grid by that customer.

In instances where a net metering ~~customers'~~ 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 electric distribution company, the electric distribution company shall provide the necessary additional metering equipment to enable net metering service at no charge to the net metering customer. In instances where a net metering customer has requested, and where the electric distribution company would not have otherwise installed, metering equipment ~~which~~ that is intended to be read off site, the electric distribution company may charge the net metering customer its actual cost of installing any additional equipment necessary to implement net metering service. A time-of-use net metering customer shall bear the incremental metering costs associated with net metering. Any incremental metering [~~expense~~ costs] associated with measuring the [total] output of the renewable fuel generator for the purposes of receiving renewable energy certificates shall be installed at the customer's expense unless otherwise negotiated between the customer and the REC purchaser.

~~If electricity generated by the net metering customer and fed back to the electric grid exceeds the electricity supplied to the net metering customer from the grid during a net metering period, the~~ A net metering customer shall receive no compensation ~~from the electric distribution company nor the energy service provider~~ for excess generation unless ~~that~~ the net metering customer has entered into a power purchase agreement with ~~the electric distribution company and/or the energy service provider~~ its supplier.

~~If the electric distribution company is also the energy service provider of the net metering customer, the electric distribution company, upon~~ Upon the written request of the net metering

customer, the customer's supplier shall enter into a power purchase agreement for the excess generation for one or more net metering periods, as requested by the net metering 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 net metering 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~~. The written request of the net metering customer shall be submitted prior to the beginning of the first net metering period covered by the power purchase agreement. The power purchase agreement shall be consistent with this chapter ~~and obligate the~~. If the customer's supplier is an investor-owned electric distribution company, the supplier shall be obligated by the power purchase agreement to purchase the excess generation for the requested net metering periods at a price equal to the PJM Interconnection, L.L.C. (PJM) zonal day-ahead annual, simple average LMP (locational marginal price) for the PJM load zone in which the electric distribution company's Virginia retail service territory resides (simple average of hourly LMPs, by tiers, for time-of-use customers), 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 electric distribution company and the net metering customer mutually agree to a higher price or unless, after notice and opportunity for hearing, the commission establishes a different price or pricing methodology. If the Virginia retail service territory of the investor-owned electric distribution company does not reside within a PJM load zone, the power purchase agreement shall obligate the electric distribution company to purchase excess generation for the requested net metering periods at a price equal to the systemwide PJM day-ahead annual, simple average LMP (simple average of hourly LMPs, by tiers, for time-of-use customers), 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 electric distribution company and the net

metering 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~~ If the customer's supplier is a member-owned electric cooperative ~~electric distribution company~~, the supplier shall be obligated by the power purchase agreement to purchase excess generation for the requested net metering periods at a price equal to the simple average (by tiers for time-of-use customers) of the ~~cooperative~~ electric ~~distribution company's~~ cooperative's hourly avoidable cost of energy, including fuel, based on the energy and energy-related charges of its primary wholesale power supplier for the net metering period, unless the electric distribution company and the net metering customer mutually agree to a higher price or unless, after notice and opportunity for hearing, the commission establishes a different price or pricing methodology.

If the customer's supplier is a competitive supplier, the supplier shall be obligated by the power purchase agreement to purchase the excess generation for the requested net metering periods at a price equal to the systemwide PJM day-ahead annual, simple average LMP (simple average of hourly LMPs, by tiers, for time-of-use customers), 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 supplier and the net metering 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 ~~electric distribution company~~ customer's supplier shall make full payment annually to the net metering customer within 30 days following the latter of the end of the net metering period or, if applicable, the date of the PJM Market Monitoring Unit's publication of the previous calendar-year's applicable zonal or systemwide PJM day-ahead annual, simple average LMP ~~(locational marginal price)~~, or hourly LMP, as appropriate. The ~~electric distribution company~~ supplier may offer the net metering customer the choice of an account credit in lieu of a direct

payment. The option of a net metering customer to request payment from its supplier for excess generation ~~for the net metering period and the corresponding price or pricing formula applicable to such excess generation~~ and the price or pricing formula shall be clearly delineated in the net metering tariff of the electric distribution company or timely provided by the customer's competitive supplier, as applicable. A copy of such tariff, or an Internet link to such tariff, at the option of the customer, shall be provided to each customer requesting interconnection of a renewable fuel generator. A competitive supplier shall provide in its contract with the net metering customer the price or pricing formula for excess generation.

~~If electricity generated by the net metering customer and fed back to the electric grid exceeds the electricity supplied to the net metering customer from the grid during any billing period (billing period credit),~~ For a non [-] time-of use net metering customer, in any billing period in which there is a billing period credit, the ~~net metering~~ customer shall be required to pay only the nonusage sensitive charges for that billing period. ~~Such~~ For a time-of-use net metering customer, in any billing period for which there are billing period credits in all tiers, the customer shall be required to pay only the demand charge or charges and nonusage sensitive charges for that billing period. Any billing period credits shall be accumulated, carried forward, and applied at the first opportunity to any billing periods having positive net consumptions (by tiers, in the case of time-of-use customers). 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 net metering 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 (recognizing tiers for time-of-use customers).

A net metering customer owns any renewable energy certificates associated with [the total output of] its renewable fuel generator [~~and may sell those RECs to any willing buyer at any~~

~~time at a mutually agreeable price~~] . [~~The~~ A supplier is only obligated to purchase a] net metering [~~customer~~ customer's RECs if the net metering customer] has [a exercised its] one-time option at the time of signing a power purchase agreement with its supplier to include a provision requiring the purchase by the supplier of all generated RECs over the duration of the power purchase agreement.

Payment for all whole RECs [~~generated~~ purchased by the supplier] during a net metering period [~~covered by~~ in accordance with] the purchase power agreement shall be made at the same time as the payment for any excess generation. The supplier will post a credit to the customer's account, or the customer may elect a direct payment. Any fractional REC remaining shall not receive immediate payment, but may be carried forward to subsequent net metering periods for the duration of the power purchase agreement.

The rate of the payment by the supplier for a customer's RECs shall be the daily unweighted average of the "CR" component of Virginia Electric and Power Company's Virginia jurisdiction Rider G tariff in effect over the period for which the rate of payment for the excess generation is determined, unless the customer's supplier is not Virginia Electric and Power Company, and that supplier has an applicable Virginia retail renewable energy tariff containing a comparable REC commodity price component, in which case that price component shall be the basis of the rate of payment. The commission may, with notice and opportunity for hearing, set another rate of payment or methodology for setting the rate of payment for RECs.

[To the extent that RECs are not sold to the net metering customer's supplier, they may be sold to any willing buyer at any time at a mutually agreeable price.]

20VAC5-315-70. Additional controls and tests.

Except as provided in 20VAC5-315-40 A 5 and 6 and 20VAC5-315-50 as related to ~~off-site~~ additional metering, no net metering customer shall be required to pay for additional metering,

testing or controls in order to interconnect with the electric distribution company or energy service provider. However, this chapter shall not preclude a net metering customer, an electric distribution company or an energy service provider from installing additional controls or meters, or from conducting additional tests. The expenses associated with these additional meters, tests or equipment shall be borne by the party desiring the additional meters, tests or equipment.

DOCUMENTS INCORPORATED BY REFERENCE

1547, IEEE Standard for Interconnecting Distributed Resources with Electric Power Systems, July 2003, The Institute of Electrical and Electronics Engineers, Inc.

Rider G, Renewable Energy Program, Virginia Electric and Power Company, January 1, 2009.