

**GUIDELINES FOR MUNICIPAL EXCESS
RENEWABLE GENERATION PILOT PROGRAM**

I. Introduction

The defined terms in these Pilot Program guidelines shall have the meanings provided in Section III, below.

These guidelines are established pursuant to Chapters 746 and 747 of the 2019 Acts of Assembly and codified as § 56-585.1:8 of the Code of Virginia.¹ They will govern the Pilot Program for the treatment of any Municipal Customer-Generator's excess generation, as envisioned by the Code and as described below. The amount of generating capacity of the Municipal Customer-Generators shall not exceed (i) an aggregate of five megawatts ("MW") for a Phase I Utility, though a Phase I Utility may in its discretion increase the generating capacity that is part of the Pilot Program up to 10 MW of installed capacity; and (ii) an aggregate of 25 MW for a Phase II Utility.

The Pilot Program will allow any Municipal Customer-Generator in the Utility's Virginia service territory that generates electricity in an amount that exceeds the electricity consumed by such Municipal Customer-Generator to have the Utility credit one or more Metered Account(s) of Target Account(s).

The Municipal Customer-Generator shall direct the Utility to provide compensation for the Municipal Customer-Generator's Excess Generation on an annual basis. The Municipal Customer-Generator may direct the Utility to apportion the Municipal Customer-Generator's Excess Generation to the Metered Account(s) of Target Account(s) in the same Municipality (and in the case of a Phase I Utility with a Target School within the public school division of the same Municipality), such that the generation energy charges on the electric bills of such Metered Account(s) of the Target Account(s) would be reduced by the amount of the Excess Generation kilowatt-hours ("kWh") apportioned to the Metered Account(s) calculated as described in Section VI.

II. Term

The Initial Term of the Pilot Program shall be for six (6) years. Such Initial Term shall begin on the Commencement Date and end on the sixth anniversary of the Commencement Date, which shall be the Termination Date. If the Pilot Program is not extended beyond the Initial Term, the Municipal Customer-Generators and Target Accounts participating as of the Termination Date shall be permitted to continue to participate under the terms of the Pilot Program that existed during the Initial Term.

¹ The Commission was directed to establish rules or guidelines for this Pilot Program in the uncodified Second Enactments of these Acts of Assembly.

III. Terms and Definitions

The terms below shall have the following definitions for the purposes of these Pilot Program guidelines:

- A. "Act" – Chapters 746 and 747 of the 2019 Acts of Assembly.
- B. "Commencement Date" – the commencement date for the Pilot Program, which shall be the first of the month that (i) is no less than fifteen (15) calendar days after entry of a Commission final order adopting guidelines, rules, or regulations governing the Pilot Program and (ii) no more than sixty (60) calendar days after the date of such order of the Commission.
- C. "Commission" – the State Corporation Commission of Virginia.
- D. "Customer" – Any person, group of persons, association, partnership, firm or corporation purchasing Electric Service, including Electricity Supply Service, from the respective Phase I Utility or Phase II Utility.
- E. "Delivery Point" – the point where the Utility's conductors for delivering Electric Service are connected to the Customer's conductors for receiving Electric Service.
- F. "Distribution Service" – the delivery of electricity through the distribution facilities of the Utility to the Delivery Point of a Customer.
- G. "Electric Delivery Service" – Distribution Service, and the delivery of electricity to Customers served at transmission level voltage, and related utility services, to the extent each is provided by the Utility.
- H. "Electric Service" – the provision, by the Utility to the Customer, of Electric Delivery Service and, to the extent provided by the Utility, Electricity Supply Service and utility services. Electric Service also means, where applicable, the interconnection of electric generators with the Utility.
- I. "Electricity Supply Service" – the generation of electricity, or when provided together, the generation of electricity and its transmission to the distribution facilities of the Utility on behalf of a Customer.
- J. "Excess Generation" – the amount of electricity generated by the Municipal Customer-Generator's Renewable Generation Facility during the Municipal Customer-Generator's Net Metering Period that is in excess of the number of kilowatt-hours consumed by the Municipal Customer-Generator during the same Net Metering Period.

