

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

Applicability

The following tariff provisions shall be applicable to a Host Customer, as defined herein, that requests Net Metering services from the Distribution Company, with the exception of a Host Customer that is an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 C.M.R. 11.00. A Governmental Cooperative shall not be considered an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are used in M.G.L. c. 164, §§ 1 and 1F and 220 C.M.R. 11.00: *Rules Governing the Restructuring of the Electric Industry*. Service under this rate to any Host Customer is subject to the Distribution Company's printed requirements and the Distribution Company's Terms and Conditions for Distribution Service, each as in effect from time to time. The interconnection date of a Net Metering Facility shall have no bearing on a Host Customer's eligibility to request Net Metering services under this tariff.

Section 1.01 Definitions

The terms set forth below shall be defined as follows, unless the context otherwise requires.

Administrator means the person or entity selected by the Department to administer the Massachusetts System of Assurance of Net Metering Eligibility, as established by the Department pursuant to M.G.L. c. 164, § 139(g).

Agricultural Net Metering Facility means a Renewable Energy generating facility that

- (a) is operated as part of an agricultural business;
- (b) generates electricity;
- (c) does not have a generation capacity of more than two megawatts;
- (d) is located on land owned or controlled by the agricultural business;
- (e) is used to provide energy to metered accounts of the business; and
- (f) is interconnected to the Distribution Company.

“Agriculture” has the same meaning as provided in M.G.L. c. 128, § 1A; provided that, when necessary, the Commissioner of the Department of Agricultural Resources shall

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

determine if a business is an agricultural business and whether the facility is operated as part of that business.

Anaerobic Digestion Net Metering Facility means a facility that

- (a) generates electricity from a biogas produced by the accelerated biodegradation of organic materials under controlled anaerobic conditions;
- (b) has been determined by the Department of Energy Resources, in coordination with the Department of Environmental Protection, to qualify under the Department of Energy Resources' regulations as a Class I renewable energy generating source under 225 CMR 14:00: *Renewable Energy Portfolio Standard-Class I* and M.G.L. c. 25A, § 11F; and
- (c) is interconnected to the Distribution Company.

Billing Period means the period of time set forth in the Distribution Company's terms and conditions for which the Distribution Company bills a Customer for its electricity consumed or estimated to have been consumed.

Cap Allocation means an assurance from the Administrator that a Host Customer will receive Net Metering services upon a Host Customer's receipt from the Distribution Company of a notice of authorization to interconnect.

Cap Exempt Facility means a Class I Net Metering Facility that:

- (a) is a renewable energy generating facility; and
- (b) has a nameplate capacity rating equal to or less than:
 - (i) 10 kilowatts on a single-phase circuit; or
 - (ii) 25 kilowatts on a three-phase circuit.

Class I Net Metering Facility means a plant or equipment that is used to produce, manufacture, or otherwise generate electricity and that has a design capacity of 60 kilowatts or less.

Class II Net Metering Facility means an Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than 60 kilowatts but less than or equal to one megawatt; provided,

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

however, that a Class II Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than 60 kilowatts but less than or equal to one megawatt per unit. Each Municipality or Other Governmental Entity may have an aggregate generating capacity of not more than 10 megawatts.

Class III Net Metering Facility means an Agricultural Net Metering Facility, Anaerobic Digestion Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than one megawatt but less than or equal to two megawatts; provided, however, that a Class III Net Metering Facility of a Municipality or Other Governmental Entity may have a generating capacity of more than one megawatt but less than or equal to two megawatts per unit. Each Municipality or Other Governmental Entity may have an aggregate generating capacity of not more than 10 megawatts.

Customer means any person, partnership, corporation, or any other entity, whether public or private, who obtains distribution service at a customer delivery point and who is a customer of record of the Distribution Company for its own electricity consumption.

Department means the Massachusetts Department of Public Utilities.

Distribution Company means Massachusetts Electric Company and Nantucket Electric Company, as applicable.

Governmental Cooperative means a cooperative, organized pursuant to M.G.L. c. 164, § 136, whose members or shareholders are all Municipalities or Other Governmental Entities.

Host Customer means a Customer with a Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility that generates electricity on the Customer's side of the meter.

Interconnection Tariff means the Distribution Company's Standards for Interconnecting Distributed Generation, M.D.P.U. No. 1320, as may be amended from time to time.

ISO-NE means ISO New England Inc., the independent system operator for New England, or its successor, authorized by the Federal Energy Regulatory Commission to operate the New England bulk power system and administer New England's organized wholesale electricity market pursuant to the ISO-NE Tariff and operation agreements with transmission owners.

