

ARKANSAS PUBLIC SERVICE COMMISSION



NET-METERING RULES

Last Revised: September 29
Order No. 7
Docket No. 23-021-R
Effective: 12/31/2023

NET-METERING RULES ADMINISTRATIVE HISTORY

<u>Docket</u>	<u>Date</u>	<u>Order No.</u>	<u>Subject Matter of Docket/ Order</u>
02-046-R	07/26/02	4	Adopted rules relating to the terms and conditions of – Net-Metering.
06-105-U	11/27/07	8	Amended definitions; Rules 1.02, 2.01, and 2.04; Section 1 of the Standard Interconnection Agreement, Appendix A; and X.1.1, X.2.3, and X.2.4 of the Net-Metering Tariff, Appendix B.
	11/29/07	10	Amended Rule 4.02 to delete reference to Docket No. 86-033-A.
	11/30/07	11	Amended the Standard Interconnection Agreement, Appendix A to add e-mail address lines to the signature block.
	12/19/07	12	Errata order correcting clerical errors in the amendments adopted in Order No. 8.
12-001-R	06/15/12	6	Amended Section 7 of the Standard Interconnection Agreement, Appendix A to exempt state governmental agencies and entities, local governmental entities, and federal entities from the indemnity requirement.
12-060-R	09/03/13	7	Amended Rule 2.04 to provide for meter aggregation, incorporated the provisions of Act 1221 of 2013 concerning the carryover of net-metering credits, and added a definition of Net-Metering Customer to track the definition in Ark. Code Ann. § 23-18-603.
	10/11/13	10	Updated the Net-Metering Tariff to reflect the amendments adopted in Order No. 7.
16-027-R	03/08/17	10	Revised Rules to comply with Act 827 of 2015.
	08/16/17	14	Errata Order.
	06/01/20	28, 33	Revised Rules to comply with Act 464 of 2019.
23-021-R	09/29/23	7	Revised Rules to comply with Act 278 of 2023

NET-METERING RULES

TABLE OF CONTENTS

SECTION 1. GENERAL PROVISIONS	
Rule 1.01	Definitions 1-1
Rule 1.02	Purpose 1-3
Rule 1.03	Statutory Provisions 1-3
Rule 1.04	Other Provisions 1-4
SECTION 2. NET-METERING REQUIREMENTS	
Rule 2.01	Electric Utility Requirements 2-1
Rule 2.02	Metering Requirements 2-1
Rule 2.03	Cost Recovery and New or Additional Charges 2-1
Rule 2.04	Billing for Net-Metering and Procedures for Revisions 2-1
Rule 2.05	Meter Aggregation 2-3
Rule 2.06	Legacy Status for Net-Metering Facilities.....2-4
Rule 2.07	Leases and Safe Harbor for Service Agreements 2-7
SECTION 3. INTERCONNECTION OF NET- METERING FACILITIES TO EXISTING ELECTRIC POWER SYSTEMS	
Rule 3.01	Requirements for Initial Interconnection of a Net-Metering Facility 3-1
Rule 3.02	Requirements for Modifications or Changes to a Net-Metering Facility 3-2
Rule 3.03	Requirements for Preliminary Interconnection Site Review Request 3-3
Rule 3.04	Requirements for Facilities Study and Facilities Agreement.....3-4
SECTION 4. STANDARD INTERCONNECTION AGREEMENT, PRELIMINARY INTERCONNECTION SITE REVIEW REQUEST, FACILITIES AGREEMENT, AND STANDARD NET- METERING TARIFFS FOR NET-METERING FACILITIES	
Rule 4.01	Standard Interconnection Agreement, Preliminary Interconnection Site Review Request, Facilities Agreement, and Standard Net-Metering Tariffs 4-1
Rule 4.02	Additional Filing and Reporting Requirements 4-1
SECTION 5. RULES TO GUARD AGAINST GAMING	
Rule 5.01	Gaming Defined 5-1
Rule 5.02	Gaming Prohibited 5-1
Rule 5.03	Penalties for Gaming 5-1

APPENDIX A

STANDARD INTERCONNECTION AGREEMENT FOR NET-METERING FACILITIES..... A-1

I. STANDARD INFORMATION A-1

II. INTERCONNECTION AGREEMENT TERMS AND CONDITIONS..... A-2

APPENDIX A-1

PRELIMINARY INTERCONNECTION SITE REVIEW REQUEST..... A1-1

I. STANDARD INFORMATION A1-1

II. TERMS AND CONDITIONS A1-2

APPENDIX B NET-METERING TARIFFS..... B-1

SECTION 1. GENERAL PROVISIONS

Rule 1.01 Definitions

The following definitions shall apply throughout the Net-Metering Rules (NMRs), and any references to the NMRs shall include these definitions, except as required by context or by Ark. Code Ann. § 23-18-604(c)(11)(A) as interpreted by the Commission in Docket No. 23-021-R:

(a) Additional Meter

A meter associated with the Net-Metering Customer's account to which the Net-Metering Customer may request an Electric Utility apply credit with Net Excess Generation or Net-Metering Surplus from the Net-Metering Customer's Generation Meter. Additional Meter(s): 1) shall be under common ownership within a single Electric Utility's service area; 2) shall be used to measure the Net-Metering Customer's requirements for electricity; 3) may be in a different class of service than the Generation Meter; 4) shall be assigned to one, and only one, Generation Meter; 5) shall not be a Generation Meter; and 6) shall not be associated with unmetered service.

(b) Annual Billing Cycle

The normal annual fiscal accounting period used by the Electric Utility.

(c) Avoided Cost

As defined in Ark. Code Ann. § 23-18-603(1).

(d) Billing Period

The billing period for net-metering will be the same as the billing period under the Net-Metering Customer's applicable standard rate schedule.

(e) Biomass Resource

A resource 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.

(f) Commission

The Arkansas Public Service Commission.

(g) Distribution Cooperative

A member-owned Electric Utility organized pursuant to the Electric Cooperative Corporation Act, Ark. Code Ann. §§ 23-18-301 *et seq.*, that purchases the wholesale electricity it distributes to its members from Arkansas Electric Cooperative Corporation.

(h) Electric Utility

As defined in Ark. Code Ann. § 23-18-603(3). Pursuant to Ark. Code Ann. § 23-18-604(e), a person who acts as a lessor or service provider as described in Ark. Code Ann. § 23-18-603(8)(A)(ii) or (iii) shall not be considered an Electric Utility.

(i) Energy Storage Device

A device that captures energy produced at one time, stores that energy for a period of time, and delivers that energy as electricity for use at a future time.

(j) Facilities Agreement

An agreement that provides the Net-Metering Customer a good faith estimate, based on the results of a Facilities Study, for the Net-Metering Customer's appropriate portion of the make-ready costs and associated expenses required to enable the Net-Metering Customer's use of the Electric Utility's facilities and to cover the direct costs of interconnection and any grid upgrades required to connect the Net-Metering Facility pursuant to Ark. Code Ann. § 23-18-604(c)(9)(B)(i) and (ii), including applicable costs of constructing the Electric Utility facilities necessary to interconnect a Net-Metering Facility as referred to in Ark. Code Ann. § 23-18-604(c)(11)(A)(ii).

(k) Facilities Study

A comprehensive engineering study conducted by an Electric Utility, detailing the electric system infrastructure and the impacts to the transmission and/or distribution systems that would result if a proposed interconnection request were connected without project modifications or electric system modifications. The purpose of a Facilities Study is to determine the required modifications to the Electric Utility's transmission and/or distribution system to mitigate any potential adverse system impacts, including the appropriate portion of the estimated make-ready costs and the approximate time required to build and install such modifications as necessary to accommodate an interconnection request.

(l) Fuel Cell Resource

A resource that converts the chemical energy of a fuel directly to direct current electricity without intermediate combustion or thermal cycles.

(m) Generation Meter

The meter associated with the Net-Metering Customer's account to which the Net-Metering Facility is physically attached.

(n) Geothermal Resource

A resource in which the prime mover is a steam turbine. The steam is generated in the earth by heat from the earth's magma.

(o) Hydroelectric Resource

A resource in which the prime mover is a water wheel. The water wheel is driven by falling water.

(p) Locational Marginal Price

Locational Marginal Price is a market-based pricing mechanism used in electricity markets to determine the cost of electricity at a specific location on the power grid. It reflects the cost of supplying electricity at a particular point, taking into account the cost of generation, transmission losses, and congestion on the power grid.

(q) Micro Turbine Resource

A resource that uses a small combustion turbine to produce electricity.

(r) Monthly Grid Charge

As defined in Ark. Code Ann, § 23-18-603(4).

(s) Net Excess Generation

As defined in Ark. Code Ann, § 23-18-603(6).

(t) Net Metering

As defined in Ark. Code Ann, § 23-18-603(7).

(u) Net-Metering Customer

As defined in Ark. Code Ann, § 23-18-603(8).

(1) Legacy Net-Metering Customer

A customer who submitted a Standard Interconnection Agreement for a particular Net-Metering Facility prior to March 13, 2023.

