ConwayCorp

Net Metering and Distributed Generation Rules

Effective: July 11, 2023

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SECTION 1: General Provisions

Rule 1.01. Title.

This ordinance and the provisions herein shall be known as the "Net-Metering and Distributed Generation Rules".

Rule 1.02. Definitions.

When used in this ordinance, the following terms shall have the meanings indicated:

a. *Avoided Cost* means the weighted average annual cost of wholesale energy for the preceding twelve months.

b. *Billing Period* means approximately 30 days.

c. *Biomass Facility* means a facility that may use one or more organic fuel sources that can either be processed into synthetic fuels or burned directly to produce steam or electricity, provided that the resources are renewable, environmentally sustainable in their production and use, and the process of conversion to electricity results in a net environmental benefit. This includes, but is not limited to, dedicated energy crops and trees, agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic plants, animal wastes, and other accepted organic, renewable waste materials.

d. *Commercial Customer* means any customer who does not receive service under a residential rate.

e. *Council* means the Conway City Council.

f. *Distributed Generation Facility* means the real and personal property comprising an electric generation resource that:

1. Uses solar, wind, hydroelectric, geothermal, or biomass resources to generate electricity, including, but not limited to, fuel cells and micro turbines that generate electricity if the fuel source is entirely derived from renewable resources;

2. Does not qualify as a Net-Metering Facility;

3. Will not generate more energy (kWh) than is consumed by the Distributed Generation Customer during an annual fiscal cycle;

4. Is located in the Electric Utility's service territory;

5. Can operate in parallel with the Distribution System; and

6. Is primarily intended to advance the Distributed Generation Customer's renewable energy goals and offset the Distributed Generation Customer's cost of electricity.

g. Distributed Generation Customer means the owner of a Distributed Generation Facility.

h. Distribution System means the network of meters, poles, switches, transformers, wires, and other facilities used to connect retail electric customers of the Electric Utility to the bulk electric system.

i. Electric Utility means Conway Corporation.

j. Fuel Cell Facility means a facility that converts the chemical energy of a fuel directly to direct current electricity without intermediate combustion or thermal cycles.

k. Geothermal Facility means an electric generating facility powered by steam generated in the earth by heat from the earth's magma.

l. Hydroelectric Facility means an electric generating facility powered by the flow of water.

m. Illegal Facility means any generating facility that is connected to the Distribution System without a permit or proper authority.

n. Interconnecting Customer means either a Net Metering Customer or a Distributed Generation Customer.

o. Interconnecting Facility means either a Net-Metering Facility or a Distributed Generation Facility.

p. Micro Turbine Facility means a facility that uses a small combustion turbine to produce electricity.

q. Net Metering means a billing option that measures the amount of electricity as measured in kilowatt hours or kilowatt hours multiplied by the applicable rate supplied by the Electric Utility to a Net-Metering Customer and separately measuring the electricity generated by a Net-Metering Customer and fed back to the Electric Utility over the Billing Period.

r. Net-Metering Customer means a customer of the Electric Utility that does not receive service on a rate schedule for interruptible service that:

1. Is an owner of a Net-Metering Facility;

2. Leases a net-metering facility subject to the following limitations:

A. A lease shall not permit the sale of electric energy measured in kilowatt hours or electric capacity measured in kilowatts between the lessor and lessee; and

B. A lease shall not include any charge per kilowatt hour or any charge per kilowatt; or

3. Is a government entity or other entity that is exempt from state and federal income tax, and that, for the sole purpose of Net Metering, obtains electric energy from a Net-Metering Facility under a service contract qualifying for safe-harbor protection as provided under 26 U.S.C. § 7701(e)(3)(A), as in effect on August 16, 2022.

s. *Net-Metering Facility* means a facility for the production of electric energy that:

1. Uses solar, wind, hydroelectric, geothermal, or biomass resources to generate electricity including, but not limited to, fuel cells and micro turbines that generate electricity if the fuel source is entirely derived from renewable resources; and

2. Has a generating capacity of not more than:

A. the lesser of twenty-five (25) kilowatts alternating current (AC) or one hundred percent (100%) of the Net-Metering Customer's highest monthly usage in the previous twelve (12) months for Residential Customers; or

B. the lesser of three hundred (300) kilowatts alternating current (AC) or one hundred percent (100%) of the Net-Metering Customer's highest monthly usage in the previous twelve (12) months for Commercial Customers; and

3. Is located where the customer consumes electricity from the Electric Utility and within the electric service territory of the Electric Utility; and

4. Can operate in parallel with the Distribution System; and

5. Is intended primarily to offset part or all of a customer's requirements for electricity; and

6. May include an energy storage device that is configured to receive electric energy solely from a net metering facility. The capacity of an energy storage device shall not be used to calculate the capacity limits described in Rule 1.02(s)(2) above if the energy storage device is configured to receive energy solely from a Net- Metering Facility.