- K. "Initial Term" – the six (6)-year period during which the Pilot Program is effective, beginning with the Commencement Date and ending on the Termination Date.
- L. "Metered Account" – the Utility-assigned account number (and any superseding account number(s) that the Utility may assign for this same account) for a Delivery Point metered by the Utility for a Target Account(s), which was identified by the Municipal Customer-Generator to receive a portion of the Municipal Customer-Generator's Excess Generation.
- M. "Municipal Customer-Generator" – means a single municipality metered account that owns and operates an electrical generating facility that (i) uses as its total source of fuel renewable energy as defined in § 56-576, (ii) has a generating capacity of not more than two megawatts, (iii) is located on the municipality's premises and is connected to the municipality's wiring on the municipality's side of its interconnection with the utility, (iv) is interconnected and operated in parallel with the utility's transmission and distribution facilities, and (v) is intended primarily to offset all or part of the customer account's own electricity requirements. The capacity of any generating facility installed under this section, other than a generating facility located on airports, landfills, parking lots, parks, post-mine land, or a reservoir that is owned, operated, or leased by the municipality, shall not exceed the same limitation established with respect to an eligible customer-generator as set forth in the definition of such term in subsection B of § 56-594. Such Municipal Customer-Generator (i) is a Customer of the Utility, (ii) is billed under an applicable VEPGA Rate Schedule in the case of a Phase II Utility or an applicable PAC Rate Schedule in the case of a Phase I Utility, (iii) is situated in the Utility's Virginia service territory, and (iv) has a Renewable Generation Facility, located on its premises, and generates more electricity than the Municipal Customer-Generator consumes in any Net Metering Period.
- N. "Municipality" – means any county, city, or town in the Commonwealth, other than a municipality that owns and operates its own electric utility.
- O. "PAC" – refers to the local governments and other political subdivisions of the Commonwealth served by a Phase I Utility pursuant to contract.
- P. "Person" – means any individual, sole proprietorship, corporation, limited liability company, partnership, association, company, business, trust, joint venture, or other private legal entity, the Commonwealth, or any city, town, authority or other political subdivision of the Commonwealth.
- Q. "Phase I Utility" – Appalachian Power Company.
- R. "Phase II Utility" – Virginia Electric and Power Company, doing business as Dominion Energy Virginia.

- S. "Phase I Utility Agreement" – the *VIRGINIA PUBLIC AUTHORITIES AGREEMENT FOR THE PURCHASE OF ELECTRICITY FROM APPALACHIAN POWER COMPANY* entered into by the Company and a Public Authority customer on or after January 30, 2017, and any superseding agreement reached between the Company and a Public Authority customer for Electric Service to become effective subsequent to the January 30, 2017 agreement.
- T. "Phase II Utility Agreement" – the *Amended and Restated Agreement for the Provision of Electric Service to Municipalities and Counties of the Commonwealth of Virginia From Virginia Electric and Power Company* entered into by the Company and VEPGA on August 1, 2019, and any superseding agreement reached between the Company and VEPGA for Electric Service to become effective subsequent to the August 1, 2019 agreement.
- U. "Pilot Program" – the pilot program conducted by the Utility pursuant to the Act.
- V. "Rate Schedule" – any of the Utility's rate schedules that are included in Attachment B of the Phase II Utility Agreement.
- W. "REC" or "RECs" – one or more renewable energy certificates owned by the Municipal Customer-Generator and created by the renewable energy output of the Municipal Customer-Generator's Renewable Generation Facility.
- X. "Renewable Generation Facility" – a generation facility that uses as its total source of fuel renewable energy as defined in § 56-576.
- Y. "Target Account" – one or more public buildings or facilities at contiguous or noncontiguous sites that (i) are a Customer of the Utility, (ii) are billed by the Utility, (iii) are owned by the same Municipality as the Municipal Customer-Generator, and (iv) have one or more Metered Accounts identified by the Municipal Customer-Generator to receive a bill credit amount based on an apportionment of the Municipal Customer-Generator's Excess Generation. In the case of a Phase I Utility, Target Account may be a Target School.
- Z. "Target School" – a public elementary, middle, or high school (including any public school technical center) that (i) is a Customer of the Utility, (ii) is billed by the Utility, (iii) is located in the same public school division as the Municipal Customer-Generator, and (iv) has one or more Metered Accounts identified by the Municipal Customer-Generator to receive a bill credit amount based on an apportionment of the Municipal Customer-Generator's Excess Generation.
- AA. "Termination Date" – the termination date of the Pilot Program, which will be the sixth anniversary of the Commencement Date.
- BB. "Utility" – the respective Phase I Utility or Phase II Utility that serves a

