

THE NARRAGANSETT ELECTRIC COMPANY
NET METERING PROVISION

I. Definitions

“**Company**” shall mean The Narragansett Electric Company d/b/a National Grid.

“**Commission**” shall mean the Rhode Island Public Utilities Commission.

“**Eligible Net Metering Resource**” shall mean eligible renewable energy resource as defined in R.I.G.L. Chapter 39-26-5 including biogas created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass fuels.

“**Eligible Net Metering System**” shall mean a facility generating electricity using an Eligible Net Metering Resource that is reasonably designed and sized to annually produce electricity in an amount that is equal to or less than the Renewable Self-generator’s usage at the Eligible Net Metering System Site measured by the three (3) year average annual consumption of energy over the previous three (3) years at the electric distribution account(s) located at the Eligible Net Metering System Site. A projected annual consumption of energy may be used until the actual three (3) year average annual consumption of energy over the previous three (3) years at the electric delivery service account(s) located at the Eligible Net Metering System Site becomes available for use in determining eligibility of the generating system. The Eligible Net Metering System must be owned by the same entity that is the customer of record on the Net Metered Accounts. Notwithstanding any other provisions of this chapter, any Eligible Net Metering Resource: (i) owned by a municipality or Multi-municipal Collaborative or (ii) owned and operated by a renewable generation developer on behalf of a municipality or Multi-municipal Collaborative through a Municipal Net Metering Financing Arrangement shall be treated as an Eligible Net Metering System and all municipal delivery service accounts designated by the municipality or Multi-municipal Collaborative shall be eligible for net metering within an Eligible Net Metering System Site.

“**Eligible Net Metering System Site**” shall mean the site where the Eligible Net Metering System is located or is part of the same campus or complex of sites contiguous to one another and the site where the Eligible Net Metering System is located or a farm in which the Eligible Net Metering System is located. Except for an Eligible Net Metering System owned by or operated on behalf of a municipality or multi-municipal collaborative through a municipal net metering financing arrangement, the purpose of this definition is to reasonably assure that energy generated by the Eligible Net Metering System is consumed by net metered electric delivery service account(s) that are actually located in the same geographical location as the Eligible Net Metering System. Except for an Eligible Net Metering System owned by or operated on behalf of a municipality or Multi-municipal Collaborative through a Municipal Net Metering Financing Arrangement, all of the Net Metered Accounts at the Eligible Net Metering System Site must be the accounts of the same customer of record and customers are not permitted to enter into agreements or arrangements to change the name on accounts for the purpose of artificially expanding the Eligible Net Metering System Site to contiguous sites in an attempt to avoid this

restriction. However, a property owner may change the nature of the metered service at the delivery service accounts at the site to be master metered (as allowed by applicable state law) in the owner's name, or become the customer of record for each of the delivery service accounts, provided that the owner becoming the customer of record actually owns the property at which the delivery service account is located. As long as the Net Metered Accounts meet the requirements set forth in this definition, there is no limit on the number of delivery service accounts that may be net metered within the Eligible Net Metering System Site.

“Excess Renewable Net Metering Credit” shall mean a credit that applies to an Eligible Net Metering System for that portion of the Renewable Self-generator's production of electricity beyond one hundred percent (100%) and no greater than one hundred twenty-five (125%) of the Renewable Self-generator's own consumption at the eligible net metering system site during the applicable billing period. Such Excess Renewable Net Metering Credit shall be equal to the Company's avoided cost rate, defined for this purpose as the Standard Offer Service kilowatt-hour (kWh) charge for the rate class and time-of-use billing period, if applicable, applicable to the delivery service account(s) at the Eligible Net Metering System Site. Where there are delivery service accounts at the Eligible Net Metering System Site in different rate classes, the Company may calculate the Excess Renewable Net Metering Credit based on the average of the Standard Offer Service rates applicable to those on-site delivery service accounts. The Company has the option to use the energy received from such excess generation to serve the Standard Offer Service load. The Commission shall have the authority to make determinations as to the applicability of this credit to specific generation facilities to the extent there is an uncertainty or disagreement.

“Farm” shall be defined in accordance with section 44-27-2, except that all buildings associated with the farm shall be eligible for Renewable Net Metering Credits and Excess Renewable Net Metering Credits as long as: (i) the buildings are owned by the same entity operating the farm or persons associated with operating the farm; and (ii) the buildings are on the same farmland as the project on either a tract of land contiguous with or reasonably proximate to such farmland or across a public way from such farmland.

“ISO-NE” shall mean The Independent System Operator – New England established in accordance with the NEPOOL Agreement and applicable FERC approvals, which is responsible for managing the bulk power generation and transmission systems in New England.