Market Net Metering Credit means a Net Metering Credit, calculated pursuant to Section 1.06(3) below and summarized in Appendix B, provided by the Distribution Company for the net excess

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

electricity generated and fed back to the Distribution Company by (i) a New Solar Net Metering Facility; and (ii) other Solar Net Metering Facilities that are not Cap Exempt Facilities after 25 years from the date that each Solar Net Metering Facility was first authorized to interconnect to the electric distribution system as provided by M.G.L.c.164, § 139(k).

Municipality means a city or town within the Distribution Company's service territory that is also a Customer of that Distribution Company. Electric accounts of a city or town are not eligible for net metering under this tariff unless they are accounts with the Distribution Company.

Neighborhood means a geographic area within a Municipality, subject to the right of the Department to grant exceptions pursuant to 220 CMR 18.09(7), that:

- (a) is recognized by the residents as including a unique community of interests;
- (b) falls within the service territory of the Distribution Company and within a single ISO-NE load zone; and
- (c) may encompass residential, commercial, and undeveloped properties.

Neighborhood Net Metering Facility means a Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility that:

- (a) is owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single distribution company;
- (b) may also be owned by, or serve the energy needs of, other Customers who reside in the same Neighborhood and are served by the same distribution company as the residential Customers that own or are served by the facility; and
- (c) is located within the same Neighborhood as the Customers that own or are served by the facility.

Net Metering means the process of measuring the difference between electricity delivered by the Distribution Company and electricity generated by a Class I Net Metering Facility, Class II Net Metering Facility, or Class III Net Metering Facility and fed back to the Distribution Company.

Net Metering Credit means any credit provided for the net excess electricity generated and fed back to the Distribution Company by a Class I Net Metering Facility, Class II Net Metering

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

Facility, Class III Net Metering Facility, or Neighborhood Net Metering Facility calculated pursuant to Section 1.06 below.

Net Metering Facility of a Municipality or Other Governmental Entity means a Class II or Class III Net Metering Facility:

- (a) that is owned or operated by a Municipality or Other Governmental Entity that is a Host Customer; or
- (b) of which the Municipality or Other Governmental Entity is the Host Customer and is assigned 100% of the output.

New Solar Net Metering Facility means:

- (a) a Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance after the Notification Date for the entire capacity of the Solar Net Metering Facility; or
- (b) a Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before the Notification Date, but which is subsequently deemed complete by the Administrator and does not receive a Cap Allocation from the Administrator until after January 8, 2017; or
- (c) a Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before the Notification Date, is subsequently deemed complete by the Administrator and receives a Cap Allocation before or on January 8, 2017, but that seeks to expand the generating capacity at a later date after the Notification Date such that the entire facility, including expanded generating capacity, is a Class II Net Metering Facility or Class III Net Metering Facility.

Notification Date means September 26, 2016 at 2:00 p.m., after which all New Solar Net Metering Facilities that are not cap exempt facilities shall generate Market Net Metering Credits as determined pursuant to M.G.L. c.164, § 139(b½).

Other Governmental Entity means a department or agency of the Federal government or of the Commonwealth of Massachusetts, and any other entity so classified by the Department.

Renewable Energy means energy generated from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

Solar Net Metering Facility means a facility for the production of electrical energy that uses sunlight to generate electricity and is interconnected to the Distribution Company.

Standard Net Metering Credit means a Net Metering Credit, calculated pursuant to Section 1.06(1) below and summarized in Appendix A, provided for the net excess electricity generated and fed back to the Distribution Company by all net metering facilities except for the following:

- (a) New Solar Net Metering Facilities; and
- (b) Solar Net Metering Facilities that are not Cap Exempt Facilities.

Wind Net Metering Facility means a facility for the production of electrical energy that uses wind to generate electricity and is interconnected to the Distribution Company.

Section 1.02 Interconnection

Interconnection of net metering facilities is governed by the terms of the Distribution Company's Interconnection Tariff, which sets forth the following information for net metering services:

- (1) Application procedures;
- (2) Information necessary for requests;
- (3) Metering and technical requirements; and
- (4) Termination and suspension provisions.

The Customer shall indicate its request for net metering on its application pursuant to the Interconnection Tariff.

Section 1.03 Metering and Reporting of Generation

- (1) Host Customers with a Class II Net Metering Facility or Class III Net Metering Facility shall install at the Host Customer's expense revenue-grade meters to measure the generator's kilowatt-hour ("kWh") output. Unless otherwise agreed to in writing with the Distribution Company, the Host Customer will provide the actual metered output to the

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

Distribution Company twice per calendar year: on or before January 31 and on or before September 30.

