

NET ENERGY METERING SERVICE, BILLING AND INTERCONNECTION

RULE AND REGULATION 29

A. **APPLICABILITY**

This Rule and Regulation is applicable to any City of Palo Alto Utilities (“CPAU”) Customer eligible to participate in CPAU’s NEM 1 Program and/or Net Energy Metering Successor Program (“NEM 2”), as applicable, via the use of a Generating Facility, not to exceed 1 MW, located on the Customer’s owned, leased, or rented premises within CPAU Service territory that will operate in parallel with the CPAU Distribution System.

B. **SCOPE**

Notwithstanding the NEM-specific requirements set forth in this Rule 29, CPAU Rule and Regulation 27 (Generating Facility Interconnections) also describes the Interconnection, Metering and operating requirements for all Generating Facilities to be connected to the CPAU Electric Distribution System. CPAU reserves the right to impose any requirements set forth in Rule 27 that are additional to or more stringent than those set forth in this Rule 29, including those related to billing and charges on NEM 1 and NEM 2 Customer-Generators, to the maximum extent permitted by state law (Cal. Pub. Util. Code § 2827 *et seq.*, as the same may be amended from time to time).

C. **CUSTOMER ELIGIBILITY AND NEM PROGRAM INFORMATION**

1. General Requirements. In order to be eligible to participate in NEM 1 or NEM 2 or NEM Aggregation, a Customer must:
 - a. be eligible to become a Customer-Generator.
 - b. construct, design, install, interconnect, operate and maintain a Generating Facility (or combination of such facilities) that is:
 - i. on the Customer-Generator’s owned, leased or rented Premises,
 - ii. of a total capacity of not more than one (1) MW (or 1,000 kW),
 - iii. intended primarily to offset part or all of the Customer-Generator’s own Electric Service requirements, and
 - iv. not used to sell to any third person, or otherwise provide Electric Service to any real estate parcel, premise, or location other than those that



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are the subject of the Customer-Generator's Interconnection Agreement (IA).

- c. complete and provide CPAU with all required agreements, supporting documents, and any payments related to Interconnection.
2. NEM 1 Transition Period and System Term.
- a. CPAU reached its NEM Cap on Dec 31, 2017.
 - b. New eligible Customers may opt to participate in CPAU's Net Energy Metering Successor Program, NEM 2.
 - c. Current NEM 1 Customer-Generators will remain eligible to participate in NEM 1 and take Service under Utilities Rate Schedule E-NSE-1 (Net Metering Net Surplus Electricity Compensation), in conjunction with their otherwise applicable Rate Schedule, and subject to the requirements and Charges set forth in Section D, through a period of twenty (20) years from the original date of Interconnection of the eligible Generating Facility, or through a period equal to the term calculated in Section (C)(2)(d), if the Customer-Generator has increased their system capacity.
 - d. NEM 1 Customer-Generators who expand their systems will have a revised NEM 1 term, based on their system expansion date, as calculated in this Section (d). After the revised term ends, these Customer-Generators are ineligible for NEM 1, but may transition to NEM 2.
 - i. Revised system term formula for NEM 1 Customer-Generators who increased their system capacity on or before Dec 31, 2017:

$$\text{New remaining NEM 1 Term} = (\text{Original system's remaining NEM 1 term}) \times (\text{Original system size in kW} / \text{New total system size in kW}) + 20 \text{ years} \times (\text{system size of the addition in kW} / \text{New total system size in kW})$$

The original system's remaining NEM 1 term = 20 years minus the number of years the system has been Interconnected.



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- ii. Revised system term for NEM 1 Customer-Generators who increase their system capacity after Dec 31, 2017:

New remaining NEM 1 Term = (Original system's remaining NEM 1 term) x
(Original system size in kW/ New system size in kW).

The original system's remaining NEM 1 term = 20 years minus the number of years the system has been Interconnected.

3. Additional Requirements for NEM 1 Aggregation. In addition to those eligibility requirements set forth in Section (C)(1), a NEM 1 Customer-Generator with multiple Meters on the Customer-Generator's parcel or adjacent parcels is only eligible to participate in the NEM Aggregation program under the following conditions:
 - a. the Customer-Generator elects to aggregate Electric Service for the Meters located on the parcel where the Renewable Electrical Generation Facility is located across adjacent or contiguous parcels, and
 - b. all parcels across which the Customer-Generator elects to aggregate are solely owned, leased, or rented by the eligible Customer-Generator.
4. NEM 2. CPAU offers NEM 2 to Customer-Generators whose Generating Facilities are Interconnected after the NEM Cap has been reached, or Customers-Generators who were eligible for NEM 1 but elect to take Service under the Net Energy Metering Successor Program. NEM 2 Customer-Generators take Service under Utilities Rate Schedule E-EEC-1 (Export Electricity Compensation), in conjunction with their otherwise applicable Rate Schedule.

