

Standard Contract Rider No. 16

Net Metering for Renewable Resource and Innovative Technology On-Site Power Producing Facilities

AVAILABILITY:

This Rider is available on a first come first served basis to full service electric customers operating on-site generation which satisfies the Renewable Resource or Innovative Technology eligibility requirements set forth below. This rider attaches to any full service metered tariff excluding Riders. The total capacity contracted under this Rider shall be limited to 0.001 (0.1%) of the Company's system peak for the previous year as defined on page 401b of MPSC Form P-521.

ELIGIBLE ELECTRIC GENERATING UNITS:

A. Eligible Technologies:

1. Renewable Resource:

Technologies indicated in the definition of renewable energy source as provided in 2000 PA 141, section 10g(1)(f) (MCL 460.10g(1)(f)): specifically, energy generated by solar, wind, geothermal, biomass, including waste-to-energy and landfill gas, or hydroelectric are eligible technologies. Biomass systems are allowed to blend up to 25% fossil-fuel as needed to ensure safe, environmentally sound operation of the system.

2. Innovative Technology:

Fuel Cells and Stirling Engines that have the potential of becoming Hydrogen enabling technologies are eligible to participate in the net metering program regardless of their current fuel type.

B. Generating Unit(s) Size Limitations:

1. The maximum size of an individual unit or combination of units at a single site must be less than 30kW and;

2. Systems will be limited in size, not to exceed the Customer's self-service needs.

a. For wind and photovoltaic systems a Customer may size the system to meet the site annual energy needs (in kWh).

b. For all other systems a Customer may size the system to meet the site maximum capacity need (in kW).

CHARACTER OF SERVICE:

As specified under the applicable Base Rate. The term Base Rate refers to the Rate Schedule under which the Customer takes service and that this Rider is associated with.



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ISSUED OCTOBER 25, 2005
M.E. CHAMPLEY
SENIOR VICE PRESIDENT
REGULATORY AFFAIRS

DETROIT, MICHIGAN

EFFECTIVE FOR SERVICE RENDERED ON
AND AFTER OCTOBER 18, 2005
UNDER AUTHORITY OF ORDER OF THE
MICHIGAN PUBLIC SERVICE COMMISSION
DATED OCTOBER 18, 2005
IN CASE NO. U-14346

New tariff sheet to create rider for Net Metering for Renewable Resource and Innovative Technology for On Site Power Producing Facilities as per Order No. U-14346 dated October 18, 2005.)

(Continued From [Sheet No. 16](#))

GENERATOR INTERCONNECTION REQUIREMENTS:

- A. The requirements for interconnecting Customer on-site electric generating equipment with the Company are contained in the Michigan Public Service Commission's Electric Interconnection Standards Rules (R 460.481-460.489), The Michigan Electric Utility Generation Interconnection Requirements and the Company's Generator Interconnection Supplement to Michigan Electric Utility Generation Interconnection Requirements.
- B. All interconnection requirements must be met and the Customer must fulfill all requirements in and sign an Interconnection & Operating Agreement with the Company prior to commencing operation of on-site generation.
- C. Any service modifications resulting from installation of wind or photovoltaic units sized greater than site demand shall be made at the Customer's expense.
- D. The Company must approve in writing any subsequent changes in the interconnection configuration before such changes are allowed. Operating in parallel with the Company's system without written approval by the Company of the interconnection and any subsequent changes to the interconnection will make the Customer subject to disconnection.

METERING:

Metering at the interface between the Customer and the Company will be specified by the Company and will be capable of recording all parameters metered on the Base Rate for deliveries to the Customer and for deliveries from the Customer to the Company. In addition to the inflow and outflow metering the Customer shall make provisions for and the Company will install metering on the generator output capable of recording any parameters metered on the Base Rate. Any and all costs associated with metering that are incurred to participate in the Net Metering Program are the responsibility of the customer. The customer has the option to either (1) pay for costs associated with metering in full prior to taking service under the Net Metering Program or (2) divide the total costs associated with metering into 12 equal monthly payments to be added to the customer's electric bill.



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(Continued from Sheet No. 16a)

NET METERING BILLING PROVISIONS:

- A. Customer electric requirements will be determined as the sum of the Company supply (inflow meter) and generation supply (generation meter) minus any outflow to the Company (outflow meter), i.e. [inflow + generation - outflow]. In general, the Customer will be billed for their electric requirements at the Base Rate with all applicable surcharges and receive a power supply credit, a surcharge credit, and a program credit, if applicable, for that portion of their electric requirements that were served by their eligible generation.