- (2) Unless otherwise agreed to in writing with the Distribution Company, a Host Customer with a Class I Net Metering Facility who does not have a generation information system (“GIS”) account at ISO-NE, will provide, if available, the inverter’s generation information to the Distribution Company twice per calendar year: on or before January 31 and on or before September 30.
- (3) Unless otherwise agreed to in writing with the Distribution Company, a Host Customer with a Class I Net Metering Facility who does not have a GIS account at ISO-NE and does not otherwise have generation information available, shall provide all necessary information to, and cooperate with, the Distribution Company to enable the Distribution Company to estimate the annual generation of the Class I Net Metering Facility.

Section 1.04 Qualifications for Neighborhood Net Metering Facilities

The Host Customer of a Neighborhood Net Metering Facility shall fulfill the requirements of the Distribution Company’s Interconnection Tariff, as noted in Section 1.02 above, and shall further provide and maintain on file with the Distribution Company written documentation demonstrating that all parties eligible to receive Net Metering Credits from the Neighborhood Net Metering Facility meet the terms of the definition of a Neighborhood Net Metering Facility, as provided herein and in the Department’s regulations at 220 C.M.R. 18.02.

Section 1.05 Administration of Net Metering Credits

- (1) The Distribution Company shall calculate a Net Metering Credit as set forth in Section 1.06 below, and not bill a Host Customer for kWh usage, for any Billing Period in which the kWh generated by a Class I, II, or III Net Metering Facility or a Neighborhood Net Metering Facility exceed the kWh usage of the Host Customer.
- (2) The Distribution Company shall bill a Host Customer for excess consumption for any Billing Period in which the kWh consumed by a Host Customer exceed the kWh generated by a Class I, II or III Net Metering Facility or Neighborhood Net Metering Facility.

**MASSACHUSETTS ELECTRIC COMPANY
 NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

Section 1.06 Calculation of Net Metering Credits

The Net Metering Credit based on the excess electricity generated by a Net Metering Facility shall be determined as either a Standard Net Metering Credit or Market Net Metering Credit pursuant to this section.

(1) Standard Net Metering Credit

- (a) The following Net Metering Facilities shall receive a Standard Net Metering Credit:

Net Metering Facility Size		
Class I	Class II	Class III
Solar*		Not Applicable
Wind		Not Applicable
Anaerobic Digestion		Not Applicable
Agricultural		Not Applicable
Not Applicable	Municipality or Other Governmental Entity	
Cap Exempt	Not Applicable	

*A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before the Notification Date, is subsequently deemed complete by the Administrator and receives a Cap Allocation before or on January 8, 2017, but that seeks to expand the generating capacity at a later date after the Notification Date such that the entire facility, including the expanded generating capacity, is a Class I Net Metering Facility. Such facilities that expand such that the entire facility, including the expanded generating capacity, is a Class II Net Metering Facility or a Class III Net Metering Facility will generate Market Net Metering Credits.

- (i) The Standard Net Metering Credit shall be calculated for each Billing Period as the product of:
- (1) 100% of the excess kWh, by time-of-use if applicable; and
 - (2) the sum of the following Distribution Company kWh charges applicable to the rate class under which the Host Customer takes service:

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

- a. the basic service charge (in the ISO-NE load zone where the Host Customer is located);
 - b. the distribution charge;
 - c. the transmission charge; and
 - d. the transition charge.
- (ii) Solar Net Metering Facilities are eligible to receive Standard Net Metering Credits pursuant to this provision for a period of 25 years from the date on which the Solar Net Metering Facility was first authorized to interconnect to the distribution system. After 25 years, any Solar Net Metering Facility that is not a Cap Exempt Facility shall receive Market Net Metering Credits pursuant to Section 1.06(3)(a) below.
- (b) The following Net Metering Facilities shall receive a Standard Net Metering Credit:

Net Metering Facility Size		
Class I	Class II	Class III
Other than Solar, Wind, Anaerobic Digestion, or Agricultural	Not Applicable	

- (i) The Standard Net Metering Credit shall be calculated for each Billing Period as the product of:
 - (1) 100% of the excess kWh, by time-of-use if applicable; and
 - (2) the average monthly clearing price at the ISO-NE.
- (ii) Electricity generated from any technology except Solar, Wind, Agricultural, and Anaerobic Digestion and which qualifies as a Class I Renewable Energy generating source under M.G.L. c. 25A, § 11F shall receive a Standard Net Metering Credit pursuant to this section; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

- (c) Subject to Section 1.06(1)(c)(ii) below, the following Net Metering Facilities shall receive a Standard Net Metering Credit:

