

NET METERING

Page 1 of 11

Applicability

The following tariff provisions shall be applicable to a Host Customer, as defined herein, that requests net metering services from the Distribution Company, with the exception of a Host Customer that is an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 C.M.R. 11.00. Service under this rate to any Host Customer is subject to the Distribution Company's printed requirements and the Distribution Company's Terms and Conditions – Distribution Service, each as in effect from time to time. The interconnection date of a facility shall have no bearing on a Host Customer's eligibility to request net metering services under the following tariff.

Section 1.01 Definitions

The terms set forth below shall be defined as follows, unless the context otherwise requires.

Agricultural Net Metering Facility means a Renewable Energy generating facility that is operated as part of an agricultural business, generates electricity, does not have a generation capacity of more than two megawatts, is located on land owned or controlled by the agricultural business, and is used to provide energy to metered accounts of the business. "Agriculture" has the same meaning as provided in M.G.L. c. 128, § 1A; provided that, when necessary, the Commissioner of the Department of Agricultural Resources shall determine if a business is an agricultural business and whether the facility is operated as part of that business.

Billing Period means the period of time set forth in the Distribution Company's terms and conditions for which the Distribution Company bills a Customer for its electricity consumed or estimated to have been consumed.

Class I Net Metering Facility means a plant or equipment that is used to produce, manufacture, or otherwise generate electricity and that is not a transmission facility and that has a design capacity of 60 kilowatts or less.

Class II Net Metering Facility means an Agricultural Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than 60 kilowatts but less than or equal to one megawatt; provided, however, that a Class II Net Metering Facility owned or operated by a Customer which is a municipality or other governmental entity may have a generating capacity of more than 60 kilowatts but less than or equal to one megawatt per unit.

Class III Net Metering Facility means an Agricultural Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than one megawatt but less than or equal to two megawatts; provided, however, that a Class III Net Metering Facility

NET METERING

Page 2 of 11

owned or operated by a Customer which is a municipality or other governmental entity may have a generating capacity of more than one megawatt but less than or equal to two megawatts per unit.

Customer means any person, partnership, corporation, or any other entity, whether public or private, who obtains distribution service at a customer delivery point and who is a customer of record of the Distribution Company for its own electricity consumption.

Distribution Company means Western Massachusetts Electric Company.

Host Customer means a Customer with a Class I, II, or III Net Metering Facility or Neighborhood Net Metering Facility that generates electricity on the Customer's side of the meter.

Interconnection Tariff means the Distribution Company's Standards for Interconnecting Distributed Generation, M.D.P.U. No. 1039E.

ISO-NE means ISO New England Inc., the independent system operator for New England, or its successor, authorized by the Federal Energy Regulatory Commission to operate the New England bulk power system and administer New England's organized wholesale electricity market pursuant to the ISO-NE Tariff and operation agreements with transmission owners.

Neighborhood means a geographic area within a municipality, subject to the right of the Department to grant exceptions pursuant to 220 CMR 18.09(6), that:

- (a) is recognized by the residents as including a unique community of interests;
- (b) falls within the service territory of the Distribution Company and within a single ISO-NE load zone; and
- (c) may encompass residential, commercial, and undeveloped properties.

Neighborhood Net Metering Facility means a Class I, II, or III Net Metering Facility that:

- (a) is owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single Distribution Company;
- (b) may also be owned by, or serve the energy needs of, other Customers who reside in the same Neighborhood and are served by the same Distribution Company as the residential Customers that own or are served by the facility; and
- (c) is located within the same Neighborhood as the Customers that own or are served by the facility.

NET METERING

Page 3 of 11

Net Metering means the process of measuring the difference between electricity delivered by a Distribution Company and electricity generated by a Class I, Class II, Class III or Neighborhood Net Metering Facility and fed back to the Distribution Company.

Net Metering Credit means the monetary value of the excess electricity generated by a net metering facility, calculated pursuant to Section 1.06, below.

Renewable Energy means energy generated from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity and is interconnected to the Distribution Company.

Wind Net Metering Facility means a facility for the production of electrical energy that uses wind to generate electricity and is interconnected to the Distribution Company.

Section 1.02 Interconnection

Interconnection of net metering facilities is governed by the terms of the Distribution Company's Interconnection Tariff, which sets forth the following information for net metering services:

- (a) Application procedures;
- (b) Information necessary for requests;
- (c) Metering and technical requirements; and
- (d) Termination and suspension provisions.

The Customer shall indicate its request for net metering on its application pursuant to the Interconnection Tariff.