(2) Legacy-Transitional Net-Metering Customer

A customer who submitted a Standard Interconnection Agreement for a particular Net-Metering Facility on or after March 13, 2023, but whose Net-Metering Facility qualifies to remain under the rate structure, terms,

and conditions in effect before December 31, 2022, until June 1, 2040, pursuant to Ark. Code Ann. § 23-18-604(c)(11)(A).

(3) **Non-Legacy Net-Metering Customer**

A Net-Metering Customer whose Net-Metering Facility does not qualify to remain under the rate structure, terms, and conditions in effect before December 31, 2022, until June 1, 2040, pursuant to Ark. Code Ann. § 23-18-604(c)(11)(A).

(v) **Net-Metering Facility**

As defined in Ark. Code Ann, § 23-18-603(9).

(w) **Net-Metering Surplus**

As defined in Ark. Code Ann, § 23-18-603(10).

(x) **Parallel Operation**

(1) Parallel Operation with an Electric Utility's distribution facilities: The operation of a Net-Metering Facility in compliance with applicable safety standards and power generation limits under the Net-Metering Rules while the Net-Metering Facility is connected to the Electric Utility's distribution system.

(2) Parallel Operation with an Electric Utility's transmission facilities: The operation of a Net-Metering Facility in compliance with applicable safety standards and power generation limits under the Net-Metering Rules if an Electric Utility owns transmission facilities that will be impacted by a Net-Metering Facility.

(y) **Renewable Energy Credit**

As defined in Ark. Code Ann, § 23-18-603(11).

(z) **Residential Use**

Service provided under an Electric Utility's standard rate schedules applicable to residential service.

(aa) **Solar Resource**

A resource in which electricity is generated through the collection, transfer and/or storage of the sun's heat or light.

(bb) **Wind Resource**

A resource in which an electric generator is powered by a wind-driven turbine.

Rule 1.02 Purpose

The purpose of these Net-Metering Rules is to establish rules for net energy metering and interconnection.

Rule 1.03 Statutory Provisions

- A. These Rules are developed pursuant to the Cost Shifting Prevention Act of 2023 (Ark. Code Ann. §§ 23-18-601 *et seq.* as amended).
- B. These Rules are promulgated pursuant to the Commission's authority under Ark. Code Ann. §§ 23-2-301, 23-2-304(a)(3), 23-2-305, and 23-18-604(b)(1).
- C. Nothing in these Rules shall govern, limit, or restrict the Commission's authority under Ark. Code Ann. § 23-18-604.

Rule 1.04 Other Provisions

- A. These Rules apply to all Electric Utilities, as defined in these Rules, that are jurisdictional to the Commission.
- B. The Net-Metering Rules are not intended to, and do not affect or replace any Commission approved general service regulation, policy, procedure, rule, or service application of any utility which addresses items other than those covered in these Rules.
- C. Net-Metering Customers taking service under the provisions of the Net-Metering tariff may not simultaneously take service under the provisions of any other alternative source generation, cogeneration, or interruptible service tariffs except as provided in Ark. Code Ann. § 23-18-603(8)(B)(i) and (ii) and Ark. Code Ann. § 23-18-604(c)(11)(A).
- D. When calculating a Net-Metering Customer's "highest monthly usage" pursuant to Ark. Code Ann. § 23-18-603(9), an Electric Utility shall base its calculation upon the Net-Metering Customer's energy usage in kWh and shall establish the corresponding Net-Metering Facility size limitation as the Facility's estimated average output that would meet the Customer's usage in that same month of the year. The lesser of the limit based upon highest monthly usage or the statutory nameplate generating capacity will then apply.
- E. Electric Utilities shall not require Legacy Net-Metering Customers who submitted a Standard Interconnection Agreement for a particular Net-Metering Facility prior to March 13, 2023, to reduce the generating capacity of the individual Net-Metering Facility to meet the new generating capacity limits in Ark. Code Ann. § 23-18-603(9) that became effective on March 13, 2023.

- F. Electric Utilities shall not require Legacy Net-Metering Customers who submitted a Standard Interconnection Agreement for a particular Net-Metering Facility prior to March 13, 2023, to relocate any of their Net-Metering Facilities to meet the new limitations in Ark. Code Ann. § 23-18-603(9) on co-locating that became effective on March 13, 2023.**

SECTION 2. NET-METERING REQUIREMENTS

Rule 2.01 Electric Utility Requirements

- A. An Electric Utility shall allow Net-Metering Facilities of Legacy Net-Metering Customers and Legacy-Transitional Net-Metering Customers to be interconnected using a standard meter capable of registering the flow of electricity in two (2) directions. An Electric Utility shall not require Legacy Net-Metering Customers or Legacy-Transitional Net-Metering Customers to purchase or install a two-channel digital meter as a condition of continued net-metering service until June 1, 2040.
- B. An Electric Utility shall allow Net-Metering Facilities of Non-Legacy Net-Metering Customers to be interconnected using, at a minimum, a single standard two-channel digital meter capable of registering the flow of electricity in two (2) directions that separately measures the electric energy in kWh that is:
 - 1. Supplied by an Electric Utility to the Net-Metering Customer; and
 - 2. Generated by the Net-Metering Customer's Net-Metering Facility and fed back to an Electric Utility.

Rule 2.02 Metering Requirements

- A. Metering equipment shall be installed to both accurately measure the electricity supplied by the Electric Utility to each Net-Metering Customer and also to accurately measure the electricity generated by each Net-Metering Customer that is fed back to the Electric Utility over the applicable Billing Period. If nonstandard metering equipment is required, the customer is responsible for the cost differential between the required metering equipment and the utility's standard two-channel digital metering equipment for the customer's current rate schedule, as applicable pursuant to Rule 2.01.
- B. Accuracy requirements for a meter operating in both forward and reverse registration modes shall be as defined in the Commission's Special Rules - Electric. A test to determine compliance with this accuracy requirement 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.

Rule 2.03 Cost Recovery and New or Additional Charges

- A. Any new or additional charge which would increase a Net-Metering Customer's costs beyond those of other customers in the rate class shall be filed by the Electric Utility with the Commission for approval in its Net-Metering tariffs, including (but not limited to) the following:
 - 1. a charge to recover any cost of the standard two-channel digital meter that is not otherwise included in the rates paid by the Net-Metering Customer;

and

2. a standard one-time fee to recover administrative and related interconnection review costs.
- B. An Electric Utility may recover any Net-Metering Surplus or the dollar value of any Net-Excess Generation applied to the bills of Net-Metering Customers in the same manner that the Electric Utility recovers the cost of fuel and purchased energy.
- C. Each Electric Utility shall follow its Net-Metering tariff or other applicable rate schedules as approved by the Commission to ensure that each Net-Metering Customer pays either the entire costs of an Electric Utility's facilities and associated expenses or the appropriate portion of the costs and associated expenses required to:
1. Provide service to the Net-Metering Customer; and
 2. Enable the Net-Metering Customer's use of the Electric Utility facilities.

Rule 2.04 Billing for Net Metering

- A. Each Electric Utility shall elect in its standard Net-Metering tariff one of the rate structures outlined under Ark. Code. Ann. § 23-18-606.
- B. Each Electric Utility shall bill Net-Metering Customers under either of two different Net-Metering tariffs as outlined in the Appendix B standard Net-Metering tariffs:
1. For a Net-Metering Facility of a Net-Metering Customers which qualifies to remain under the rate structure, terms, and conditions in effect before December 31, 2022, until June 1, 2040, pursuant to Ark. Code Ann. § 23-18-604(c)(11)(A), Electric Utilities shall credit a Net-Metering Customer with the amount of any accumulated Net Excess Generation in the next applicable billing period and base the bill of the Net-Metering Customer on the net amount of electricity as measured in kilowatt hours that the Net-Metering Customer has received from or fed back to the Electric Utility during the billing period.
 2. For a Net-Metering Facility of a Net-Metering Customer which does not qualify to remain under the rate structure, terms, and conditions in effect before December 31, 2022, until June 1, 2040, pursuant to Ark. Code Ann. § 23-18-604(c)(11)(A), Electric Utilities shall bill a Net-Metering Customer under the alternative rate structure elected by the Electric Utility pursuant to Ark. Code. Ann. § 23-18-606.