Net Metering Facility Size		
Class I	Class II	Class III
Not Applicable		Solar
Not Applicable		Wind
Not Applicable		Anaerobic Digestion
Not Applicable		Agricultural
Neighborhood		

- (i) The Standard Net Metering Credit shall be calculated for each Billing Period as the product of:
- (1) 100% of the excess kWh, by time-of-use if applicable; and
 - (2) the sum of the following Distribution Company per-kWh charges applicable to the rate class under which the Host Customer takes service:
 - a. the basic service charge (in the ISO-NE load zone where the Host Customer is located);
 - b. the transmission charge; and
 - c. the transition charge.
- (ii) Class III Solar Net Metering Facilities and Solar Net Metering Facilities that are also Neighborhood Net Metering Facilities are eligible to receive Standard Net Metering Credits pursuant to this provision for a period of 25 years from the date on which the Net Metering Facility was first authorized to interconnect to the distribution system. After 25 years, the Class III Solar Net Metering Facility and Solar Net Metering Facility that is also a Neighborhood Net Metering Facility shall receive Market Net Metering Credits pursuant to Section 1.06(3)(a) below.
- (d) The calculation of Net Metering Credits under this section shall not include the demand side management and renewable energy kWh charges set forth in M.G.L. c. 25, §§ 19-20.

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

- (e) For any Billing Period for which the Distribution Company calculates a Net Metering Credit for a Host Customer, the Distribution Company shall apply the Net Metering Credit to the Host Customer's account, unless the Host Customer provides otherwise pursuant to Section 1.07. The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance.

(2) Customer Notification

The Distribution Company shall notify a Host Customer at least 30 days in advance of the transition from Standard Net Metering Credits to Market Net Metering Credits after 25 years from the date when the facility was first interconnected to the electric distribution system.

(3) Market Net Metering Credits

- (a) Subject to Section 1.06(3)(a)(ii) below, the following facilities shall receive a 60% Market Net Metering Credit:

Net Metering Facility Size		
Class I	Class II	Class III
New Solar that is not a Municipality or Other Governmental Entity		
Non-Cap Exempt Solar*		

*A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before the Notification Date, is subsequently deemed complete by the Administrator and receives a Cap Allocation before or on January 8, 2017, but that seeks to expand the generating capacity at a later date after the Notification Date such that the entire facility, including the expanded generating capacity, is a Class II Net Metering Facility or a Class III Net Metering Facility will generate Market Net Metering Credits.

- (i) The Market Net Metering Credit shall be calculated for each Billing Period as the product of:
- (1) 60% of the excess kWh, by time-of-use if applicable; and

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

- (2) the sum of the following Distribution Company kWh charges applicable to the rate class under which the Host Customer takes service:
- a. the basic service charge (in the ISO-NE load zone where the Host Customer is located);
 - b. the distribution charge;
 - c. the transmission charge; and
 - d. the transition charge.
- (ii) Solar Net Metering Facilities that are not Cap Exempt Facilities are eligible to receive Standard Net Metering Credits pursuant to Section 1.06(1)(a) for a period of 25 years from the date on which such Solar Net Metering Facility was first authorized to interconnect to the distribution system. After 25 years, such Solar Net Metering Facility must receive Market Net Metering Credits pursuant to this provision.
- (b) The following facilities shall receive a 100% Market Net Metering Credit:

Net Metering Facility Size		
Class I	Class II	Class III
New Solar Net Metering Facility where the Host Customer is a Municipality or Other Governmental Entity and only allocates Net Metering Credits to the accounts of other customers that could also qualify as a Municipality or Other Governmental Entity		
Cap Exempt Solar		

- (i) The Market Net Metering Credit shall be calculated for each Billing Period as the product of:
- (1) 100% of the excess kWh, by time-of-use if applicable; and
 - (2) the sum of the following Distribution Company kWh charges applicable to the rate class under which the Host Customer takes service:

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

- a. the basic service charge (in the ISO-NE load zone where the Host Customer is located);
 - b. the distribution charge;
 - c. the transmission charge; and
 - d. the transition charge.
- (c) Subject to Section 1.06(3)(c)(ii) below, the following Net Metering Facilities shall receive a 60% Market Net Metering Credit:

Net Metering Facility Size		
Class I	Class II	Class III
New Solar that is also Neighborhood		
Solar that is also Neighborhood		

- (i) The Market Net Metering Credit shall be calculated for each Billing Period as the product of:
 - (1) 60% of the excess kWh, by time-of-use if applicable; and
 - (2) the sum of the following Distribution Company per-kWh charges applicable to the rate class under which the Host Customer takes service:
 - a. the basic service charge (in the ISO-NE load zone where the Host Customer is located);
 - b. the transmission charge; and
 - c. the transition charge.
- (ii) Solar Net Metering Facilities that are also Neighborhood Net Metering Facilities are eligible to receive Standard Net Metering Credits pursuant to Section 1.06(1)(c) for a period of 25 years from the date on which the Solar Net Metering Facility was first authorized to interconnect to the distribution system. After 25 years, the Solar Net Metering Facility that is also a Neighborhood Net Metering Facility must receive Market Net Metering Credits pursuant to this provision.

