

THE NARRAGANSETT ELECTRIC COMPANY
NET METERING PROVISION

I. Definitions

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

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

“Eligible Net Metering Resource” shall mean eligible renewable energy resource as defined in RIGL Section 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. Schedule B of this tariff is required to be filled out completely to determine eligibility of the above accounts. The Eligible Net Metering System may be owned by the same entity that is the customer of record on the Net Metered Accounts or may be owned by a Third Party that is not the Net Metering Customer or the customer of record on the Net Metered Accounts and which may offer a Third-Party Net Metering Financing Arrangement or Public Entity Net Metering Financing Arrangement, as applicable. Notwithstanding any other provisions of this tariff, any Eligible Net Metering Resource: (i) owned by a Public Entity or Multi-municipal Collaborative or (ii) owned and operated by a renewable generation developer on behalf of a Public Entity or Multi-municipal Collaborative through a Public Entity Net Metering Financing Arrangement shall be treated as an Eligible Net Metering System and all delivery service accounts designated by the Public Entity or Multi-municipal Collaborative for net metering shall be treated as accounts 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 Public Entity or Multi-municipal Collaborative through a Public Entity 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. All energy generated from any Eligible Net Metering System is and will be considered consumed at the meter where the Eligible Net Metering System is

interconnected for valuation purposes. Except for an Eligible Net Metering System owned by or operated on behalf of a Public Entity or Multi-municipal Collaborative through a Public Entity 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. Schedule B of this tariff is required to be filled out completely to determine eligibility of the above accounts.

“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 percent (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 RIGL 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, Inc. established in accordance with the NEPOOL Agreement and applicable Federal Energy Regulatory Commission 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 Entity Net Metering Financing Arrangement.

“Municipality” 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.

“NEPOOL” shall mean New England Power Pool.

“Net Metered Accounts” shall mean one or more electric delivery service 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 Public Entity or Multi-municipal Collaborative or (ii) owned and operated by a renewable generation developer on behalf of a Public Entity or Multi-municipal Collaborative through a Public Entity Net Metering Financing Arrangement, provided that the Net Metering Customer or the Public Entity or Multi-municipal Collaborative has submitted Schedule B (attached) with the individual billing account information for each Net Metered Account. Should there be a change to any of the information contained therein, it is the responsibility of the Net Metering Customer or the Public Entity or Multi-municipal Collaborative to submit a revised Schedule B in order for the Company to determine eligibility for the accounts 30 days prior to making any such change.

“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 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, association, 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.

“Public Entity” means the State of Rhode Island, Municipalities, wastewater treatment facilities, public transit agencies or any water distributing plant or system employed for the distribution of water to the consuming public within the State of Rhode Island including the water supply board of the City of Providence.

“Public Entity Net Metering Financing Arrangement” shall mean arrangements entered into by a Public Entity 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 Public Entity or Multi-municipal

Collaborative, where: (i) the Eligible Net Metering Resource is located on property owned or controlled by the Public Entity or one of the Municipalities, as applicable, and (ii) the production from the Eligible Net Metering Resource and primary compensation paid by the Public Entity 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.

“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.

Notwithstanding the foregoing, except for systems that have requested an interconnection study for which payment has been received by the Company by December 31, 2018, or if an interconnection study is not required, a complete and paid interconnection application has been received by the Company by December 31, 2018, commencing January 1, 2050, the Renewable Net Metering Credit for all Public Entity and Multi-Municipal Collaborative Net Metering systems shall not include the distribution 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).

“Third Party” means and includes any person or entity other than the Net Metering Customer who owns or operates the Eligible Net Metering System for the benefit of the Net Metering Customer.

“Third Party Net Metering Financing Arrangement” means the financing of Eligible Net Metering Systems through lease arrangements or power/credit purchase agreements between a Third Party and a Net Metering Customer, except for those entities under a Public Entity Net Metering Financing Arrangement. A Third Party engaged in providing financing arrangements related to such Eligible Net Metering Systems with a public or private entity is not a public utility as defined in RIGL Section 39-1-2.

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) Through August 27, 2016, the maximum allowable capacity for Eligible Net Metering

Systems, based on name plate capacity, shall be five megawatts (5 MW). Beginning August 28, 2016, the maximum allowable capacity for Eligible Net Metering Systems, based on name plate capacity, shall be ten megawatts (10 MW).

- (2) 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.
- (3) 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.
- (4) 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.2.
- (5) As a condition to receiving Renewable Generation Credits or Excess Renewable Generation Credits 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.

- (6) Customers eligible to receive Renewable Net Metering Credits or Excess Renewable Net Metering Credits pursuant to Sections II.3 and II.4, respectively, shall be required to complete Schedule B.
- (7) 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 25 kW must comply with any and all applicable 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 customer who installs an Eligible Net Metering System must provide such information to the Company prior to the project being authorized to operate in parallel with the Company's electric distribution system.
- (8) 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, and/or sanction is levied by NEPOOL or the ISO-NE as a result of the Owner of the Eligible Net Metering System's failure to comply with a NEPOOL or ISO-NE rule, requirement 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 and/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 RIGL Section 39-26.2-3(a) and the annual amount 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) Net Metering Charge 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 Net Metering Charge. Eligible Net Metering Systems with a nameplate capacity in excess of 25 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: June 27, 2016