- C. If the Net-Metering Customer has any accumulated Net-Metering Surplus or Net-Excess Generation during the applicable Billing Period:
1. The Net-Metering Surplus or Net Excess Generation shall first be credited to the Net-Metering Customer's Generation Meter.
 2. After application of subsection C.1. and upon request of the Net-Metering Customer pursuant to subsection D., any remaining Net-Metering Surplus or Net Excess Generation shall be credited to one or more of the Net-Metering Customer's Additional Meters in the rank order provided by the Net-Metering Customer.
 3. The Net-Metering Surplus or Net Excess Generation shall be credited as described in subsections C.1. and C.2. during subsequent Billing Periods. The amount of Net Excess Generation credits remaining in a Net-Metering Customer's account at the close of a Billing Period shall not expire and shall be carried forward to subsequent Billing Periods indefinitely.
 - a. For Net Excess Generation credits older than 24 months, a Legacy or Legacy-Transitional Net-Metering Customer may elect to have the Electric Utility purchase the Net Excess Generation Credits in the Legacy or Legacy-Transitional Net-Metering Customer's account at the Electric Utility's Avoided Cost if the sum to be paid to the Legacy or Legacy-Transitional Net-Metering Customer is at least \$100.
 - b. An Electric Utility shall purchase at the Electric Utility's Avoided Cost, any Net Excess Generation or Net-Metering Surplus credits remaining in a Net-Metering Customer's account when the Net-Metering Customer:
 - i. ceases to be a customer of the Electric Utility;
 - ii. ceases to operate the Net-Metering Facility; or
 - iii. transfers the Net-Metering Facility to another person.
- D. Upon request from a Net-Metering Customer, an Electric Utility must apply Net-Metering Surplus or Net Excess Generation to the Net-Metering Customer's Additional Meters provided that:
1. The Net-Metering Customer gives at least 30 days' notice to the Electric Utility of its request to apply Net-Metering Surplus or Net Excess Generation to the Additional Meter(s).
 2. The Additional Meter(s) must be identified at the time of the request.
 3. In the event that more than one of the Net-Metering Customer's

Additional Meters is identified, the Net-Metering Customer must designate the rank order for the Additional Meters to which Net-Metering Surplus or Net Excess Generation is to be applied. The Net-Metering Customer cannot designate the rank order more than once during the Annual Billing Cycle.

4. At the time an Electric Utility processes a request for applying any remaining Net-Metering Surplus or Net Excess Generation as a credit to one (1) or more of a Net-Metering Customer's meters in the rank order provided by the Net-Metering Customer pursuant to Ark. Code Ann. § 23-18-604(d), the Electric Utility shall synchronize the billing cycles of each Additional Meter with the Net-Metering Customer's Generation Meter.
 5. Billing and crediting for the Net-Metering Facilities and Additional Meters of Non-Legacy Net-Metering Customers shall comply with the requirements of Ark. Code Ann. § 23-18-604(d)(2)(A).
- E. Any Renewable Energy Credit may be retained, retired, or sold for the sole benefit of the Net-Metering Customer.

Rule 2.05 Meter Aggregation

- A. Except as provided in subsections (B) and (C) of this Rule 2.05, an Electric Utility shall separately meter, bill, and credit each Net-Metering Facility even if one (1) or more Net-Metering Facilities are under common ownership.
- B. Pursuant to Ark. Code Ann. § 23-18-604(d), at the Net-Metering Customer's discretion, an Electric Utility shall apply net-metering credits for Net-Metering Customers who are billed under Ark. Code Ann. § 23-18-606(a)(2)(A)-(G) or the Net-Metering Surplus for all other customers from a Net-Metering Customer's Net-Metering Facility to the bill for another meter location of the Net-Metering Customer if the Net-Metering Facility and the separate meter location are under common ownership of the same Net-Metering Customer within a single Electric Utility's allocated service territory, subject to the limitations and exceptions provided in Ark. Code Ann. 23-18-604(d) except as required by Ark. Code Ann. § 23-18-604(c)(11)(A), which does not impose those limitations on the Net-Metering Facilities of customers that meet its requirements (*i.e.*, Legacy and Legacy-Transitional Net-Metering Customers).
- C. A Net-Metering Customer seeking to aggregate multiple accounts under common ownership shall submit a request to the Electric Utility identifying the accounts that are under common ownership. The request shall include the following documents:
 1. Standard Application Form and Affidavit as approved by the Commission.
 2. Sworn Affidavit: The Net-Metering Customer shall submit a sworn affidavit by a person with personal knowledge affirming that the Net-

Metering Customer is in fact the legal owner or authorized representative responsible for paying the bill for all accounts listed in the application form.

Rule 2.06 Legacy Status for Net-Metering Facilities

- A. A Net-Metering Facility of a Net-Metering Customer shall remain under the rate structure terms, and conditions in effect before December 31, 2022, until June 1, 2040, if the Net-Metering Customer has qualified under Ark. Code Ann. § 23-18-604(c)(11)(A) by having done one of the following:
1. Submitted a Standard Interconnection Agreement to the Electric Utility before September 30, 2024;
 2. Submitted a Facilities Agreement or equivalent document to establish an account with an Electric Utility and paid all estimated make-ready costs of constructing the Electric Utility facilities necessary to interconnect the Net-Metering Facility before September 30, 2024; or
 3. Filed a complaint with the Commission addressing a disputed Facilities Agreement or equivalent document to establish an account with an Electric Utility after the presentation by the Electric Utility to the Net-Metering Customer of the Facilities Agreement and the required costs of constructing the facilities necessary to interconnect the Net-Metering Facility before September 30, 2024.
- B. For the purpose of a Net-Metering Facility qualifying for legacy-transitional status under Rule 2.06(A)(2), a Net-Metering Customer will be deemed to have paid “all costs of constructing Electric Utility Facilities necessary to interconnect the Net-Metering Facility before September 30, 2024” if prior to September 30, 2024, the Net-Metering Customer has paid all estimated make-ready costs as designated in the Facilities Agreement presented to the Net-Metering Customer by an Electric Utility. If the Electric Utility adjusts the make-ready cost estimate for the Facilities Agreement based on actual make-ready costs incurred and requests the Net-Metering Customer to pay those additional costs subsequent to the initial presentation of the Facilities Agreement, such subsequent cost adjustment shall be paid by the Net-Metering Customer but shall not defeat the Net-Metering Customer’s qualification for legacy status under Rule 2.06(A).
- C. A Net-Metering Facility may be upgraded by adding a material increase in nameplate generating capacity and retain legacy-transitional status so long as the Net-Metering Facility still meets the statutory definition under Ark. Code Ann. § 23-18-603(9) and meets the requirements of Ark. Code Ann. § 23-18-604(c)(11)(A). If a Net-Metering Facility adds a material increase in generating capacity after March 13, 2023, that does not meet the requirements of Ark. Code Ann. § 23-18-603(9) and Ark. Code Ann. § 23-18-604(c)(11)(A), the new and additional capacity will not qualify for legacy-transitional status and thus shall be billed pursuant to one (1) of the rate structures established in Ark. Code Ann. § 23-18-606. However, the addition of Non-Legacy generating capacity to a

Legacy-Transitional Net-Metering Facility will not result in the revocation of Legacy Net-Metering status for any portion of the Net-Metering Facility previously qualified for such status.

- D. For the date of eligibility for legacy status to be established under Rule 2.06(A) and Ark. Code Ann. § 23-18-604(c)(11)(A):
 - 1. The Electric Utility need not have approved and signed the Standard Interconnection Agreement or Facilities Agreement; and
 - 2. Section 5. Certification of the Standard Interconnection Agreement need not be completed.
- E. The legacy status period shall attach to the Net-Metering Facility on the premises rather than the Net-Metering Customer.
- F. If the Net-Metering Customer sells a premises with a Net-Metering Facility, the Standard Interconnection Agreement and Facilities Agreement may be transferred to the new Net-Metering Customer and the legacy status period shall continue until June 1, 2040.
- G. A Net-Metering Customer may not transfer a Net-Metering Facility to a new premises or location and continue to operate under the legacy status period.
- H. Maintenance and repair of existing Net-Metering Facilities, including replacement of system parts with newer technology after September 30, 2024, shall not be a triggering event which ends the legacy status period, even if the modifications marginally increase system output due to increases in efficiency and new technology, so long as such maintenance and repair does not materially increase the generating capacity of the Net-Metering Facility.
- I. A Net-Metering Facility qualifying for legacy status under this Rule remains subject to any other change or modification in rates, terms, or conditions approved by the Commission.

Rule 2.07 Leases and Safe Harbor for Service Agreements

- A. A Net-Metering Customer entering into a lease for a Net-Metering Facility shall provide to the Electric Utility a standard Notice and Affidavit approved by the Commission to the Electric Utility certifying that the lease is in compliance with all Commission Rules and Ark. Code Ann. § 23-18-603(9)(A)(ii).
- B. A Net-Metering Customer entering into a service agreement for a Net-Metering Facility who is relying on Ark. Code Ann. § 23-18-603(9)(A) to qualify for net metering shall submit a standard Notice and Affidavit approved by the Commission to the Electric Utility certifying that the customer qualifies for safe-harbor protection as provided by Ark. Code Ann. § 23-18-603(9)(A)(iii)(a) and

26 U.S.C. § 7701(e)(3)(A) and that the service agreement is in compliance with all Commission Rules.

- C. Disputes over compliance with Subsection (A) or (B) above shall be submitted to Staff for review and attempted resolution. Thereafter, a Net-Metering Customer or Electric Utility that disagrees with Staff's resolution may petition the Commission to resolve the dispute. Electric Utilities shall presume that any person who submits a completed Notice and Affidavit form is in compliance with the Commission's Rules and the provisions under Ark. Code Ann. § 23-18-603(9) until the Commission makes a finding otherwise.