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

- (d) The calculation of Net Metering Credits under this section shall not include the demand side management and renewable energy kWh charges set forth in M.G.L. c. 25, §§ 19-20.
- (e) For any Billing Period for which the Distribution Company calculates a Net Metering Credit for a Host Customer, the Distribution Company shall apply the Net Metering Credit to the Host Customer's account, unless the Host Customer provides otherwise pursuant to Section 1.07. The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance.

Section 1.07 Allocation of Net Metering Credits

- (1) For a Class I, Class II, or Class III Net Metering Facility, the Distribution Company shall allocate Net Metering Credits, as designated in writing by the Host Customer, to other Customers who are in the Distribution Company's service territory and are located in the same ISO-NE load zone. The manner and form of credit designation shall be as specified in this Net Metering Provision pursuant to 220 CMR 18.09(2).
- (2) Notwithstanding Section 1.07(1), if the Host Customer is a Municipality or Other Governmental Entity, including a Governmental Cooperative, it may direct the Distribution Company to allocate Net Metering Credits only to other Customers that are Municipalities or Other Governmental Entities. Net Metering Credits can be allocated only within: (1) the Distribution Company's service territory and (2) the same ISO-NE load zone.
- (3) For a Neighborhood Net Metering Facility, the Distribution Company may only allocate Net Metering Credits to residential or other Customers who reside in the same Neighborhood in which the Neighborhood Net Metering Facility is located and have an ownership interest in, or are served by, the Neighborhood Net Metering Facility.
- (4) For any Billing Period that a Host Customer earns Net Metering Credits, the Distribution Company shall allocate Net Metering Credits by applying them to a designated Customer's account. The Distribution Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance.
- (5) For a Class III Net Metering Facility, the Distribution Company may elect to purchase Net Metering Credits from the Host Customer, rather than allocating such credits. The Distribution Company must provide written notice to the Host Customer of its election to

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

either purchase or allocate Net Metering Credits within 30 days of the Host Customer's request for Net Metering services. For Net Metering Credits purchased under this provision, the Distribution Company will make payment by issuing a check to the Host Customer each Billing Period, unless otherwise agreed in writing with the Host Customer. In addition, the Distribution Company shall continue to purchase such credits for so long as the Host Customer takes service under this tariff or as mutually agreed in writing by the Distribution Company and the Host Customer.

- (6) The Distribution Company is responsible for accurately allocating Net Metering Credits consistent with a Host Customer's written designation in Schedule Z to the Distribution Company's Interconnection Tariff.

Section 1.08 Net Metering Recovery Surcharge

The charges listed below are non-bypassable and shall be applied to all kWh delivered by the Distribution Company to a Customer. The operation of the Net Metering Recovery Surcharge ("NMRS") is subject to all powers of suspension and investigation vested in the Department. If the Distribution Company operates under a revenue decoupling mechanism, the Distribution Company may elect to recover some or all of the charges listed below through a revenue decoupling mechanism or applicable reconciling mechanisms, as appropriate, rather than through an NMRS. If the Distribution Company elects not to file an NMRS, the Distribution Company must file a net metering report in lieu of the NMRS. The net metering report shall be in a form approved by the Department. The net metering report is for informational purposes only.

(1) Rates

The purpose of the NMRS is to recover the Net Metering Credits applied to Customers and the non-reconciling distribution portion of revenue displaced by Customers who have installed on-site generation facilities in accordance with G.L. c. 164, §§ 138 and 139. This surcharge provides the Distribution Company with a mechanism to recover such credits and displaced distribution revenue, and to reconcile actual NMRS revenue amounts recovered from customers with actual recoverable amounts.

(2) Applicability of NMRS

The NMRS shall be applicable to all distribution of electricity, as measured in kWh, delivered by the Distribution Company. Although the NMRS is a separate surcharge, it may be included in the Distribution Company's Distribution Charge for billing purposes.

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

(3) Effective Date of Annual Surcharge

The Distribution Company shall submit NMRS filings as outlined in Section 1.08(6) of this tariff.

(4) NMRS Formula

The amount to be recovered through the NMRS as determined below shall be allocated to the Company's rate classes by applying a Distribution Revenue Allocator shown below. The NMRS shall be calculated as the allocated amount for each rate class divided by the estimated kilowatt-hours to be delivered by the Company to each rate class.