Customer.

CC. "VEPGA" – the Virginia Energy Purchasing Governmental Association.

DD. "20 VAC 5-315 Rules" – the Commission's Regulations Governing Net Energy Metering, 20 VAC 5-315-10, *et seq.*

IV. Applicability and Availability

A. Pursuant to the Act and the 20 VAC 5-315 Rules², the Utility's Pilot Program is applicable to any Municipal Customer-Generator which meets the following criteria:

1. The Municipal Customer-Generator's Renewable Generation Facility is accepted by the Utility into the Pilot Program, along with any Metered Account(s) of one or more Target Accounts, which have been identified by the Municipal Customer-Generator to receive an apportionment of the Excess Generation, as described in Section VI, below.
2. The following provisions of the 20 VAC 5-315 Rules are not applicable to the Municipal Customer-Generator or to any Target Account:
 - Agricultural Net Metering;
 - Small Agricultural Generators provisions;
 - The standby charge for residential Net Metering Customers; and
 - Option for the Municipal Customer-Generator to sign a power purchase agreement with the Utility under the 20 VAC 5-315 Rules if the Municipal Customer-Generator directs the Utility to apportion the Municipal Customer-Generator's Excess Generation to Metered Account(s) of Target Account(s) in accordance with Section I, above.
3. The Municipal Customer-Generator and the Municipal Customer-Generator-designated Metered Accounts of each Target Account accepted into the Utility's Pilot Program must purchase Electricity Supply Service from the Utility during the Pilot Program.
4. Once the aggregate MW alternating current installed capacity limit for a Utility is reached, this Pilot Program for such Utility shall be closed and no longer available to other Municipal Customer-Generators.

B. Once a Municipal Customer-Generator is accepted into the Pilot Program, in accordance with Section IV.A above, the credit for Excess Generation will be available at the conclusion of the Municipal Customer-Generator's Net Metering Period that is in progress as of the Commencement Date of the Pilot Program.

² All provisions of 20 VAC 5-315 Rules shall apply to this Pilot Program to the extent they do not conflict with any provisions of these guidelines. Where such conflict exists, the provisions of these guidelines shall apply.

- C. The Initial Term of the Pilot Program shall end on the Termination Date. After the Termination Date, no additional Municipal Customer-Generators may participate in the Pilot Program, and the VAC 5-315 Rules shall apply to any new Municipal Customer-Generator's excess generation. As discussed in Section II, the Municipal Customer-Generators participating as of the Termination Date shall be permitted to continue to participate under the terms of the Pilot Program that existed during the Initial Term. If any such Municipal Customer-Generators cease continuous participation in the Pilot Program, the VAC 5-315 Rules shall apply to that Municipal Customer-Generator's excess generation.

V. Excess Generation

- A. The Utility will determine the Municipal Customer-Generator's Excess Generation pursuant to these Pilot Program guidelines.
- B. The Utility will calculate the Municipal Customer-Generator's Excess Generation for the most recently completed Net Metering Period during the Pilot Program.
- C. Within sixty (60) days of the effective date of the Pilot Program to the Municipal Customer-Generator, the Municipal Customer-Generator will provide the Utility with the following information:
 - 1. A list of the Metered Account(s) for one or more Target Account(s) to which the Municipal Customer-Generator's Excess Generation will be apportioned;
 - 2. The percentage of the Municipal Customer-Generator's Excess Generation to be apportioned to each Metered Account, where the sum of the percentages provided by the Municipal Customer-Generator for the Metered Account(s) cannot exceed 100 percent or the total amount of the Municipal Customer-Generator's Excess Generation.