Rule 2.08 Annual Avoided-Cost Redetermination

- A. If an Electric Utility elects to use the rate structure outlined in Ark. Code Ann. § 23-18-606(a)(1), the Electric Utility shall file any needed revisions to its Net-Metering tariff on or before February 1 of each calendar year, to become effective on March 1 of the same year, updating the Avoided Cost to reflect the twelve-month average for the prior calendar year of the applicable Locational Marginal Price associated with the Electric Utility's load zone in the Midcontinent Independent System Operator (MISO) or Southwest Power Pool (SPP) Independent System Operator Market.
- B. The Electric Utility shall use the historic hourly average real-time Locational Marginal Price for the prior calendar year for the purpose of calculating the annual Avoided Cost rate updates in its Net-Metering tariff. Any Electric Utility whose load zone encompasses both MISO and SPP shall use a blended rate to calculate the Avoided Cost. A Distribution Cooperative shall use the Avoided Cost rate based on the load zones applicable to the wholesale power it purchases as calculated by Arkansas Electric Cooperative Corporation.

SECTION 3. INTERCONNECTION OF NET- METERING FACILITIES TO EXISTING ELECTRIC POWER SYSTEMS

Rule 3.01 Requirements for Initial Interconnection of a Net-Metering Facility

- A. A Net-Metering Customer and owner of the Net-Metering Facility, if different, shall execute a Standard Interconnection Agreement for Net-Metering Facilities (Appendix A) prior to interconnection with the Electric Utility's facilities.
- B. A Net-Metering Facility shall be capable of operating in parallel and safely commencing the delivery of power into the utility system at a single point of interconnection. To prevent a Net-Metering Facility from back-feeding a de-energized line, a Net-Metering Facility shall have a visibly open, lockable, manual disconnect switch which is accessible by the Electric Utility and clearly labeled.
- C. The Net-Metering Customer and owner of the Net-Metering Facility, if different, shall submit a Standard Interconnection Agreement to the Electric Utility at least thirty (30) days prior to the date the Net-Metering Customer intends to interconnect the Net-Metering Facilities to the Electric Utility's facilities. Part I, Standard Information, Sections 1 through 5 of the Standard Interconnection Agreement must be completed by the Net-Metering Customer and Owner (if different from Customer) for the notification to be valid. The Net-Metering Customer shall have all equipment necessary to complete the interconnection prior to such notification. If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection Agreement. The Electric Utility shall provide a copy of the Standard Interconnection Agreement to the Net-Metering Customer upon request.
- D. Following notification by the Net-Metering Customer or owner as specified in Rule 3.01.C., the Electric Utility shall review the plans for the facility and provide the results of its review to the Net-Metering Customer, in writing, within 30 calendar 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.
- E. The Net-Metering Facility, at the Net-Metering Customer's expense, shall meet safety and performance standards 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).
- F. The Net-Metering Facility, at the Net-Metering Customer's expense, shall meet all safety and performance standards adopted by the Electric Utility and filed with and approved by the Commission pursuant to these Rules that are necessary to assure safe and reliable operation of the Net-Metering Facility to the Electric Utility's system.

- G. If the Electric Utility's existing facilities are not adequate to interconnect with the Net-Metering Facility, the Net-Metering Customer shall pay the cost of additional or reconfigured facilities prior to the installation or reconfiguration of the facilities.
- H. Pursuant to Ark. Code Ann. § 23-18-603(9)(D), if an Electric Utility owns transmission facilities that will be impacted by a Net-Metering Facility, a Net-Metering Customer must obtain an Electric Utility's permission to operate its facilities in parallel with the Electric Utility's transmission facilities.

Rule 3.02 Requirements for Modifications or Changes to a Net-Metering Facility

- A. Prior to being made, the Net-Metering Customer or owner of the Net-Metering Facility shall notify the Electric Utility of, and the Electric Utility shall evaluate, any modifications or changes to the Net-Metering Facility described in Part I, Standard Information, Section 2 of the Standard Interconnection Agreement for Net-Metering Facilities. The notice provided by the Net-Metering Customer or owner of the Net-Metering Facility shall provide detailed information describing the modifications or changes to the Electric Utility in writing, including a revised Standard Interconnection Agreement for Net-Metering Facilities that clearly identifies the changes to be made. The utility shall review the proposed changes to the facility and provide the results of its evaluation to the customer, in writing, within thirty (30) days of receipt of the customer's 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.
- B. If the Net-Metering Customer or owner of the Net-Metering Facility makes such modification without the Electric Utility's prior written authorization and the execution of a new Standard Interconnection Agreement, the Electric Utility shall have the right to suspend Net-Metering service pursuant to the procedures in Section 6 of the Commission's General Service Rules.
- C. A Net-Metering Facility shall not be modified or changed to generate electrical energy in excess of the amount necessary to offset all of the Net-Metering Customer requirements for electricity.
- D. If a Net-Metering Customer proposes a modification or upgrade to a Net-Metering Facility that has previously qualified for Legacy or Legacy-Transitional status, an Electric Utility may only require the Net-Metering Customer to submit a new Standard Interconnection Agreement for the modification or upgrade if the customer is proposing a material increase in nameplate generating capacity.

Rule 3.03 Requirements for Preliminary Interconnection Site Review Request

- A. For the purpose of requesting that the Electric Utility conduct a preliminary

interconnection site review for a proposed Net-Metering Facility to determine the Net-Metering Facility's impact to the Electric Utility's grid through technical review and if additional site screening may be required to determine the applicable interconnection costs prior to interconnection of the Net-Metering Facility, the Net-Metering Customer may notify the Electric Utility by submitting a completed Preliminary Interconnection Site Review Request. The Net-Metering Customer shall submit a separate Preliminary Interconnection Site Review Request for each point of interconnection if information about multiple points of interconnection is requested. Each Preliminary Interconnection Site Review Request will be considered separately and in the order in which received. Part 1, Standard Information, Sections 1 through 4 of the Preliminary Interconnection Site Review Request must be completed for the notification to be valid. If mailed, the date of notification shall be the third day following the mailing of the Preliminary Interconnection Site Review Request. The Electric Utility shall provide a copy of the Preliminary Interconnection Site Review Request to the Net-Metering Customer upon request.

- B. Following notification by the Net-Metering Customer as specified in Rule 3.03.A., the Electric Utility shall review the plans of the facility interconnection and provide the results of its review to the Net-Metering Customer, in writing, within 30 calendar days. If the Net-Metering Customer requests that multiple interconnection site reviews be conducted the Electric Utility shall make reasonable efforts to provide the Net-Metering Customer with the results of the review within 30 calendar days. If the Electric Utility cannot meet the deadline, it shall provide the Net-Metering Customer with an estimated date by which it will complete the review. The Net-Metering Customer may request parallel processing of multiple reviews but must pay actual costs of conducting the review and any subsequent costs associated with site screening that may be required under Rule 3.03.C. In such event, the Electric Utility shall respond to the request and shall process and present the results of the multiple reviews within a reasonable time, not to exceed ninety (90) 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.
- C. The preliminary interconnection site review is non-binding and need only include existing data and does not require the Electric Utility to conduct a study or other analysis of the proposed interconnection site in the event that data is not readily available. The Electric Utility shall notify the Net-Metering Customer if additional site screening may be required prior to interconnection of the facility. The Net-Metering Customer shall be responsible for the actual costs of conducting the preliminary interconnection site review and any subsequent costs associated with site screening that may be required.
- D. The preliminary interconnection site review does not relieve the Net-Metering Customer of the requirement to execute a Standard Interconnection Agreement

prior to interconnection of the facility. The preliminary interconnection site review process is optional for a Net-Metering Customer and may be used to determine the Net-Metering Facility's impact to the Electric Utility's grid through technical review and if additional site screening may be required to determine the appropriate portion of the costs and associated expenses required to provide service to the Net-Metering Customer and enable the Net-Metering Customer's use of the Electric Utility's facilities prior to installing a Net-Metering Facility. A Net-Metering Customer may choose to proceed with installing a Net-Metering Facility and submitting a Standard Interconnection Agreement without going through the preliminary interconnection site review process. Regardless of whether a Net-Metering Customer submits a Preliminary Interconnection Site Review Request, the Net-Metering Customer is responsible for its appropriate portion of any required interconnection costs.

- E. An Electric Utility may charge a Net-Metering Customer a Commission-approved standard one-time fee for each Preliminary Interconnection Site Review Request submitted or at the time of interconnection after executing a Standard Interconnection Agreement to recover administrative and related interconnection review costs pursuant to Ark. Code Ann. § 23-18-604 (9)(A), as filed in its Net-Metering tariff.