Section 1.03 Metering and Reporting of Generation

1. Host Customers with a Class II or III Net Metering Facility shall install at the Host Customer's expense revenue-grade meters to measure the generator's kilowatt-hour ("kWh") output. Unless otherwise agreed in writing with the Distribution Company, the

NET METERING

Page 4 of 11

Host Customer will provide the actual metered output to the Distribution Company twice per calendar year: on or before January 31 and on or before September 30.

2. Unless otherwise agreed in writing with the Distribution Company, a Host Customer with a Class I Net Metering Facility, who does not have a generation information system ("GIS") account at ISO-NE, will provide, if available, the inverter's generation information to the Distribution Company twice per calendar year: on or before January 31 and on or before September 30.
3. Unless otherwise agreed in writing with the Distribution Company, a Host Customer with a Class I Net Metering Facility, who does not have a GIS account at ISO-NE and does not otherwise have generation information available, shall provide all necessary information to, and cooperate with, the Distribution Company to enable the Distribution Company to estimate the annual generation.

Section 1.04 Qualifications for Neighborhood Net Metering Facilities

The Host Customer of a Neighborhood Net Metering Facility shall fulfill the requirements of the Distribution Company's Interconnection Tariff, as noted in Section 1.02, above, and shall further provide and maintain on file with the Distribution Company written documentation demonstrating that all parties eligible to receive Net Metering Credits from the Neighborhood Net Metering Facility meet the terms of the definition of a Neighborhood Net Metering Facility, as provided herein and in the Department's regulations at 220 C.M.R. 18.02.

Section 1.05 Administration of Net Metering Credits

1. The Distribution Company shall calculate a Net Metering Credit as set forth in Section 1.06 below, and not bill a Host Customer for kWh usage, for any Billing Period in which the kWh generated by a Class I, II, or III Net Metering Facility or a Neighborhood Net Metering Facility exceed the kWh usage of the Host Customer.
2. Each Distribution Company shall bill a Host Customer for excess consumption for any Billing Period in which the kWh consumed by a Host Customer exceed the kWh generated by a Class I, II or III Net Metering Facility or Neighborhood Net Metering Facility.

Section 1.06 Calculation of Net Metering Credits

1. For a Class I Wind Net Metering Facility, Class I Solar Net Metering Facility, Class I Agricultural Net Metering Facility, Class II Net Metering Facility, and Class III Net Metering Facility where the Host Customer is a municipality or other governmental entity, the Distribution Company shall calculate for each Billing Period a Net Metering Credit equal to the product of the:

NET METERING

Page 5 of 11

- (a) excess kWh, by time-of-use if applicable; and
 - (b) sum of the following Distribution Company charges applicable to the rate class under which the Host Customer takes service:
 - (i) the default service kWh charge (in the ISO-NE load zone where the Host Customer is located);
 - (ii) the distribution kWh charge, ~~which includes the Company's Pension/PBOP Adjustment Mechanism, Residential Assistance Adjustment Clause, Default Service Cost Adjustment and Capitol Projects Scheduling List adjustments;~~
 - (iii) the transmission kWh charge; and
 - (iv) the transition kWh charge.
2. For a Class I Net Metering Facility other than a Class I Wind Net Metering Facility, Class I Agricultural Net Metering Facility, or a Class I Solar Net Metering Facility, the Distribution Company shall calculate a Net Metering Credit for each Billing Period as the product of the:
- (a) excess kWh, by time-of-use if applicable; and
 - (b) average monthly clearing price at the ISO-NE.
3. For a Neighborhood Net Metering Facility or a Class III Net Metering Facility where the Host Customer is not a municipality or governmental entity, the Distribution Company shall calculate a Net Metering Credit for each Billing Period as the product of the:
- (a) excess kWh, by time-of-use if applicable; and
 - (b) sum of the following Distribution Company charges applicable to the rate class under which the Host Customer takes service:
 - (i) the default service kWh charge (in the ISO-NE load zone where the Host Customer is located);
 - (ii) the transmission kWh charge; and
 - (iii) the transition kWh charge.

NET METERING

Page 6 of 11

4. The calculation of Net Metering Credits under this section shall not include the demand side management and renewable energy kWh charges set forth in M.G.L. c. 25, §§ 19-20.
5. For any Billing Period for which the Distribution Company calculates a Net Metering Credit for a Host Customer, the Distribution Company shall apply the Net Metering Credit to the Host Customer's account, unless the Host Customer provides otherwise pursuant to Section 1.07. The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance.