VI. Billing and Payment

- A. For a Phase I Utility, the following process will be used for billing and payment:
 - 1. Within sixty (60) days after the end of the Municipal Customer-Generator's most recently completed Net Metering Period and continuing annually, thereafter, for each successive Municipal Customer-Generator Net Metering Period during the Pilot Program, the Utility will calculate and apply a bill credit dollar amount to each Metered Account, which will receive a designated portion of the Municipal Customer-Generator's Excess Generation, using the following

formula:

$$\text{TSMA_BCDA} = \text{EG} * \text{TSMA}\% * \text{PAC_RATE}$$

Where:

TSMA BCDA = Target Account Metered Account's Bill Credit Dollar Amount which is the amount that the Utility will apply to one or more Metered Accounts designated by the Municipal Customer-Generator;

EG = Excess Generation at the end of Municipal Customer-Generator's most recently completed Net Metering Period;

TSMA% = Specified Target Account Metered Account's percentage of the Municipal Customer-Generator's Excess Generation that is designated by the Municipal Customer-Generator, for the Metered Account; and

PAC_RATE = PAC Rate is the applicable generation related energy rate as determined by the Phase I Utility CUSTOMER REALIZATION REPORT (CENTS PER KWH) FERC ACCOUNT NO. 4450 001 SALES TO PUBLIC AUTHORITIES-PUBLIC SCHOOLS. This generation energy rate will be determined as of the consecutive 12- month billing period that most closely matches the Municipal Customer-Generator's Net Metering Period.

The Utility will charge each participating Municipality for all reasonable administrative costs associated with implementing the Pilot Program, including administrative costs associated with crediting Excess Generation to Target Account(s). The Utility will assess these administrative costs once annually when it applies the bill credits for the Municipal Customer-Generator's Excess Generation. Participating Municipalities may request a line item reconciliation of charged administrative costs.

If the Municipal Customer-Generator identifies one or more Metered Accounts but does not provide the Utility with the corresponding percentage(s) to apportion the Municipal Customer-Generator's Excess Generation to the Metered Account(s), or otherwise does not follow the Pilot Program guidelines, the Utility will provide compensation for the Municipal Customer-Generator's Excess Generation in accordance with the 20 VAC 3-315 Rules.

2. For each billing month, the Municipal Customer-Generator will pay to the Utility the sum of the applicable Distribution Service Charges,

Electricity Supply Service Charges, standby charges mutually agreed to by the Utility and PAC in the Agreement, and all riders applicable to the PAC Rate Schedule under which the Municipal Customer-Generator receives Electric Service from the Utility.

3. For each billing month, the Target Account will pay to the Utility the sum of the applicable Distribution Service Charges, Electricity Supply Service Charges, standby charges mutually agreed to by the Utility and PAC in the Agreement, and all riders applicable to the PAC Rate Schedule under which the Target Account receives Electric Service from the Utility.

B. For a Phase II Utility, the following process will be used for billing and payment:

1. Within sixty (60) days after the end of the Municipal Customer-Generator's most recently completed Net Metering Period and continuing annually, thereafter, for each successive Municipal Customer-Generator Net Metering Period during the Pilot Program, the Utility will calculate and apply a bill credit dollar amount to each Metered Account, which will receive a designated portion of the Municipal Customer-Generator's Excess Generation, using the following formula:

$$\text{T SMA_BCDA} = \text{EG} * \text{T SMA\%} * \text{VEPGA_RATE}$$

Where:

T SMA BCDA = Target Account Metered Account's Bill Credit Dollar Amount which is the amount that the Utility will apply to one or more Metered Accounts designated by the Municipal Customer-Generator;