Rule 3.04 Requirements for Facilities Study and Facilities Agreement

- A. A Net-Metering Customer may request that the Electric Utility conduct a Facilities Study for the purpose of determining any applicable costs of constructing Electric Utility facilities necessary to mitigate any potential adverse system impacts and interconnect a Net-Metering Facility pursuant to Ark. Code Ann. § 23-18-604(c)(11)(A)(ii). The Facilities Study request should be made in writing but does not have to be made on any particular form unless the Electric Utility has an approved request form approved as part of its Net-Metering tariff.
- B. The Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement, construction work (including protection), and any additional requirements needed to implement system upgrades and interconnection facilities necessary to safely interconnect a Net-Metering Facility to the Electric Utility's system pursuant to Ark. Code Ann. §23-18-604(c)(9)(B)(i) and (ii). The Facilities Agreement shall reflect that estimate as part of its terms when presented to the Net-Metering Customer.
- C. An Electric Utility may charge a Net-Metering Customer a deposit for each Facilities Study to recover estimated interconnection study costs pursuant to Ark. Code Ann. § 23-18-604(c)(9)(B), as filed in its standard Net-Metering tariff. Any portion of the deposit not actually incurred by the Electric Utility as a result of the study shall be promptly returned to the Net-Metering Customer, or credited towards the facility costs established by the Facilities Agreement for the Net-Metering Facility.
- D. Each Electric Utility shall file with its Net-Metering tariff for Commission

approval its standard Facilities Agreement.

- E. Following the completion of a Facilities Study, if a Net-Metering Customer elects to proceed with interconnection, the Net-Metering Customer shall execute a standard Facilities Agreement in the form filed with the Electric Utility's Net-Metering tariff and approved by the Commission.
- F. The Facilities Agreement shall specify the Net-Metering Customer's appropriate portion of the estimated costs required to provide interconnection service to the Net-Metering Facility pursuant to Ark. Code Ann. § 23-18-604(c)(9)(B), including the Net-Metering Customer's appropriate portion of any costs of constructing the Electric Utility facilities necessary to interconnect a Net-Metering Facility, as determined by the Facilities Study.
- G. **Deadlines for Electric Utilities:** An Electric Utility shall use reasonable efforts to complete a Facilities Study within 120 days. If a Facilities Study will take more than 120 days, an Electric Utility shall notify the customer in writing that the review cannot be completed in 120 days and provide an alternate schedule. An Electric Utility shall not unreasonably delay providing the results of a Facilities Study and corresponding Facilities Agreement.
- H. In the event that an Electric Utility is not able to provide final interconnection costs within the deadlines outlined in Rule 3.04(G) above, the Electric Utility shall provide a good faith estimate of the appropriate portion of the costs and associated expenses required to (i) provide service to the Net-Metering Customer and (ii) enable the Net-Metering Customer's use of the Electric Utility's Facilities, including any applicable costs of constructing the Electric Utility facilities necessary to interconnect a Net-Metering Facility pursuant to Ark. Code Ann. § 23-18-604(c)(11)(A)(ii). If the Net-Metering Customer and Electric Utility proceed with executing the Facilities Agreement based on a good faith estimate, the Electric Utility shall credit or charge the Net-Metering Customer for any difference between the estimate and actual costs once the final appropriate costs are determined.

**SECTION 4. STANDARD INTERCONNECTION AGREEMENT,
PRELIMINARY INTERCONNECTION SITE REVIEW REQUEST,
FACILITIES AGREEMENT, AND STANDARD NET-METERING TARIFFS
FOR NET-METERING FACILITIES**

Rule 4.01 Standard Interconnection Agreement, Preliminary Interconnection Site Review Request, Facilities Agreement, and Standard Net-Metering Tariffs

Each Electric Utility shall file, for approval by the Commission, the Standard Interconnection Agreement for Net-Metering Facilities (Appendix A), the Preliminary Interconnection Site Review Request (Appendix A-1), its standard Facilities Agreement (Appendix A-2), and two Net-Metering Tariffs (Legacy and Non-Legacy) in standard tariff format (Appendix B).

- A. Facilities Agreement: Each Electric Utility shall file with its Net-Metering Tariff as Appendix A-2 its standard Facilities Agreement.
- B. Standard Net-Metering tariffs: Each Electric Utility shall file the following Net-Metering tariffs:
 - 1. A Legacy Net-Metering tariff applicable to the Net-Metering Facilities of Net-Metering Customers who qualify for legacy status pursuant to Rule 2.06; and
 - 2. A Non-Legacy Net-Metering tariff applicable to the Net-Metering Facilities of Net-Metering Customers who do not qualify for legacy status pursuant to Rule 2.06.

When filing its Net-Metering tariffs for Commission approval, an Electric Utility may propose deviations to the standard Net-Metering tariffs, including Appendices, for the Commission's consideration. Any Electric Utility which requests a deviation from the standard Net-Metering tariffs shall specifically identify the requested deviation(s) and file supporting testimony pursuant to the Commission's *Rules of Practice and Procedure*, demonstrating good cause and public interest for the proposed deviation .

Rule 4.02 Additional Filing and Reporting Requirements

Each Electric Utility shall file in Docket No. 06-105-U by March 15 of each year, a report individually listing each Net-Metering Facility, the type of resource (Solar, Wind, Storage, etc.), its use (by specific rate class(es), generator capacity rating, inverter capacity rating, and if the Net-Metering Facility is associated with Additional Meters (Yes or No), as of the end of the previous calendar year. The annual report shall be provided in spreadsheet format.

SECTION 5. RULES TO GUARD AGAINST GAMING

Rule 5.01 Gaming Defined

Gaming is defined as manipulating, misrepresenting, or otherwise configuring a Net-Metering Facility or Facilities in a manner that is intended to result in, or that actually results in, the avoidance of statutory or Commission limits or rules.

Gaming of the Net-Metering Rules includes, but is not limited to, the following actions:

- A. Adding additional capacity to an existing Net-Metering Facility without complying with Rule 3.02; and
- B. Unauthorized interconnections.

Rule 5.02 Gaming Prohibited

Gaming of the Net-Metering Rules is prohibited.

Rule 5.03 Penalties for Gaming

Any Net-Metering Customer found to be engaged in activity considered to be gaming under the Net-metering Rules may have its qualification as a Net-Metering Customer suspended or terminated by the Commission following notice and opportunity for hearing.

APPENDIX A

STANDARD INTERCONNECTION AGREEMENT FOR NET-METERING FACILITIES

I. STANDARD INFORMATION

Section 1. Customer Information

Name: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
E-mail Address: _____
Facility Location (if different from above): _____
Daytime Phone: _____ Evening Phone: _____
Utility Customer Account Number (from electric bill) to which the Net-Metering Facility is physically attached: _____
Type of Facility (circle one)
Customer-owned _____ Leased _____ Service Agreement _____

Section 2. Owner Information (if different from Customer)

Name: _____
Contact Person: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Daytime Phone: _____ Evening Phone: _____
E-Mail Address: _____ Fax: _____

Section 3. Generation Facility Information

System Type: Solar Wind Hydro Geothermal Biomass Fuel Cell
Micro turbine Energy Storage Device (circle all that apply)
Generator Rating (kW): _____ DC
Inverter Rating (kW): _____ AC

Describe Location of Accessible and Lockable Disconnect: _____

Inverter Manufacturer: _____ Inverter Model: _____
Inverter Location: _____ Inverter Power Rating: _____

Expected Capacity Factor: _____
Expected annual production of electrical energy (kWh) calculated using industry recognized simulation model (PVWatts, etc.): _____

Section 4. Installation Information

Attach a detailed electrical diagram of the Net-Metering Facility.

Installed by: _____

Qualifications/Credentials: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Daytime Phone: _____ Installation Date: _____

Section 5. Certification

The system has been installed in compliance with national electric 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 (if applicable) the local Building/Electrical Code of _____ (City/County)

Signed (Inspector): _____ Date: _____

(In lieu of signature of inspector, a copy of the final inspection certificate may be attached.)

The system has been installed to my satisfaction and I have been given system warranty information and an operation manual, and have been instructed in the operation of the system.

Signed (Net Metering Customer): _____ Date: _____

Signed (Owner if different from Customer): _____ Date: _____

Section 6. Utility Verification and Approval

Facility Interconnection Approved: _____ Date: _____

Metering Facility Verification by: _____ Verification Date: _____

Utility's e-mail address: _____

II. INTERCONNECTION AGREEMENT TERMS AND CONDITIONS

This Interconnection Agreement for Net-Metering Facilities ("Agreement") is made and entered into this _____ day of _____, 20_____, by _____ ("Electric Utility") and _____ ("Customer"), a _____ (specify whether corporation or other) and _____ ("Owner"), a _____ (specify whether corporation or other), each hereinafter sometimes referred to individually as "Party" or collectively as the "Parties." In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Section 1. The Net-Metering Facility

The Net-Metering Facility meets the requirements of Ark. Code Ann. § 23-18-603(10) and the Arkansas Public Service Commission's *Net-Metering Rules*.

Section 2. Governing Provisions

The Parties shall be subject to the applicable provisions of Ark. Code Ann. § 23-18-601, *et seq.* and the terms and conditions set forth in this Agreement, the Commission's *Net-Metering Rules*, the Commission's *General Service Rules*, and the Electric Utility's applicable tariffs.