Section 1.07 Allocation of Net Metering Credits

1. For a Class I or II Wind Net Metering Facility, Solar Net Metering Facility, or Agricultural Net Metering Facility; Class III Net Metering Facility; or Neighborhood Net Metering Facility, the Distribution Company shall allocate Net Metering Credits, as designated in writing by the Host Customer, to other Customers who are in the Distribution Company's service territory and are located in the same ISO-NE load zone.
2. For a Neighborhood Net Metering Facility, the Distribution Company may only allocate Net Metering Credits to residential or other Customers who reside in the same Neighborhood in which the Neighborhood Net Metering Facility is located and have an ownership interest in, or are served by, the Neighborhood Net Metering Facility.
3. For any Billing Period that a Host Customer earns Net Metering Credits, the Distribution Company shall allocate Net Metering Credits by applying them to a designated Customer's account. The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance.
4. For a Class III Net Metering Facility, the Distribution Company may elect to purchase Net Metering Credits from the Host Customer, rather than allocating such Credits. The Distribution Company must provide written notice to the Host Customer of its election to either purchase or allocate Net Metering Credits within 30 days of the Host Customer's request for Net Metering Services. For Net Metering Credits purchased under this provision, the Distribution Company will make payment by issuing a check to the Host Customer each Billing Period, unless otherwise agreed in writing with the Host Customer. In addition, the Distribution Company shall continue to purchase such credits for so long as the Host Customer takes service under this tariff or as mutually agreed in writing by the Distribution Company and the Host Customer.
5. The Distribution Company is responsible for accurately allocating Net Metering Credits consistent with a Host Customer's written designation in Schedule Z to the Distribution Company's Interconnection Tariff.

NET METERING

Page 7 of 11

Section 1.08 Net Metering Recovery Surcharge

The charges listed below are non-bypassable and shall be applied to all kWh delivered by the Distribution Company to a Customer. The operation of the Net Metering Recovery Surcharge (“NMRS”) is subject to all powers of suspension and investigation vested in the Department.

1) Rates

The purpose of the NMRS is to recover the Net Metering Credits applied to Customers and the non-reconciling distribution portion of revenue displaced by Customers who have installed on-site generation facilities in accordance with G.L. c. 164, §§ 138 and 139. This surcharge provides the Distribution Company with a mechanism to recover such Credits and displaced revenue, and to reconcile actual NMRS revenue amounts recovered from customers with actual recoverable amounts.

2) Applicability of NMRS

The NMRS shall be applicable to all firm distribution of electricity, as measured in kWh, delivered by the Distribution Company. Although the NMRS is a separate surcharge, it may be included in the Distribution Company’s Distribution Charge for billing purposes.

3) Effective Date of Annual Surcharge

The date on which the annual NMRS becomes effective shall be the first day of each calendar year, unless otherwise ordered by the Department. The Distribution Company shall submit NMRS filings as outlined in Section 1.08(6) of this tariff at least 30 days before the NMRS is proposed to take effect.

4) NMRS Formula

$$\text{NMRS}_x = (\text{NMC}_{x-1} + \text{DDR}_{x-1} + \text{PPRA}_{x-2}) / \text{FkWh}_x,$$

where

x = The year over which the surcharge applies;

NMRS_x = The Net Metering Recovery Surcharge for year x;

NMC_{x-1} = The Net Metering Credits for year x-1, based on actual data where available and estimated for the period where actual data is unavailable;

NET METERING

Page 8 of 11

DR_{x-1} = The non-reconciling distribution portion of revenue displaced, as defined in Section 1.08(5), by net metering facilities for year x-1, based on actual data where available and estimated for the period where actual data is unavailable;

PRA_{x-2} = The Past Period Reconciliation Amount defined as the ending balance including interest, calculated on the average monthly reconciling balance using the customer deposit rate as outlined in 220 C.M.R. 26.09, of the difference between (a) the sum of the NMC and DDR based on actual data for year x-2 and (b) the revenues collected through the NMRS as approved by the Department for year x-1, based on actual data where available and estimated for the period where actual data is unavailable;

$FkWh_x$ = The Forecasted kWh for year x, defined as the forecasted amount of electricity to be distributed to the Distribution Company's distribution customers.

5) Determination of Revenue Displaced by Net Metering Facilities

- a) The revenue displaced by net metering facilities is the non-reconciling distribution revenue associated with the displaced kWh. The quantity of displaced kWh is equal to the kWh generated by the net metering facility minus the excess kWh, if any, delivered to the Distribution Company's distribution system. The kWh generated by the net metering facility shall be determined by:
 - i) actual metering of the kWh output of the generating facility; or
 - ii) estimating the kWh output of a generating facility when actual metering is not feasible.
- b) In determining DDR, the Distribution Company shall use actual metered data for those Host Customers with Class II and III Net Metering Facilities and for those Host Customers with a Class I Net Metering Facility when such data is available.
- c) In determining DDR, the Distribution Company shall estimate the generator kWh output for those Host Customers that do not have actual metered data for the output of their Class I Net Metering Facility. These estimates will be based upon available monthly capacity factor information associated with the size and type of net metering facility installed, or as otherwise specified below. Such information shall be obtained from publicly available sources such as ISO-NE, the Massachusetts Renewable Energy Trust and weather data outlets as determined by the Distribution Company and subject to Department review and approval.