The Distribution Revenue Allocator shall be derived from the Company's most recent general rate case as approved by the Department and shall be as follows by rate class:

Rate R-1/R-2	57.5%
Rate R-4	0.1%
Rate G-1	12.3%
Rate G-2	11.6%
Rate G-3	17.8%
Streetlighting	0.7%

$$NMRS_{Sx} = [(NMC_{x-1} + DDR_{x-1} + PPRA_{x-2} - CR_{x-1}) \times DRA_S] \div FkWh_{Sx},$$

Where

- x = The year over which the surcharge applies;
- s = Designates a separate value for the following rate classes: R-1/R-2, R-4, G-1, G-2, G-3, and Streetlighting;
- NMRS_x = The Net Metering Recovery Surcharge for year x;
- NMC_{x-1} = The Net Metering Credits for year x-1, based on actual data where available and estimated for the period where actual data is unavailable;
- DDR_{x-1} = The non-reconciling distribution portion of revenue displaced, as defined in Section 1.08(5), by net metering facilities for year

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

x-1, based on actual data where available and estimated for the period where actual data is unavailable;

- PPRA_{x-2} = The Past Period Reconciliation Amount defined as the ending balance including interest, calculated on the average monthly reconciling balance using the customer deposit rate as outlined in 220 C.M.R. 26.09, of the difference between (a) the sum of the NMC and DDR based on actual data for year x-2 and (b) the revenues collected through the NMRS as approved by the Department for year x-1, based on actual data where available and estimated for the period where actual data is unavailable. Any balance between actual data and estimated data will be included in this component.
- CR_{x-1} = Commodity Reconciliation, as determined by Section 1.08(8).
- DRA_s = The Distribution Revenue Allocator percentage for each rate class.
- FkWh_x = The Forecasted kWh for year x for each rate class, defined as the forecasted amount of electricity to be distributed to the Distribution Company's distribution customers in each rate class.

(5) Determination of Revenue Displaced by Net Metering Facilities

- (a) The distribution revenue displaced by net metering facilities is the non-reconciling distribution revenue associated with the displaced kWh. The quantity of displaced kWh is equal to the kWh generated by the Net Metering Facility minus the excess kWh, if any, delivered to the Distribution Company's distribution system. The kWh generated by the Net Metering Facility shall be determined by:
- (i) actual metering of the kWh output of the generating facility; or
 - (ii) estimating the kWh output of a generating facility when actual metering is not feasible.

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

- (b) In determining DDR, the Distribution Company shall use actual metered data for those Host Customers with Class II and Class III Net Metering Facilities and for those Host Customers with a Class I Net Metering Facility when such data is available.
- (c) In determining DDR, the Distribution Company shall estimate the generator kWh output for those Host Customers that do not have actual metered data for the output of their Class I Net Metering Facility. These estimates will be based upon available monthly capacity factor information associated with the size and type of net metering facility installed, or as otherwise specified below. Such information shall be obtained from publicly available sources such as ISO-NE, the Massachusetts Renewable Energy Trust and weather data outlets as determined by the Distribution Company and subject to Department review and approval.
- (i) For Class I Solar Net Metering Facilities, the estimate shall come directly from the generation information of the Solar Net Metering Facility's inverter if available. If no data is available to the Distribution Company, the estimate shall be calculated on a case-by-case basis with the best available data.
- (ii) For Class I Wind Net Metering Facilities:
- (1) the estimate shall come directly from the generation information of the Wind Net Metering Facility's meter, inverter, or other generator system if available; or
- (2) if generation information is not available, or no data is provided, the estimate shall be calculated on a case-by-case basis with the best available data.
- (iii) For all non-wind and non-solar Class I Net Metering Facilities, the estimate shall be calculated on a case-by-case basis with the best available data.
- (6) Information Required to be Filed with the Department
- This information shall be submitted as part of the annual reconciliation filing, along with complete documentation of the reconciliation adjustment calculations.

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

Such filing shall include preliminary reconciliation data for the year in which the filing is made, with final reconciliation amounts to be submitted the subsequent year. The reconciliation data will reflect detailed accounting of distribution Net Metering Credits paid to customers and displaced distribution revenue resulting from net metering facilities. This information will be submitted with each annual NMRS filing, along with complete documentation of the reconciliation-adjustment calculations.

(7) Customer Notification

The Distribution Company will notify Customers in simple terms of changes to the NMRS, including the nature of the change and the manner in which the NMRS is applied to the bill. In the absence of a standard format, the Distribution Company will submit this notice for approval at the time of each NMRS filing. Upon approval by the Department, the Distribution Company must immediately distribute these notices to all of its Customers either through direct mail or with its bills.