Section 3. Interruption or Reduction of Deliveries

The Electric Utility shall not be obligated to accept and may require Customer to interrupt or reduce deliveries when necessary in order to construct, install, repair, replace, remove, investigate, or inspect any of its equipment or part of its system; or if it reasonably determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices. Whenever possible, the Utility shall give the Customer reasonable notice of the possibility that interruption or reduction of deliveries may be required. Notwithstanding any other provision of this Agreement, if at any time the Utility reasonably determines that either the facility may endanger the Electric Utility's personnel or other persons or property, or the continued operation of the Customer's facility may endanger the integrity or safety of the Utility's electric system, the Electric Utility shall have the right to disconnect and lock out the Customer's facility from the Electric Utility's electric system. The Customer's facility shall remain disconnected until such time as the Electric Utility is reasonably satisfied that the conditions referenced in this Section have been corrected.

Section 4. Interconnection

Customer shall deliver the as-available energy to the Electric Utility at the Electric Utility's meter.

Electric Utility shall furnish and install a standard kilowatt hour meter for Legacy-Transitional Net-Metering Customers or a single standard two-channel digital hour meter for Non-Legacy Net-Metering Customers. Customer shall provide and install a meter socket for the Electric Utility's meter and any related interconnection equipment per the Electric Utility's technical requirements, including safety and performance standards.

The Net-Metering Customer and Owner of the Net-Metering Facility, if different, shall

submit a Standard Interconnection Agreement to the Electric Utility at least thirty (30) days prior to the date the Customer intends to interconnect the Net-Metering Facilities to the utility's facilities. Part I, Standard Information, Sections 1 through 5 of the Standard Interconnection Agreement must be completed by the Net-Metering Customer and Owner (if different from Customer), for the notification to be valid. The Customer shall have all equipment necessary to complete the interconnection prior to such notification. If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection Agreement. The Electric Utility shall provide a copy of the Standard Interconnection Agreement to the Customer upon request.

Following submission of the Standard Interconnection Agreement by the Customer, the utility shall review the plans of the facility and provide the results of its review to the Customer, in writing, within 30 calendar days. 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.

If the Electric Utility's existing facilities are not adequate to interconnect with the Net-Metering Facility, the Customer shall pay the cost of additional or reconfigured facilities prior to the installation or reconfiguration of the facilities.

To prevent a Net-Metering Facility from back-feeding a de-energized line, the Customer shall install a manual disconnect switch with lockout capability that is accessible to utility personnel at all hours.

Customer, at Customer's expense, shall meet all safety and performance standards 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).

Customer, at Customer's expense, shall meet all safety and performance standards adopted by the utility and filed with and approved by the Commission that are necessary to assure safe and reliable operation of the Net Metering Facility to the utility's system.

Customer shall not commence Parallel Operation of the Net-Metering Facility until the Net Metering Facility has been inspected and approved by the Electric Utility. Such approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Electric Utility's approval to operate the Customer's Net-Metering Facility in parallel with the Utility's electrical system should not be construed as an endorsement, confirmation, warranty, guarantee, or representation concerning the safety, operating characteristics, durability, or reliability of the Customer's Net-Metering Facility.

Section 5. Modifications or Changes to the Net-Metering Facility Described in Part 1, Section 2

Prior to being made, the Customer shall notify the Electric Utility of, and the Electric Utility shall evaluate, any modifications or changes to the Net-Metering Facility described in Part 1, Standard Information, Section 2 of the Standard Interconnection

Agreement for Net-Metering Facilities, in compliance with the Commission's Net-Metering Rules and the Electric Utility's tariffs.

If the Customer makes such modification without the Electric Utility's prior written authorization and the execution of a new Standard Interconnection Agreement, the Electric Utility shall have the right to suspend Net-Metering service pursuant to the procedures in Section 6 of the Commission's *General Service Rules*.

A Net-Metering Facility shall not be modified or changed to generate electrical energy in excess of the amount necessary to offset all of the Net-Metering Customer requirements for electricity.

Section 6. Maintenance and Permits

The Customer shall obtain any governmental authorizations and permits required for the construction and operation of the Net-Metering Facility and interconnection facilities. The Customer shall maintain the Net-Metering Facility and interconnection facilities in a safe and reliable manner and in conformance with all applicable laws and regulations.

Section 7. Access to Premises

The Electric Utility may enter the Customer's premises to inspect the Customer's protective devices and read or test the meter. The Electric Utility may disconnect the interconnection facilities without notice if the Electric Utility reasonably believes a hazardous condition exists and such immediate action is necessary to protect persons, or the Electric Utility's facilities, or property of others from damage or interference caused by the Customer's facilities, or lack of properly operating protective devices.

Section 8. Indemnity and Liability

The following is Applicable to Agreements between the Electric Utility and to all Customers and Owners except the State of Arkansas and any entities thereof, local governments, and federal agencies:

Each Party shall indemnify the other Party, its directors, officers, agents, and employees against all loss, damages, expense and liability to third persons for injury to or death of persons or injury to property caused by the indemnifying party's engineering, design, construction, ownership, maintenance or operations of, or the making of replacements, additions or betterment to, or by failure of, any of such Party's works or facilities used in connection with this Agreement by reason of omission or negligence, whether active or passive. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall pay all costs that may be incurred by the other Party in enforcing this indemnity. It is the intent of the Parties hereto that, where negligence is determined to be contributory, principles of comparative negligence will be followed and each Party shall bear the proportionate cost of any loss, damage, expense and liability attributable to that Party's negligence. Nothing in this paragraph shall be applicable to the Parties in any agreement entered into with the State of Arkansas or any entities thereof, or with local governmental entities or federal agencies. Furthermore, nothing in this Agreement shall be construed to waive the sovereign immunity of the State of Arkansas or any entities thereof. The Arkansas State Claims Commission has exclusive jurisdiction over claims against the state.

Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to or any liability to any person not a Party to this Agreement. Neither the Electric Utility, its officers, agents or employees shall be liable for any claims, demands, costs, losses, causes of action, or any other liability of any nature or kind, arising out of the engineering, design, construction, ownership, maintenance or operation of, or the making of replacements, additions or betterment to, or by failure of, the Customer's facilities by the Customer or any other person or entity.

Section 9. Notices

The Net-Metering Customer shall notify the Electric Utility of any changes in the information provided herein.

All written notices shall be directed as follows:

Attention:

[Electric Utility Agent or Representative] _____

[Electric Utility Name and Address] _____

[Electric Utility Email Address] _____

Attention:

[Customer]

Name: _____

Address: _____

City: _____

Email: _____

Customer notices to Electric Utility shall refer to the Customer's electric service account number set forth in Section 1 of this Agreement.

Section 10. Term of Agreement

The term of this Agreement shall be the same as the term of the otherwise applicable standard rate schedule. This Agreement shall remain in effect until modified or terminated in accordance with its terms or applicable regulations or laws.

Section 11. Assignment

This Agreement and all provisions hereof shall inure to and be binding upon the respective Parties hereto, their personal representatives, heirs, successors, and assigns. The Customer and/or Owner shall notify the Electric Utility if this Agreement is assigned to a new Net-Metering Customer pursuant to Rule 2.06(F).

Section 12. Net-Metering Customer and Owner Certification

I hereby certify that all of the information provided in this Agreement is true and correct, to the best of my knowledge, and that I have read and understand the Terms and Conditions of this Agreement.

Signature (Customer): _____ Date: _____

Signature (Owner if different from Customer): _____ Date: _____

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

Dated this _____ day of _____, 20__.

Customer:

By: _____

Title: _____

Mailing Address:

E-mail Address:

Electric Utility:

By: _____

Title: _____

Mailing Address:

E-mail Address:

Third-Party Owner (if applicable):

By: _____

Title: _____

Mailing Address:

Email Address:

STANDARD INTERCONNECTION AGREEMENT FOR NET-METERING FACILITIES

Disclaimer

POSSIBLE FUTURE RULES OR RATE CHANGES, OR BOTH AFFECTING YOUR NET-METERING FACILITY

The following is a supplement to the Interconnection Agreement you signed with _____ [Electric Utility].

1. Electricity rates, basic charges, and service fees, set by [Electric Utility] and approved by the Arkansas Public Service Commission (Commission), are subject to change.
2. I understand that I will be responsible for paying any future increases to my electricity rates, basic charges, or service fees from [Electric Utility].
3. My Net-Metering System is subject to the current rates of [Electric Utility], and the rules and regulations of the Commission. The [Electric Utility] may change its rates in the future with approval of the Commission or the Commission may alter its rules and regulations, or both may happen. If either or both occurs, my system will be subject to those changes.

By signing below, you acknowledge that you have read and understand the above disclaimer.