t. *Net Excess Generation* means the amount of electricity as measured in kilowatt hours or kilowatt hours multiplied by the applicable rate that a Net-Metering Customer has fed back to the Electric Utility that exceeds the amount of electricity as measured in kilowatt hours or kilowatt hours multiplied by the applicable rate used by that customer during the Billing Period.

u. *Net-Metering Rate* means the rates, terms, and conditions which recover the Electric Utility's entire cost of providing service to a net metering customer according to the Net-Metering Customer's rate class.

v. *Parallel Operation* means the operation of on-site generation by a customer while the customer is connected to the Distribution System.

w. *Preliminary Interconnection Review Request* means a request submitted by a customer to the Electric Utility on forms prepared by the Electric Utility to determine upgrade costs and operational limitations, if any, that would be imposed by the Electric Utility to connect a proposed Interconnecting Facility at a point on the Distribution System.

x. *Residential Customer* means a customer served by a meter that serves a single-family unit.

y. *Solar Facility* means a facility in which electricity is generated through the collection, transfer, or storage of the sun's heat or light.

z. *Standard Interconnection Agreement* means a form agreement developed by the Electric Utility that when signed by both parties authorizes an Interconnecting Customer to connect an Interconnecting Facility in parallel with the Distribution System.

aa. *Wind Facility* means a facility in which an electric generator is powered by a wind-driven turbine.

Rule 1.03. Purpose

The purpose of this ordinance is to establish rules for net metering and the interconnection of customer-owned generation in parallel with the Distribution System.

Rule 1.04. Administration

a. Consistent with this ordinance, the Electric Utility may make and amend decisions, calculations, forms, and such other administrative actions as may be required to implement these rules in a reasonable and business-like manner.

b. The Electric Utility may establish, impose, and collect uniform fees in amounts that are reasonably calculated to recover costs incurred in the administration of this ordinance. When a cost is incurred and no uniform fee has been established, the Electric Utility may impose and collect from a customer the actual costs incurred by the Electric Utility for the customer under this ordinance. The Electric Utility may require the payment of fees or estimated costs prior to the performance of work under this ordinance.

c. The Electric Utility will take reasonable steps to inform customers of the net metering consumer protections provided by Act 278 of 2023.

Rule 1.05. Application

This ordinance does not apply to the interconnection of generation facilities made pursuant to the Public Utility Regulatory Policy Act of 1978.

Rule 1.06. Prohibited Conduct

a. The interconnection of an Illegal Facility is hazardous to the Electric Utility's employees and others. The interconnection of an Illegal Facility with the Distribution System is declared to be a violation that is continuous in nature. Any person who owns, operates, maintains, or connects an Illegal Facility shall be punished by a fine of not less than two hundred fifty dollars ($250.00) per day nor more than five hundred dollars ($500.00) per day while such Illegal Facility is connected to the Distribution System.

b. Except as described in Rule 1.06(a) above, violations of this ordinance are declared to be detrimental to the public welfare. Any person violating a provision of this ordinance other than Rule 1.06(a) shall be punished by a fine of not less than two hundred fifty dollars ($250.00) nor more than one thousand dollars ($1,000.00), and twice such amounts for a repeated violation.

c. In addition to all other remedies available, the Electric Utility may completely disconnect (load and generation) any person or customer who owns, operates, maintains, or connects an Illegal Facility and keep them disconnected until:

1. The Illegal Facility has been dismantled or a proper application for connection has been submitted to the Electric Utility; and

2. The customer has paid a reconnection fee of two hundred fifty dollars ($250.00) per location disconnected pursuant to this Rule 1.06.

SECTION 2: Net-Metering Provisions

Rule 2.01. Electric Utility Requirements

The Electric Utility shall allow Net-Metering Facilities to be interconnected using, at a minimum, an approved two-channel meter capable of registering the flow of electric energy in kilowatt hours (kWh) in two (2) directions.

Rule 2.02. Metering Requirements

a. Metering equipment shall be installed to both accurately measure the electricity supplied by the Electric Utility to the Net-Metering Customer and also to accurately measure the electricity generated by the Net-Metering Customer that is fed back to the Electric Utility over the Billing Period. Commercial Customer's meters must also be capable of measuring demand.

b. Accuracy tests for both forward and reverse registration modes shall be performed according to the Electric Utility's normal and customary procedures to verify meter accuracy. A test to determine accuracy shall be made by the Electric Utility either before or at the time the Net-Metering Facility is placed in operation in accordance with these Rules.

c. Customers will pay the cost difference between a standard meter used by the Electric Utility for the class of customer and the required net meter outlined above.