EG = Excess Generation at the end of Municipal Customer-Generator's most recently completed Net Metering Period;

T SMA% = Specified Target Account Metered Account's percentage of the Municipal Customer-Generator's Excess Generation that is designated by the Municipal Customer-Generator, for the Metered Account; and

VEPGA_RATE = VEPGA Rate which is the applicable generation-related energy rate under the Electricity Supply Service Charges paragraph of the applicable, selected VEPGA Rate Schedule used to bill the Metered Account, plus all applicable VEPGA kWh-based riders with the exception of any non-fuel-related or non-generation-related VEPGA kWh-based riders (e.g., VEPGA Rider U Phase 1-CM, VEPGA Rider U Phase 2-CM, any other distribution-related kWh-based rider(s) which becomes applicable VEPGA in the future, and VEPGA Rider T). This generation-related VEPGA energy rate will be equal to the average annual generation-related energy rate, plus all applicable VEPGA kWh-based riders with the exception of any non-fuel-related or non-generation-related VEPGA kWh-based riders, for each Metered Account for the consecutive 12-month billing period that most closely matches the Municipal Customer-Generator's Net Metering Period. Such average annual generation-related VEPGA energy rate per kWh for such 12-month billing period will be determined as the sum of all of the monthly (i) generation-related kWh charges under the Electricity Supply Service Charges paragraph of the applicable, selected VEPGA Rate Schedule used to bill the Target Account's Metered Account, plus (ii) the VEPGA fuel charges, plus (iii) the generation kWh-based rider charges, which are calculated for each VEPGA generation kWh-based rider and exclude any non-fuel-related or non-generation-related VEPGA kWh-based rider charges, where the sum is divided by the Target Account's annual kWh consumption for the same 12-month billing period.

The Utility will charge each participating Municipality for all reasonable administrative costs associated with implementing the Pilot Program, including administrative costs associated with crediting Excess Generation to Target Account(s). The Utility will assess these administrative costs once annually when it applies the bill credits for the Municipal Customer-Generator's Excess Generation. Participating Municipalities may request a line item reconciliation of charged administrative costs.

If the Municipal Customer-Generator identifies one or more Metered Accounts but does not provide the Utility with the corresponding percentage(s) to apportion the Municipal Customer-Generator's Excess Generation to the Metered Account(s), or otherwise does not follow the Pilot Program guidelines, the Utility will provide compensation for the Municipal Customer-Generator's Excess Generation in accordance with the 20 VAC 3-315 Rules.

2. For each billing month, the Municipal Customer-Generator will pay to the Utility the sum of the applicable Distribution Service Charges, Electricity Supply Service Charges, standby charges mutually agreed to by the Utility and VEPGA in the Agreement, and all riders applicable to the VEPGA Rate Schedule under which the Municipal Customer-Generator receives Electric Service from the Utility.
3. For each billing month, the Target Account will pay to the Utility the sum of the applicable Distribution Service Charges, Electricity Supply Service Charges, standby charges mutually agreed to by the Utility and VEPGA in the Agreement, and all riders applicable to the VEPGA Rate Schedule under which the Target Account receives Electric Service from the Utility.

VII. Metering Requirements

A. For a Phase I Utility:

1. The Utility may require the installation of an interval data recorder ("IDR") meter or an advanced metering infrastructure ("AMI") meter at the Municipal Customer-Generator's service location to measure (i) the Municipal Customer-Generator's interval capacity and energy consumption during the billing month, and (ii) the interval capacity and energy delivered to the Municipal Customer-Generator by the Municipal Customer-Generator's Renewable Generation Facility.

If the Municipal Customer-Generator's applicable selected PAC Rate Schedule does not otherwise require interval data metering or if the Municipal Customer-Generator is not located in the Utility's AMI footprint, the Municipal Customer-Generator agrees to pay to the Utility the Utility's incremental cost for the interval data metering equipment, during the period that the Municipal Customer-Generator participates in the Utility's Pilot Program.