NET METERING

Page 9 of 11

- i) For Class I Solar Net Metering Facilities, the estimate shall come directly from the generation information of the Solar Net Metering Facility's inverter if available. If no data is available to the Distribution Company, the estimate shall be calculated on a case-by-case basis with the best available data.
- ii) For Class I Wind Net Metering Facilities:
 - (1) the estimate shall come directly from the generation information of the Wind Net Metering Facility's meter, inverter, or other generator system if available; or
 - (2) if generation information is not available, or no data is provided, the estimate shall be calculated on a case-by-case basis with the best available data.
- iii) For all non-wind and non-solar Class I Net Metering Facilities, the estimate shall be calculated on a case-by-case basis with the best available data.

6) Information Required to be Filed with the Department

Information pertaining to the annual NMRS shall be filed with the Department at least thirty (30) days before the date on which a new NMRS is requested to be effective. Such filing shall include preliminary reconciliation data for the year in which the filing is made, with final reconciliation amounts to be submitted the subsequent year. The reconciliation data will reflect detailed accounting of distribution Net Metering Credits paid to customers and displaced distribution revenue resulting from net metering facilities. This information will be submitted with each annual NMRS filing, along with complete documentation of the reconciliation-adjustment calculations.

7) Customer Notification

The Distribution Company will notify Customers in simple terms of changes to the NMRS, including the nature of the change and the manner in which the NMRS is applied to the bill. In the absence of a standard format, the Distribution Company will submit this notice for approval at the time of each NMRS filing. Upon approval by the Department, the Distribution Company must immediately distribute these notices to all of its Customers either through direct mail or with its bills.

NET METERING

Page 10 of 11

8) Commodity Reconciliation

The Distribution Company will include the energy market payments received from ISO-NE for the electricity generated by Class II and III Net Metering Facilities in the Distribution Company's annual reconciliation of the NMRS. Host Customers with a Class II or III Net Metering Facility shall provide all necessary information to, and cooperate with, the Distribution Company to enable the Distribution Company to obtain the appropriate asset identification for reporting generation to ISO-NE. The Distribution Company will report all exported power to the ISO-NE as a settlement only generator and net this reported usage and credits earned against the amount of default service commodity earned as a portion of the Net Metering Credits. The resulting amount will then be filed within the Distribution Company's annual NMRS reconciliation proceeding.

The Distribution Company may elect to seek to obtain capacity payments from ISO-NE for the electricity generated by Class II and III Net Metering Facilities, in which case it will include any capacity payments received from ISO-NE in the Company's annual NMRS reconciliation.

Section 1.09 Closure of Tariff to New Customers

Service under this tariff is closed to new applicants upon determination by the Distribution Company that the aggregate capacity of all Class I, II, III, and Neighborhood Net Metering Facilities, whose Host Customers are receiving net metering services under this net metering tariff, has reached one percent of the Distribution Company's highest historical peak load. Immediately following approval of this tariff by the Department, the Distribution Company will post, to the Distribution Company's website, the Distribution Company's highest historical peak load. Each year by February 1 the Distribution Company will update the Distribution Company's highest historical peak load on the Distribution Company's website and with an informational filing to the Department. Additional applications may be accepted, for incremental aggregated capacity associated with one percent of prospective increases in the Distribution Company's peak load. The calculation of aggregated capacity shall be in accordance with 220 C.M.R. 18.07.

Section 1.10 Renewable Energy and Environmental Attributes

The provision of net metering services does not entitle Distribution Companies to ownership of, or title to, the renewable energy or environmental attributes, including renewable energy certificates, associated with any electricity produced by a net metering facility.

Section 1.11 Dispute Resolution

The Dispute Resolution provisions included in the Distribution Company's Interconnection Tariff in Section 9.0 shall be available for the purpose of resolving disputes related to the

NET METERING

Page 11 of 11

operation of this tariff between the Distribution Company and Host Customers, including whether the Distribution Company has accurately allocated Net Metering Credits consistent with a Host Customer's written designation in Schedule Z to the Distribution Company's Interconnection Tariff. The Distribution Company shall not be responsible for resolving disputes between the Host Customer and those Customers to whom the Host Customer is allocating Net Metering Credits.