Rule 2.03. Billing for Net Metering

a. Customers shall be billed monthly.

b. The value of energy provided by the Electric Utility to a Net-Metering Customer and the value of energy provided by a Net-Metering Customer to the Electric Utility shall be defined by the Electric Utility's rate schedules.

c. When the value of the energy supplied by the Electric Utility exceeds the value of the kilowatt hours generated by the Net-Metering Facility and fed back to the Electric Utility during the Billing Period, the Net-Metering Customer shall be billed for the net value supplied by the Electric Utility.

d. When the value of the kilowatt hours generated by the Net-Metering Facility and fed back to the Electric Utility exceeds the value of the kilowatt hours supplied by the Electric Utility to the Net Metering Customer during the Billing Period, the Net-Metering Customer shall not receive any compensation from the Electric Utility for such Net Excess Generation during the Billing Period but shall be credited with the accumulated Net Excess Generation, if any, in the next Billing Period. Any accumulated Net Excess Generation shall not expire and shall be carried forward to subsequent Billing Periods indefinitely.

e. A Net-Metering Customer may elect to have the Electric Utility purchase Net Excess Generation credits older than twenty-four (24) months in the customer's account at the Electric Utility's Avoided Cost if the sum to be paid to the net-metering customer is at least one hundred dollars ($100).

f. The Electric Utility shall purchase at the Avoided Cost rate any Net Excess Generation credit remaining in a customer's account when the customer:

(1) Ceases to be a customer of the Electric Utility;

(2) Ceases to operate the Net-Metering Facility; or

(3) Transfers the Net-Metering Facility to another person.

Rule 2.04. Renewable Energy Credits

Any Renewable Energy Credit created as a result of electricity supplied by a Net-Metering Customer is the property of the Net-Metering Customer that generated the Renewable Energy Credit.

SECTION 3. Distributed Generation Provisions

Rule 3.01. Permission to Interconnect

The Electric Utility may allow Distributed Generation Facilities to be interconnected using separate meters for load and generation. The Electric Utility will not allow a Distributed Generation Facility to be interconnected using a meter that measures both electric load and generation. The Electric Utility will not allow a Distributed Generation Facility to be interconnected that will jeopardize reliability of the Distribution System, back feed electricity on the bulk electric system, or otherwise affect the rights and obligations of other customers of the Electric Utility.

Rule 3.02. Metering Requirements

a. Metering equipment shall be installed to both accurately measure the electricity supplied by the Electric Utility to each Distributed Generation Customer and the electricity generated by each Distributed Generation Customer that is fed to Electric Utility. The customer is responsible for the cost of the additional meter used to measure generation, as well as any nonstandard metering configurations.

b. Metering equipment will be verified for accuracy prior to installation according to the Electric Utility's normal and customary procedures to verify meter accuracy. A test to determine accuracy shall be made either before or at the time the Distributed Generation Facility is placed in operation. Additional tests may thereafter be conducted as may be reasonably necessary or advisable to verify meter accuracy.

Rule 3.03. Billing for Distributed Generation

a. On a monthly basis, the Electric Utility shall bill each Distributed Generation Customer for all charges applicable under the currently effective standard rate schedule and any appropriate rider schedules.

b. On a monthly basis, the Electric Utility shall credit at the Electric Utility's Avoided Cost rate, the value of all kWhs supplied to the Electric Utility by a Distributed Generation Customer.

c. The Electric Utility shall not provide generation credit to any Distributed Generation Customer with a delinquent account or that ceases to consume electricity.

Rule 3.04. Use of Distribution System

Distributed Generation Facilities must typically be collocated with a Distribution Generation Customer's load within the service territory of the Electric Utility. Customers that own Distributed Generation Facilities that are not collocated with the customer's load must pay applicable costs as may be assigned by the Electric Utility for wheeling power across the Distribution System.

Rule 3.05. Renewable Energy Credits

Any Renewable Energy Credit created as a result of electricity supplied by a Distributed Generation Customer is the property of the Distributed Generation Customer that generated the Renewable Energy Credit.

SECTION 4: Interconnection of Facilities

Rule 4.01. Preliminary Interconnection Review Request

a. A customer shall execute and submit a Preliminary Interconnection Review Request using a standard form prepared by the Electric Utility with the appropriate fee or charge at least sixty (60) calendar days prior to the date the customer intends to commence construction of an Interconnecting Facility. The customer shall submit a separate Preliminary Interconnection Review Request for each point of interconnection if information about multiple points of interconnection is requested. If mailed, the date of notification shall be the third day following the mailing of the Preliminary Interconnection Review Request. Upon request, the Electric Utility shall provide a copy of the analysis performed by the Electric Utility of the Preliminary Interconnection Review Request to the customer.

b. Any costs incurred by the Electric Utility in reviewing a Preliminary Interconnection Review Request must be paid by the customer requesting the review. The Electric Utility may require customers to pay the estimated cost of review in advance.