2. The Utility may require the installation of an IDR or an AMI

meter to measure in interval periods the total output of the Municipal Customer-Generator's Renewable Generation Facility for the billing month. The Municipal Customer-Generator agrees to pay to the Utility the Utility's incremental cost for the interval data metering equipment, during the period that the Municipal Customer-Generator participates in the Utility's Pilot Program.

B. For a Phase II Utility:

1. The Utility will require the installation of an IDR meter or an AMI meter at the Municipal Customer-Generator's service location to measure (i) the Municipal Customer-Generator's average 30-minute interval capacity and energy consumption by half-hour during the billing month and (ii) the average 30-minute interval capacity and energy delivered to the Municipal Customer-Generator by the Municipal Customer-Generator's Renewable Generation Facility.

If the Municipal Customer-Generator's applicable selected VEPGA Rate Schedule does not otherwise require interval data metering or if the Municipal Customer-Generator is not located in the Utility's AMI footprint, the Municipal Customer-Generator agrees to pay to the Utility the Utility's incremental cost for the interval data metering equipment, subject to an Excess Facilities Charge mutually agreed to by the Utility and VEPGA in the Agreement, during the period that the Municipal Customer-Generator participates in the Utility's Pilot Program.

2. The Utility will require the installation of an IDR or an AMI meter to measure the total output by half-hour of the Municipal Customer-Generator's Renewable Generation Facility for the billing month. The Municipal Customer-Generator agrees to pay to the Utility the Utility's incremental cost for the interval data metering equipment, subject to an Excess Facilities Charge mutually agreed to by the Utility and VEPGA in the Agreement, during the period that the Municipal Customer-Generator participates in the Utility's Pilot Program.

VIII. Renewable Energy Certificates

- A. The Municipal Customer-Generator owns any RECs associated with the Renewable Generation Facility during the Pilot Program.
- B. The Municipal Customer-Generator agrees to waive any right (i) to sell Renewable Generation Facility RECs to the Utility or to any other party or (ii) to offer to market all Renewable Generation Facility RECs which are created and accumulated during the Pilot Program.

IX. Liability Insurance

- A. A Municipal Customer-Generator with a Renewable Generation Facility having an alternating current capacity not exceeding 10 kilowatts shall maintain commercial or other insurance providing coverage of at least \$1,000,000 for the liability of the insured against loss arising out of the use of a Renewable Generation Facility, and for a Renewable Generation Facility having an alternating current capacity exceeding 10 kilowatts the coverage shall be in the amount of at least \$2,000,000. The Municipal Customer-Generator shall name the Utility as an additional insured party under such policy.
- B. The Municipal Customer-Generator is not required to purchase additional liability insurance where the Municipal Customer-Generator's existing insurance policy provides coverage against loss arising out of the use of a Renewable Generation Facility by virtue of not explicitly excluding coverage for such loss.

X. Additional Controls and Tests

A Municipal Customer-Generator's Renewable Generation Facility shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories. Beyond the requirements set forth in these Pilot Program guidelines, and to insure public safety, power quality, and reliability of the Utility's electric distribution system, the Municipal Customer-Generator whose Renewable Generation Facility meets those standards shall bear all reasonable costs of equipment required for the interconnection to the Utility's electric distribution system, including costs, if any, to (i) install additional controls and (ii) perform additional tests.

XI. Reports to the General Assembly

The Utility shall submit a report to the General Assembly and contemporaneously provide a copy to the Commission by December 1 of each year the Pilot Program is in effect, commencing in 2020, regarding the status of the Pilot Program's enrollment and any other information the Utility deems appropriate. At a minimum, the report must include (i) number of Municipal Customer-Generators enrolled; (ii) amount of Excess Generation; (iii) number of Metered Account(s) and Target Account(s); (iv) aggregate amount of bill credits by customer; (v) number and type of Municipal Customer-Generator(s); and (vi) administrative costs in aggregate on average by customer.