Name (printed)

Signature (Customer)

Date

APPENDIX A-1

PRELIMINARY INTERCONNECTION SITE REVIEW REQUEST

I. STANDARD INFORMATION

Section 1. Customer Information

Name: _____
Contact Person: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Facility Location (if different from above): _____
Daytime Phone: _____ Evening Phone: _____
E-Mail Address: _____ If the requested point of interconnection is the same as an existing electric service, provide the electric service account number: _____ Additional Customer Accounts (from electric bill) to be credited with Net Excess Generation: _____
_____ Annual Energy Requirements (kWh) in the previous twelve (12) months for the account physically attached to the Net-Metering Facility and for any additional accounts listed (in the absence of historical data reasonable estimates for the class and character of service may be made): _____

Type of Facility (circle one)

Customer-owned _____ Leased _____ Service Agreement _____

Section 2. Owner Information (if different from customer information)

Name: _____
Contact Person: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Daytime Phone: _____ Evening Phone: _____
E-Mail Address: _____

Section 3. Generation Facility Information

System Type: Solar Wind Hydro Geothermal Biomass Fuel Cell
Micro Turbine Energy Storage Device (circle all that apply)
Generator Rating (kW): _____ DC
Inverter Rating (kW): _____ AC
Capacity Factor: _____
Expected annual production of electrical energy (kWh) of the facility calculated using industry recognized simulation model (PVWatts, etc): _____

Section 4. Interconnection Information

Attach a detailed electrical diagram showing the configuration of all generating facility equipment, including protection and control schemes.
Requested Point of Interconnection: _____

Customer-Site Load (kW) at Net-Metering Facility location (if none, so state):

Interconnection Request: Single Phase: _____ Three Phase: _____

Section 5. Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Preliminary Interconnection Site Review is true and correct.

Net-Metering Customer Signature: _____ Date: _____

Owner Signature (if different from Customer): _____ Date: _____

II. TERMS AND CONDITIONS

Section 1. Requirements for Request

For the purpose of requesting that the Electric Utility conduct a preliminary interconnection site review for a proposed Net-Metering Facility if requested by the Customer, the Customer shall notify the Electric Utility by submitting a completed Preliminary Interconnection Site Review Request. The Customer shall submit a separate Preliminary Interconnection Site Review Request for each point of interconnection if information about multiple points of interconnection is requested. Part 1, Standard Information, Sections 1 through 4 of the Preliminary Interconnection Site Review Request must be completed for the notification to be valid. If mailed, the date of notification shall be the third day following the mailing of the Preliminary Interconnection Site Review Request. The Electric Utility shall provide a copy of the Preliminary Interconnection Site Review Request to the Customer upon request.

Section 2. Utility Review

Following submission of the Preliminary Interconnection Site Review Request by the Customer the Electric Utility shall review the plans of the facility interconnection and provide the results of its review to the Customer, in writing, within 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 review within 30 calendar days. If the Electric Utility cannot meet the deadline, it shall provide the Customer with an estimated date by which it will complete the review. 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.

The preliminary interconnection site review is non-binding and need only include existing data and does not require the Electric Utility to conduct a study or other analysis of the proposed interconnection site in the event that data is not readily available. The Electric Utility shall notify the Customer if additional site screening may be required prior to interconnection of the facility. The Customer shall be responsible for the actual costs for conducting the preliminary interconnection site review and any subsequent costs associated with site screening that may be required.

Section 3. Standard Interconnection Agreement

The preliminary interconnection site review does not relieve the Customer of the requirement to execute a Standard Interconnection Agreement prior to interconnection of the facility.

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	PSC File Mark Only
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: LEGACY NET-METERING		

X. LEGACY NET-METERING

X.1. DEFINITIONS

X.1.1. **Legacy Net-Metering Customer** – A customer who meets either the definition of Legacy Net-Metering Customer or Legacy-Transitional Net-Metering Customer as defined in the Net-Metering Rules.

X.1.2 **Legacy Net-Metering Facility** – A Net-Metering Facility meeting the requirements of Ark. Code Ann. § 23-18-603, as in effect on March 12, 2023 (*i.e.*, before the effective date of Act 278 of 2023).

X.1.3 **Legacy-Transitional Net-Metering Facility** – A Net-Metering Facility meeting the requirements of Ark. Code Ann. § 23-18-603, as in effect on March 13, 2023 (*i.e.*, the effective date of Act 278 of 2023).

X.1.4 All other terms are as defined in Ark. Code Ann. § 23-18-603, except as required by context or by Ark. Code Ann. § 23-18-604(c)(11)(A) as interpreted by the Commission in Docket No. 23-021-R.

X.2. AVAILABILITY

X.2.1. Service under the provisions of this tariff is available to any residential or any other customer who takes service under standard rate schedule(s) _____ (list schedules) who is a Legacy Net-Metering

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.		
Replacing:	Sheet No.		
Name of Company			
Kind of Service: <u>Electric</u>	Class of Service: All		
Part III. Rate Schedule No. <u>X</u>			
Title: LEGACY NET-METERING		PSC File Mark Only	

Customer as defined herein and who has obtained a signed Standard Interconnection Agreement for a Legacy Net-Metering Facility or Facilities or a Legacy-Transitional Net-Metering Facility or Facilities with an Electric Utility pursuant to the Net-Metering Rules and Ark. Code Ann. § 23-18-601 *et. seq.*

The provisions of the customer’s standard rate schedule are modified as specified herein.

X.2.2. Customers taking service under the provisions of this tariff may not simultaneously take service under the provisions of any other alternative source generation or co-generation tariff

X.3. MONTHLY BILLING RATE STRUCTURE, TERMS, AND CONDITIONS

X.3.1. The monthly billing rate structure, terms, and conditions outlined herein apply until June 1, 2040, to Net-Metering Facilities of Legacy Net-Metering Customers.

X.3.2. The Electric Utility shall separately meter, bill, and credit each Net-Metering Facility even if one (1) or more Net-Metering Facilities are under common ownership.

X.3.3. On a monthly basis, the Legacy Net-Metering Customer shall be billed the charges applicable under the currently effective standard rate schedule and any appropriate rider schedules.

X.3.4. If the kWhs supplied by the Electric Utility exceeds the kWhs generated

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.		
Replacing:	Sheet No.		
Name of Company			
Kind of Service: <u>Electric</u>	Class of Service: All		
Part III. Rate Schedule No. <u>X</u>			
Title: LEGACY NET-METERING			
			PSC File Mark Only

by the Net-Metering Facility and fed back to the Electric Utility during the Billing Period, the Legacy Net-Metering Customer shall be billed for the net billable kWhs supplied by the Electric Utility in accordance with the rates and charges under the Legacy Net-Metering Customer’s standard rate schedule.

X.3.5. If the kWhs generated by the Net-Metering Facility and fed back to the Electric Utility during the Billing Period exceed the kWhs supplied by the Electric Utility to the Legacy Net- Metering Customer during the applicable Billing Period, the Electric Utility shall credit the Legacy Net-Metering Customer with any accumulated Net Excess Generation in the next applicable Billing Period.

X.3.6. Net Excess Generation shall first be credited to the Legacy Net-Metering Customer’s meter to which the Net-Metering Facility is physically attached (Generation Meter).

X.3.7. After application of X.3.6. and upon request of the Legacy Net-Metering Customer pursuant to X.3.9., any remaining Net Excess Generation shall be credited to one or more of the Legacy Net-Metering Customer’s meters (Additional Meters) in the rank order provided by the Legacy Net-Metering Customer.

X.3.8. Net Excess Generation shall be credited as described in X.3.7. and X.3.8. during subsequent Billing Periods; the Net Excess Generation credits remaining in a Legacy Net- Metering Customer’s account at the close of a billing cycle shall not expire and shall be carried forward to subsequent billing cycles indefinitely. For Net Excess Generation credits older than

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	PSC File Mark Only
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: LEGACY NET-METERING		

twenty-four (24) months, a Legacy Net-Metering Customer may elect to have the Electric Utility purchase the Net Excess Generation credits in the Legacy Net-Metering Customer's account at the Electric Utility's Avoided Cost plus any additional sum determined under the Net Metering Rules, if the sum to be paid to the Legacy Net-Metering Customer is at least one hundred dollars (\$100). An Electric Utility shall purchase at the Electric Utility's Avoided Cost, any Net Excess Generation Credits remaining in a Legacy Net-Metering Customer's account when the Legacy Net-Metering 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.

When purchasing Net Excess Generation credits from a Legacy Net-Metering Customer, the Electric Utility shall calculate the payment based on its Avoided Costs for the current year.

X.3.9. Upon request from a Legacy Net-Metering Customer an Electric Utility must apply Net Excess Generation to the Legacy Net-Metering Customer's Additional Meters provided that:

- (a) The Legacy Net-Metering Customer must give at least 30 days' notice to the Electric Utility.
- (b) The Additional Meter(s) must be identified at the time of the request. Additional Meter(s) shall be under common ownership within a single Electric Utility's service area; shall be used to

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	PSC File Mark Only
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: LEGACY NET-METERING		

measure the Legacy Net-Metering Customer’s requirements for electricity; may be in a different class of service than the Generation Meter; shall be assigned to one, and only one, Generation Meter; shall not be a Generation Meter; and shall not be associated with unmetered service.

However, the common ownership requirement shall not apply if more than two customers that are governmental entities or other entities that are exempt from state and federal income tax defined under Ark. Code Ann.§ 23-18-603(7)(c) co-locate at a site hosting the Net Metering Facility.

- (c) In the event that more than one of the Legacy Net-Metering Customer’s meters is identified, the Legacy Net-Metering Customer must designate the rank order for the Additional Meters to which excess kWh are to be applied. The Legacy Net-Metering Customer cannot designate the rank order more than once during the Annual Billing Cycle.