“Multi-municipal Collaborative” shall mean a group of towns and/or cities that enter into an agreement for the purpose of co-owning a renewable generation facility or entering into a Municipal Net Metering Financing Arrangement.

“Municipal Net Metering Financing Arrangement” shall mean arrangements entered into by a municipality or Multi-municipal Collaborative with a private entity to facilitate the financing and operation of a net metering resource, in which the private entity owns and operates an Eligible Net Metering Resource on behalf of a municipality or Multi-municipal Collaborative, where: (i) the Eligible Net Metering Resource is located on property owned or controlled by the municipality or one of the municipalities, as applicable, and (ii) the production from the Eligible Net Metering Resource and primary compensation paid by the municipality or Multi-municipal Collaborative to the private entity for such production is directly tied to the consumption of

electricity occurring at the designated Net Metered Accounts.

“Municipality and towns and cities” shall mean any Rhode Island town or city, including any agency or instrumentality thereof, with the powers set forth in title 45 of the general laws.

“Net Metering” shall mean using electricity generated by an Eligible Net Metering System for the purpose of self-supplying power at the Eligible Net Metering System Site and thereby offsetting consumption at the Eligible Net Metering System Site through the netting process established in this provision.

“Net Metered Accounts” shall mean one or more electric delivery service billing accounts owned by a single customer of record on the same campus or complex of sites contiguous to one another and the site where the Eligible Net Metering System is located or a farm in which the Eligible Net Metering System is located, or all municipal delivery service accounts associated with an Eligible Net Metering System that is: (i) owned by a municipality or Multi-municipal Collaborative or (ii) owned and operated by a renewable generation developer on behalf of a municipality or Multi-municipal Collaborative through a municipal net metering financing arrangement, provided that the Net Metering Customer or the municipality or Multi-municipal Collaborative has submitted Schedule B (attached) with the individual billing account information for each Net Metered Account. It is the responsibility of the Net Metering Customer or the municipality or Multi-municipal Collaborative to submit a revised Schedule B should there be a change to any of the information contained therein.

“Net Metering Customer” shall mean a customer of the Company receiving and being billed for electric delivery service whose delivery account(s) are being net metered.

“Person” shall mean an individual, firm, corporation, associations, partnership, farm, town or city of the State of Rhode Island, Multi-municipal Collaborative, or the State of Rhode Island or any department of the state government, governmental agency or public instrumentality of the state.

“Project” shall mean a distinct installation of an Eligible Net Metering System. An installation will be considered distinct if it is installed in a different location, or at a different time, or involves a different type of renewable energy.

“Renewable Net Metering Credit” shall mean a credit that applies to an Eligible Net Metering System up to one hundred percent (100%) of the Renewable Self-generator’s usage at the Eligible Net Metering System Site over the applicable billing period. This credit shall be equal to the total kilowatt-hours of electricity generated and consumed on-site during the billing period multiplied by the sum of the:

- (i) Standard offer Service kilowatt-hour charge for the rate class applicable to the net metering customer;
- (ii) Distribution kilowatt-hour charge;
- (iii) Transmission kilowatt-hour charge; and
- (iv) Transition kilowatt-hour charge.

“Renewable Self-generator” shall mean an electric delivery service customer who installs or arranges for an installation of renewable generation that is primarily designed to produce electricity for consumption by that same customer at its delivery service account(s).

II. Terms and Conditions

The following policies regarding Net Metering of electricity from Eligible Net Metering Systems and regarding any Person that is a Renewable Self-generator shall apply:

1. The maximum allowable capacity for Eligible Net Metering Systems, based on name plate capacity, shall be five megawatts (5 MW),
2. The aggregate amount of Net Metering in Rhode Island shall not exceed three percent (3%) of peak load, provided that at least two megawatts (2 MW) are reserved for Projects of less than fifty kilowatts (50 kW),
3. For ease of administering Net Metered Accounts and stabilizing Net Metered Account bills, the Company may elect (but is not required) to estimate for any twelve (12) month period i) the production from the Eligible Net Metering System and ii) aggregate consumption of the Net Metered Accounts at the Eligible Net Metering System Site and establish a monthly billing plan that reflects the expected Renewable Generation Credits and Excess Renewable Generation Credits that would be applied to the Net Metered Accounts over twelve (12) months. The billing plan would be designed to even out monthly billings over twelve (12) months, regardless of actual production and usage. If such election is made by the Company, the Company would reconcile payments and credits under the billing plan to actual production and consumption at the end of the twelve (12) month period and apply any credits or charges to the Net Metered Accounts for any positive or negative difference, as applicable. Should there be a material change in circumstances at the Eligible Net Metering System Site or associated Net Metered Accounts during the twelve (12) month period, the estimate and credits may be adjusted by the Company during the reconciliation period. The Company also may elect (but is not required) to issue checks to any Net Metering Customer in lieu of billing credits or carry forward credits or charges to the next billing period. For residential Eligible Net Metering Systems twenty-five kilowatts (25) kW or smaller, the Company, at its option, may administer Renewable Net Metering Credits month to month allowing unused credits to carry forward into following billing period.
4. If the electricity generated by an Eligible Net Metering System during a billing period is equal to or less than the Net Metering Customer’s usage during the billing period for Net Metered Accounts at the Eligible Net Metering System Site, the customer shall receive Renewable Net Metering Credits, which shall be applied to offset the Net Metering Customer’s usage on Net Metered Accounts at the Eligible Net Metering System Site.
5. If the electricity generated by an Eligible Net Metering System during a billing period is greater than the Net Metering Customer’s usage on Net Metered Accounts at the eligible