D. NEM 1 BILLING

1. General Rules

- a. A Customer-Generator's annual settlement date is the month and day of the date of Interconnection of the Renewable Electrical Generation Facility. At the end of each twelve-month settlement period following the annual settlement date, CPAU will determine whether the Customer-Generator was a Net Electricity Consumer or a Net Surplus Customer-



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Generator during that period.¹

- b. Credits for net-generated Electricity will be carried forward each month, to be used for future Electric Charges, until the end of the Customer-Generator's twelve-month settlement period.
- c. For a Customer-Generator who has submitted an affirmative election, at the end of each twelve-month settlement period CPAU will provide either Net Surplus Electricity Compensation in accordance with Electric Utility Rate Schedule E-NSE-1 for any net surplus Electricity generated during the prior twelve-month settlement period, or bill credits resulting from net surplus Electricity generation to be applied against Electricity-related Charges subsequently incurred by the Customer-Generator.
- d. If the Customer-Generator fails to make an affirmative election to receive Service pursuant to Net Surplus Electricity Compensation, then CPAU will retain any excess electricity (expressed in Kilowatt-hours) generated during the prior twelve-month settlement period, and CPAU will not be obligated to pay Net Surplus Electricity Compensation, nor will it be obligated to allow the application of net surplus Electricity credits to be used against Energy charges subsequently incurred by the Customer-Generator.
- e. CPAU will allow a Customer-Generator to change the election option once each twelve-month settlement period, provided that the Customer-Generator provides notice to CPAU one month prior to the beginning of the new twelve-month settlement period.
- f. CPAU will provide the Customer-Generator with net Electricity consumption information with each monthly bill; that information will include either the current monetary balance owed to CPAU or the current amount of excess Electricity produced since the last twelve-month period.
- g. CPAU will waive standby Service Charges for backup or maintenance Electric Service, provided that the Customer-Generator qualifies for participation in NEM 1 at the applicable Service Address.

¹ For Customer-Generators with a Generating Facility Interconnection date prior to February 1, 2010, CPAU will determine the true up starting on the day after CPAU's receipt of the Customer-Generator's Net Surplus Electricity Election Form.



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Facilities' energy equal to that Beneficiary Account's relative share of the Aggregation Customer's total usage for the applicable billing period.

- d. CPAU will allocate the total amount of energy produced by a Generating Facility in each billing period.
- e. The billing for Beneficiary Accounts will be the same as billing for NEM 1 Customer-Generators, with the restriction that no Beneficiary Account is eligible for Net Surplus Electricity Compensation in accordance with Electric Utility Rate Schedule E-NSE-1, but may only carry forward energy credits.

E. NEM 2 BILLING

1. CPAU will provide Export Electricity Compensation in accordance with Electric Utility Rate Schedule E-EEC-1 (Export Electricity Compensation).
2. Monthly Billing:
 - a. CPAU will measure during the Billing Period, in kilowatt-hours, the energy imported and exported after the Customer-Generator serves its own instantaneous load.
 - b. CPAU will bill the Customer-Generator consumption charges for the energy imported from CPAU based on the Customer-Generator's applicable Rate Schedule.
 - c. In the event the energy generated exceeds the energy consumed, and energy is exported to CPAU, the Customer will receive a credit for all energy exported to CPAU at the E-EEC-1 (Export Electricity Compensation) rate.
3. Twelve-month settlement period and annual billing provisions are not available for NEM 2.

F. APPLICATION AND INTERCONNECTION PROCESS

1. Application Process

CPAU will process a request for the establishment of NEM 1 and NEM 2 Service and Interconnection from the Customer within the time period not exceeding that for



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Customers requesting new Electric Service; provided, however, that such time period will not exceed thirty (30) days from the date of (1) receipt of a completed Application form for Net Energy Metering Service and Interconnection from the Customer, (2) Electric inspection clearance from CPAU, and (3) building inspection clearance from the City of Palo Alto Building Inspection Division.

2. Interconnection Process

The Customer will be required to sign either an Interconnection Agreement, as applicable, or an agreement containing substantially the terms and conditions of the above referenced agreement, and agree to be subject to applicable safety and design standards, Utility Rates and Charges and Utility Rules and Regulations in order to be eligible for NEM 1 and NEM 2 Service provided by CPAU. All necessary forms and agreements for NEM 1 and NEM 2 Service are available for download from CPAU's website.

G. METERING

1. NEM 1 or NEM 2 may be accomplished by using a single Meter capable of registering the flow of electricity in two different directions. If the Customer-Generator's existing Meter is not capable of measuring the flow of electricity in two directions, then the Customer-Generator will be responsible for all expenses involved in purchasing and installing a Meter that is able to measure electricity flow in two directions.

(END)