(8) Commodity Reconciliation

The Distribution Company will include the energy market payments received from ISO-NE for the electricity generated by Class II and Class III Net Metering Facilities in the Distribution Company's annual reconciliation of the NMRS. Host Customers with a Class II or Class III Net Metering Facility shall provide all necessary information to, and cooperate with, the Distribution Company to enable the Distribution Company to obtain the appropriate asset identification for reporting generation to ISO-NE. The Distribution Company will report all exported power to the ISO-NE as a settlement only generator and net this reported usage and credits earned against the amount of basic service commodity earned as a portion of the Net Metering Credits. The resulting amount will then be filed within the Distribution Company's annual NMRS reconciliation proceeding.

The Distribution Company may elect to seek to obtain capacity payments from ISO-NE for the electricity generated by Class II and Class III Net Metering Facilities, in which case it will include any capacity payments received from ISO-NE in the Company's annual NMRS reconciliation.

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

Section 1.09 Closure of Tariff to New Customers

(a) Private Cap

Service under this cap is closed to new applicants upon determination by the Distribution Company, consistent with Department rules and regulations, that the aggregate capacity of all Class I, Class II, and Class III Net Metering Facilities that are not Net Metering Facilities of a Municipality or Other Governmental Entity and that are not Cap Exempt Facilities (i.e., the “private cap”) authorized by 220 C.M.R. 18.07(1)(a), as may be amended from time to time, has been reached. If the private cap is full, customers may continue to submit applications for net metering services in case capacity becomes available.

(b) Public Cap

Service under this cap is closed to new applicants upon determination by the Distribution Company, consistent with Department rules and regulations, that the aggregate capacity of all Class II and Class III Net Metering Facilities of a Municipality or Other Governmental Entity (i.e., the “public cap”) authorized by 220 C.M.R. 18.07(1)(b), as may be amended from time to time, has been reached. If the public cap is full, customers may continue to submit applications for net metering services in case capacity becomes available.

(c) Capacity of Net Metering Facilities of a Municipality or Other Governmental Entity

The maximum amount of generating capacity eligible for Net Metering by a Municipality or Other Governmental Entity shall be 10 megawatts, as determined by the sum of the nameplate ratings of Class II and Class III Net Metering Facilities for which the Municipality or Other Governmental Entity is the Host Customer, except as provided in 220 C.M.R. 18.07(6). While a Municipality or Other Governmental Entity may develop Class I Net Metering Facilities, such facilities are excluded from the public cap and will instead be counted against the private cap.

A Municipality or Other Governmental Entity that is a member of a Governmental Cooperative may transfer any or all of the net metering generating capacity associated with one or more Class II or Class III Net Metering Facilities to said Governmental Cooperative by providing written assent to the Governmental Cooperative and obtaining approval from the Department.

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

A Governmental Cooperative may serve as a Host Customer for a Net Metering Facility of a Municipality or Other Governmental Entity for all capacity allocated pursuant to 220 C.M.R. 18.07(6) and its own capacity as an Other Governmental Entity, provided that the Standard Net Metering Credits for which such Governmental Cooperative serves as Host Customer shall only be allocated to that same Governmental Cooperative or its members.

(d) Highest Historical Peak Load

Each year by February 1, the Distribution Company will update the Distribution Company's highest historical peak load on the Distribution Company's website and with an informational filing to the Department. Additional applications may be accepted for incremental aggregated capacity associated with increases in the Distribution Company's peak load.

(e) Aggregate Capacity

The calculation of aggregated capacity shall be in accordance with 220 C.M.R. 18.07.

Section 1.10 Renewable Energy and Environmental Attributes

The provision of Net Metering services does not entitle the Distribution Company to ownership of, or title to, the renewable energy or environmental attributes, including renewable energy certificates, associated with any electricity produced by a Net Metering Facility.

Section 1.11 Dispute Resolution

The Dispute Resolution provisions included in the Distribution Company's Interconnection Tariff in Section 9.0 shall be available for the purpose of resolving disputes related to the operation of this tariff between the Distribution Company and Host Customers, including whether the Distribution Company has accurately allocated Net Metering Credits consistent with a Host Customer's written designation in Schedule Z to the Distribution Company's Interconnection Tariff. The Distribution Company shall not be responsible for resolving disputes between the Host Customer and those Customers to whom the Host Customer is allocating Net Metering Credits.