Power Supply Credit:

Prior to approval of unbundled rates, the power supply credit will be calculated based on the bundled rate plus the power supply cost recovery (PSCR) surcharge less delivery charges, which will be based on the retail access service tariff. Upon Commission approval of un-bundled rates, the power supply credit will be the power supply charges plus the (PSCR) surcharge.

Surcharge Credit:

The surcharge credit will be based on all applicable energy based surcharges excluding PSCR.

Program Credit:

A program credit will be provided to net metering customers taking service on an energy only Base Rate. The program credit will be equivalent to the delivery charges applied to the customer generation produced and utilized on site in the current billing period.

- B. In the event the Customer generates more than their electric requirements in any month, the Net Excess Generation (NEG) will be carried over from month to month, limited to a 12-billing-month cycle. The customer will elect the ending billing month to be used to establish the 12-billing-month cycle. At the end of each 12-billing-month cycle, the customer's NEG balance, if any, will be reset to zero. Any unused NEG existing at that time will be retained by the Company. The value of the unused NEG retained by the Company will be used to offset costs associated with the Company's operation of the net metering program.

ADDITIONAL CHARGES AND CREDITS:

The Customer is responsible for the filing fee of \$100 specified in The Michigan Electric Utility Generation Interconnection Requirements.



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(Continued From [Sheet No. 16b](#))

CONTRACT TERM:

This rider shall be open for Customer enrollments for a period of 5 years, and Customers who enroll shall be eligible to participate for a single continuous period of 10 years. A Customer may discontinue taking service under this rider at any time. Any unused NEG existing at that time will be retained by the Company. The value of the unused NEG retained by the Company will be used to offset costs associated with the Company's operation of the net metering program. The Company may terminate a Customer's service under this rider if the Customer fails to satisfy the eligibility requirements. This Rider will terminate at the earlier of 15 years after approval or upon the end of contract term for the last Customer signing up for service under the rider.

SPECIAL PROVISIONS AND CONDITIONS:

- A. Generation Units covered by this Rider are exempt from all charges associated with the Company's Standard Contract Rider 3 Parallel Operation and Standby Service. Generation Units covered by this Rider are exempt from the Auxiliary Power Provisions contained in Residential Service Rate (D1) and Residential Space Heating Rate (D2).
- B. By applying for service under this rider the Customer agrees to provide to the Company and allow the Company to Provide to the Commission Staff the information about their on site power producing facilities required for the Company to comply with its reporting requirements and verify continued eligibility for service under this rider. The Company will not release the name, address or other identifying information without prior written permission of the customer.
- C. The Company will allow the generator metering to be used by the customer for the purpose of accounting for renewable energy credits (REC's) the customer may wish to sell.
- D. The differential between the retail generation credit given for NEG and the Company's avoided energy cost will be included in program costs.
- E. The program credit provided under this rider will be included in program costs.
- F. Net Metering Program operating costs will be included in program costs.
- G. The value of NEG balances retained by the Company pursuant to Paragraph B under NET BILLING PROVISIONS will provide a credit to Program costs. The credit shall be an amount equal to the Power Supply Cost Recovery Base plus the PSCR factor at the time the NEG balance is reset to zero times the NEG balance.
- H. The Company shall be authorized to recover all costs associated with the Net Metering Program as those costs are defined and explained in the "MREP Consensus Agreement on Statewide Net Metering Program" approved by the Commission in its March 29, 2005 Order in Case No. U-14346. At a minimum, analyses of program costs for the Net Metering program will occur at the end of the second Net Metering Program year and every two years thereafter. Since all customers may ultimately benefit from the availability of the Net Metering Program, some or all Net Metering Program costs may be recovered from all of its retail electric customers. The Company may, at its sole discretion, file a request to apply a charge or charges to all of its retail electric customers, all Net Metering Program participants, or both, to collect underrecovered Net Metering Program costs.

ISSUED OCTOBER 25, 2005
M.E. CHAMPLEY
SENIOR VICE PRESIDENT
REGULATORY AFFAIRS

DETROIT, MICHIGAN

Michigan Public Service
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