Net Metering System Site during the billing period, the customer shall be paid by Excess Renewable Net Metering Credits for the excess electricity generated beyond the Net Metering Customer's usage at the Eligible Net Metering System Site up to an additional twenty-five percent (25%) of the Renewable Self-generator's consumption during the billing period; unless the Company and Net Metering Customer have agreed to a billing plan pursuant to Section II.3.

6. As a condition to receiving Renewable Generation Credits or Excess Renewable Generation Credit pursuant to this provision, customers who install Eligible Net Metering Systems must enter into an interconnection agreement and comply with the Company's Standards for Connecting Distributed Generation, as amended and superseded from time to time.
7. Customers eligible to receive Renewable Net Metering Credits or Excess Renewable Net Metering Credits pursuant to Sections II.4 and II.5, respectively, shall be required to complete Schedule B, attached hereto as Appendix A.
8. As a condition to receiving any payments pursuant to this provision, Customers who install Eligible Net Metering Systems with a nameplate capacity in excess of 60 kW must comply with any and all applicable New England Power Pool ("NEPOOL") and ISO-NE rules, requirements, or information requests that are necessary for the Eligible Net Metering System's electric energy output to be sold into the ISO-NE administered markets. If the Company must provide to NEPOOL or ISO-NE any information regarding the operation, output, or any other data in order to sell the output of the Eligible Net Metering System into the ISO-NE administered markets, the Eligible Net Metering System must provide such information to the Company in a timely manner.
9. NEPOOL and ISO-NE have the authority to impose fines, penalties, and/or sanctions on participants if it is determined that a participant is violating established rules in certain instances. Accordingly, to the extent that a fine, penalty, or sanction is levied by NEPOOL or the ISO-NE as a result of the Eligible Net Metering System's failure to comply with a NEPOOL or ISO-NE rule or information request, the Eligible Net Metering System will be responsible for the costs incurred by the Company, if any, associated with such fine, penalty or sanction.

III. Rates for Distribution Service to Eligible Net Metering System and Net Metered Accounts

1. Retail delivery service by the Company to the Eligible Net Metering System and Net Metered Accounts shall be governed by the tariffs, rates, terms, conditions, and policies for retail delivery service which are on file with the Commission.
2. The Standard Offer Service and retail delivery rates applicable to any Net Metered Account shall be the same as those that apply to the rate classification that would be applicable to such delivery service account in the absence of Net Metering including customer and demand charges and no other charges may be imposed to offset net metering credits.

3. Net Metered Accounts associated with an Eligible Net Metering System shall be exempt from backup service rates commensurate with the size of the Eligible Net Metering System.

IV. Cost Recovery

1. Any prudent and reasonable costs incurred by the Company pursuant to achieving compliance with R.I.G.L. Section 39-26.2 and the annual amount of the distribution component of any Renewable Net Metering Credits or Excess Renewable Net Metering Credits provided to Eligible Net Metering Systems, shall be aggregated by the Company and billed to all distribution customers on an annual basis through a uniform per kilowatt hour (kWh) surcharge embedded in the distribution component of the rates reflected on customer bills.
2. The Company will include the energy market payments received from ISO-NE for the electricity generated by Eligible Net Metering Systems in the Company's annual reconciliation of the Standard Offer Service. Eligible Net Metering Systems with a nameplate capacity in excess of 60 kW shall provide all necessary information to, and cooperate with, the Company to enable the Company to obtain the appropriate asset identification for reporting generation to ISO-NE. The Company will report all exported power to the ISO-NE as a settlement only generator and net this reported usage and associated payment received against the annual amount of Standard Offer Service component of any renewable net metering credits or excess renewable net metering credits provided to accounts associated with eligible net metering systems.

Effective: December 21, 2011