c. Following submission of a Preliminary Interconnection Review Request by a customer as specified in Rule 4.01(a), the Electric Utility will seek to review the Preliminary Interconnection Review Request and provide the results of its review to the customer, in writing, within thirty (30) calendar days. If the customer requests that multiple interconnection site reviews be conducted the Electric Utility shall make reasonable efforts to provide the customer with the results of the reviews within sixty (60) calendar days. Any items that would prevent Parallel Operation due to violation of safety standards and/or power generation limits will be identified. The Electric Utility will identify Distribution System upgrades, if any, that are necessary to interconnect the proposed system. The Electric Utility will respond to the Preliminary Interconnection Review Request with: (1) approval subject to compliance with this ordinance; (2) approval subject to compliance with this ordinance and additional conditions; or (3) denial.

Rule 4.02. Standard Interconnection Agreement

a. A customer shall execute and submit a Standard Interconnection Agreement using a standard form prepared by the Electric Utility with the appropriate fee or charge at least

sixty (60) days prior to the date the customer intends to connect an Interconnecting Facility. The Standard Interconnection Agreement shall, at a minimum, include:

1. A description of the proposed Distributed Generation Facility including:

   A. Project narrative and construction plan;

   B. Project location (street address);

   C. Generator type (wind, solar, hydro, etc.);

   D. Generator rating in kW (AC);

   E. Capacity factor;

   F. Point of interconnection with the Electric Utility;

   G. Single phase or three phase interconnection;

   H. Planned method of interconnection consistent with Rule 4.01.B.;

   I. Expected facility performance calculated using an industry recognized simulation model (PVWatts, etc.);

   J. Such terms and conditions as may be deemed necessary by the Electric Utility to minimize physical and financial risk to the City, the Electric Utility, and other customers; and

   K. Appropriate notices and disclaimers to customers.

2. The capacity factor submitted must be supported by manufacturer data unless the Electric Utility determines that the reported capacity factor is typical of similar installations.

3. Evidence that the Interconnecting Facility will comply with defined capacity restrictions. Evidence will be in the form of:

   a. The monthly electric bills for the prior twelve (12) months, or

   b. In the absence of historical data, reasonable estimates for the class and character of service may be made.

4. A copy of the Preliminary Interconnection Review Request, with applicable fees, submitted to the Electric Utility and the results of the Electric Utility's review.

b. No person shall connect an electric generator in parallel with the Distribution System without receiving a Standard Interconnection Agreement for the electric generator that has been approved by the Electric Utility.

Rule 4.03. Review and Operations

a. No Interconnecting Facility shall operate in a manner that back-feeds electricity on the bulk electric system. The Electric Utility may require Interconnecting Customers to install controls to prevent back-feeding electricity on the bulk electric system.

b. An Interconnecting Facility shall be capable of Parallel Operation and safely commencing the delivery of power to the Distribution System at a single point of

interconnection. To prevent back-feeding a de-energized line, an Interconnecting Facility shall have:

1. An automatic switching scheme as described in IEEE 1547 that senses when a loss of power from the Electric Utility has occurred and immediately disconnects the Interconnecting Facility from the Distribution System until the Electric Utility has restored power;

2. A visibly open, lockable, manual disconnect switch which is clearly labeled and accessible by the Electric Utility at all hours; and

3. A dedicated circuit breaker for the Interconnecting Facility installed downstream (load side) of the customer's service disconnecting means. (Note: A "line side tap" will not be allowed.)

c. Following notification by the customer as specified in Rule 4.01.C, the Electric Utility shall seek to review the Interconnecting Facility plans and provide the results of its review to the customer within sixty (60) days. Any items that would prevent Parallel Operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

d. The Interconnecting Facility, at the Interconnecting Customer's expense, shall meet safety and performance standards adopted by the Electric Utility and otherwise established by local and national electrical codes including the National Electrical Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE), the National Electrical Safety Code (NESC), and Underwriters Laboratories (UL), and shall be inspected annually by the customer's professional installer.

Rule 4.04. Requirements for Modifications or Changes to a Net-Metering Facility

No modification, addition, or change shall be made to an Interconnecting Facility, or any approved operational constraints of an Interconnecting Facility, prior to evaluation and approval by the Electric Utility. The Interconnecting Customer shall provide detailed information describing the modifications or changes to the Electric Utility in writing prior to making the modifications to the Interconnecting Facility. The Electric Utility shall seek to review the proposed changes to the facility and provide the results of its evaluation to the Interconnecting Customer within thirty (30) days of receipt of the proposal. Any items that would prevent parallel operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

Rule 4.05. New Owner/Operators of Existing Interconnecting Facilities

When an Interconnecting Customer transfers by sale, gift, or otherwise, an Interconnecting Facility, the person or entity acquiring the Interconnecting Facility shall be obligated to comply with this ordinance as a service.