Section 1.12 Classification as a Municipality or Other Governmental Entity

An entity that seeks Net Metering services and/or Standard Net Metering Credits from a Net Metering Facility of a Municipality or Other Governmental Entity must first apply to the

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

Department to be classified as a Municipality or Other Governmental Entity for purposes of Net Metering. The Department will review applications on a case-by-case basis. The Distribution Company shall not be obligated to provide Net Metering services or allocate Standard Net Metering Credits or Market Net Metering Credits valued at 100 percent of net excess kilowatt-hours from a Net Metering Facility of a Municipality or Other Governmental Entity to a Municipality or Other Governmental Entity pursuant to this tariff until the Department has classified the entity as such.

**MASSACHUSETTS ELECTRIC COMPANY
 NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

APPENDIX A

STANDARD NET METERING CREDIT			
Description of Calculation	Net Metering Credit based on per-kWh rates for Basic Service, Distribution, Transmission, and Transition (Section 1.06(1)(a))	Net Metering Credit based on per-kWh rates for Basic Service, Transmission, and Transition (Section 1.06(1)(c))	Net Metering Credit based on average monthly clearing price at the ISO-NE (Section 1.06(1)(b))
Eligible Net Metering Facilities			
Class I:			
Solar*	X		
Wind	X		
Anaerobic Digestion	X		
Agricultural	X		
Cap Exempt	X		
Class I Other than: Solar, Wind, Anaerobic Digestion, Agricultural			X
Neighborhood		X	
Class II:			
Solar*	X		
Wind	X		
Anaerobic Digestion	X		
Agricultural	X		
Municipality or Other Government Entity	X		
Neighborhood		X	
Class III:			
Solar*		X	

**MASSACHUSETTS ELECTRIC COMPANY
 NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

STANDARD NET METERING CREDIT			
Description of Calculation	Net Metering Credit based on per-kWh rates for Basic Service, Distribution, Transmission, and Transition (Section 1.06(1)(a))	Net Metering Credit based on per-kWh rates for Basic Service, Transmission, and Transition (Section 1.06(1)(c))	Net Metering Credit based on average monthly clearing price at the ISO-NE (Section 1.06(1)(b))
Eligible Net Metering Facilities			
Wind		X	
Anaerobic Digestion		X	
Agricultural		X	
Municipality or Other Governmental Entity	X		
Neighborhood		X	

*A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before the Notification Date, is subsequently deemed complete by the Administrator and receives a Cap Allocation before or on January 8, 2017, but that seeks to expand the generating capacity at a later date after the Notification Date such that the entire facility, including the expanded generating capacity, is a Class I Net Metering Facility. Such facilities that expand such that the entire facility, including the expanded generating capacity, is a Class II Net Metering Facility or a Class III Net Metering Facility will generate Market Net Metering Credits.

**MASSACHUSETTS ELECTRIC COMPANY
 NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

APPENDIX B

60% MARKET NET METERING CREDIT		
Description of Calculation	Net Metering Credit based on 60% of net excess generation and per-kWh rates for Basic Service, Distribution, Transmission, and Transition (Section 1.06(3)(a))	Based on 60% of net excess generation and per-kWh rates for Basic Service, Transmission, and Transition (Section 1.06(3)(c))
Eligible Net Metering Facilities		
New Solar (Class I, Class II, Class III)	X	
Non-Cap Exempt Solar* (Class I, Class II, Class III) 25 Years After Date of Authorization to Interconnect	X	
New Neighborhood Solar		X
Neighborhood Solar 25 Years After Date of Authorization to Interconnect		X

*A Solar Net Metering Facility that submits an application for a Cap Allocation to the System of Assurance before the Notification Date, is subsequently deemed complete by the Administrator and receives a Cap Allocation before or on January 8, 2017, but that seeks to expand the generating capacity at a later date after the Notification Date such that the entire facility, including the expanded generating capacity, is a Class II Net Metering Facility or a Class III Net Metering Facility will generate Market Net Metering Credits.

100% MARKET NET METERING CREDIT	
Description of Calculation	Net Metering Credit based on 100% of net excess generation and per-kWh rates for Basic Service, Distribution, Transmission, and Transition (Section 1.06(3)(b))
Eligible Net Metering Facilities	
New Solar where the Host Customer is a Municipality or Other Governmental Entity and only allocates Net Metering Credits to the accounts of other customers that could also qualify as a Municipality or Other Governmental Entity	X

**MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY**

NET METERING PROVISION

100% MARKET NET METERING CREDIT	
Description of Calculation	Net Metering Credit based on 100% of net excess generation and per-kWh rates for Basic Service, Distribution, Transmission, and Transition (Section 1.06(3)(b))
Eligible Net Metering Facilities	
Cap Exempt Solar	X