X.4 ADDITIONAL CHARGES, FEES, AND REQUIREMENTS

X.4.1 An Electric Utility may apply the following additional charges, fees, and requirements to Legacy Net-Metering Customers taking service under this Standard Net-Metering Tariff pursuant to Net-Metering Rule 2.03.

[Either indicate “None” or list all charges, fees, or requirements]

X.4.2 None

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	PSC File Mark Only
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: LEGACY NET-METERING		

X.4.3 A standard one-time fee to recover administrative and related interconnection review costs: \$XX per [*indicate per Legacy Net-Metering Customer or per service*]

X.5 RENEWABLE ENERGY CREDITS

X.5.1. Any Renewable Energy Credit created as the result of electricity supplied by a Legacy Net-Metering Customer is the property of the Legacy Net-Metering Customer that generated the Renewable Energy Credit.

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	PSC File Mark Only
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: LEGACY NET-METERING		

ATTACHMENT 1

STANDARD INTERCONNECTION AGREEMENT FOR NET-METERING FACILITIES

(insert document)

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	PSC File Mark Only
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: LEGACY NET-METERING		

ATTACHMENT 2

PRELIMINARY INTERCONNECTION SITE REVIEW REQUEST

(insert document)

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	PSC File Mark Only
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: LEGACY NET-METERING		

ATTACHMENT 3

FACILITIES AGREEMENT

(insert document)

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
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Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		PSC File Mark Only

X. NON-LEGACY NET-METERING

X.1. DEFINITIONS

X.1.1. **Non-Legacy Net-Metering Customer** – A Net-Metering Customer who meets the definition of Non-Legacy Net-Metering Customer as defined in the Net-Metering Rules.

X.1.2 All other terms are as defined in Ark. Code Ann. § 23-18-603.

X.2. AVAILABILITY

X.2.1. Service under the provisions of this tariff is available to any residential or any other customer who takes service under standard rate schedule(s) _____ (list schedules) who is a Non-Legacy Net-Metering Customer and who has obtained a signed Standard Interconnection Agreement for a Net-Metering Facility or Net-Metering Facilities with an Electric Utility pursuant to the Net-Metering Rules and Ark. Code Ann. § 23-18-601 *et. seq.*,
The provisions of the customer’s standard rate schedule are modified as specified herein.

X.2.2. Net-Metering Customers taking service under the provisions of this tariff may not simultaneously take service under the provisions of any other alternative source generation, co-generation, or interruptible service tariff except as provided in Ark. Code Ann. § 23-18-603(8)(B).

Per Ark. Code Ann. § 23-18-606(a)(1) (Note: Pursuant to Per Ark. Code Ann. § 23-18-606(a), each Electric Utility must elect either Option 1 or Option 2.)

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
Name of Company		PSC File Mark Only
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		

X.3. MONTHLY BILLING RATE STRUCTURE, TERMS, AND CONDITIONS – AVOIDED COST

X.3.1 This monthly billing rate structure, terms, and conditions is governed by Ark. Code Ann. § 23-18-606(a)(1).

X.3.2. The Electric Utility shall separately meter, bill, and credit each Net-Metering Facility even if one (1) or more Net-Metering Facilities are under common ownership.

X.3.3 The Electric Utility shall separately meter the electric energy, measured in kWhs:

- (a) Supplied by the Electric Utility to the Net-Metering Customer; and
- (b) Fed back to the Electric Utility from the Net-Metering Customer’s Net-Metering Facility at any time during the applicable billing period.

X.3.4 The Electric Utility shall apply the:

- (a) Commission-approved customer charge, demand, charge, minimum bill provision, and other applicable Commission-approved charges under Ark. Code Ann. § 23-18-604(c)(1)(A);
- (b) Commission-approved charges under Ark. Code Ann. § 23-18-604(c)(1)(A) to the applicable net-metering customers, including without limitation any rates, riders, and surcharges applied based on the volume of kWhs of electricity supplied by an Electric Utility pursuant to this rate structure; and
- (c) Avoided Cost of the Electric Utility to all kWhs supplied to the Electric Utility by a Net-Metering Customer during the applicable billing period to be credited to the total bill of the Net-Metering Customer in a dollar value, excluding the customer charge and any applicable demand charge or minimum bill provision that the Net-Metering Customer shall pay each month.

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		PSC File Mark Only

X.3.5 The Electric Utility shall credit the Net-Metering Customer with any accumulated Net-Metering Surplus as measured in dollars during the next applicable billing period.

X.3.6 Upon request from a Net-Metering Customer pursuant to Ark. Code Ann. § 23-18-604(d)(2) and Net-Metering Rule 2.05(D), an Electric Utility must apply Net-Metering Surplus to the Net-Metering Customer’s Additional Meters provided that:

- (a) The Net-Metering Customer must give at least 30 days’ notice to the Electric Utility.
- (b) The Additional Meter(s) must be identified at the time of the request. Additional Meter(s) shall be under common ownership within a single Electric Utility’s service area; shall be used to measure the Net-Metering Customer’s requirements for electricity; may be in a different class of service than the Generation Meter; shall be assigned to one, and only one, Generation Meter; shall not be a Generation Meter; shall not be associated with unmetered service; and shall be located within a one hundred (100) miles radius of the individual Net-Metering Customer’s Net-Metering Facility unless the Net-Metering Customer meets one of the exceptions provided in Net-Metering Rule 2.05 and Ark. Code. Ann. § 23-18-604(d)(2)(A)(i)(a).
- (c) To request meter aggregation, the Net-Metering Customer must submit a standard meter aggregation application form and affidavit pursuant to Net-Metering Rule 2.05 and designate the rank order for the Additional Meters to which excess kWh are to be applied. The Net-Metering Customer cannot designate the rank order more than once during the Annual Billing Cycle.

X. 3.7 Annual Avoided Cost Redetermination

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
Name of Company		PSC File Mark Only
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		

The Electric Utility shall file a revised Avoided Cost on or before February 1 of each calendar year in compliance with Rule 2.08 of the Net-Metering Rules. The revised Avoided Cost shall be filed in the docket initiated for the Electric Utility and shall be accompanied by a set of workpapers sufficient to fully document the calculations of the revised Avoided Cost and otherwise comply with the Commission's *Rules of Practice and Procedure*. The revised Avoided Cost shall be determined by the application of Ark. Code Ann. § 23-18-603 and the Net-Metering Rules to reflect the twelve month average for the prior calendar year of the applicable Locational Marginal Price associated with the Electric Utility's load zone in the Midcontinent Independent System Operator or Southwest Power Pool Independent System Operator Market. The revised Avoided Cost shall be effective for bills rendered on and after the first billing cycle of March of the filing year and shall then remain in effect for twelve (12) months.

The Avoided Cost rate for March 1, 20XX, to February 28, 20XX, is \$**X.XX**/kWh.

Option 2: Per A.C.A. 23-18-606(a)(2)

X.3. MONTHLY BILLING RATE STRUCTURE, TERMS, AND CONDITIONS – MONTHLY GRID CHARGE

- X.3.1 This monthly billing rate structure, terms, and conditions is governed by Ark. Code Ann. § 23-18-606(a)(2).
- X.3.2. The Electric Utility shall separately meter, bill, and credit each Net-Metering Facility even if one (1) or more Net-Metering Facilities are under common ownership.
- X.3.3 The Electric Utility shall separately meter the electric energy, measured in kWhs:

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
Name of Company		PSC File Mark Only
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		

- (a) Supplied by the Electric Utility to the Net-Metering Customer; and
- (b) Fed back to the Electric Utility from the Net-Metering Customer's Net-Metering Facility at any time during the applicable billing period.

X.3.4 The Electric Utility shall apply the:

- (a) Commission-approved customer charge, demand, charge, minimum bill provision, and other applicable Commission-approved charges under Ark. Code Ann. § 23-18-604(c)(1)(A); and
- (b) Commission-approved riders or surcharges under Ark. Code Ann. § 23-18-604(c)(1)(A), including without limitation any rates, riders, and surcharges applied based on the volume of kWhs of electricity supplied by an Electric Utility pursuant to this rate structure.

X.3.5 The Electric Utility shall credit the Net-Metering Customer with any accumulated Net Excess Generation during the next applicable billing period.

X.3.6 The Electric Utility shall calculate the net kWhs of the electric energy supplied by the Electric Utility to the Net-Metering Customer, less the Net Excess Generation and any Net Excess Generation carried forward from prior billing periods.

X.3.7 The Electric Utility shall apply the Commission-approved retail rate, not to exceed the kWhs supplied to the net-Metering Customer by the Electric Utility during the applicable billing period.

X.3.8 Upon request from a Net-Metering Customer pursuant to Ark. Code Ann. § 23-18-604(d)(2) and Net-Metering Rule 2.05(D), an Electric Utility must apply Net Excess Generation to the Net-Metering Customer's Additional Meters provided that:

- (a) The Net-Metering Customer must give at least 30 days' notice to the Electric Utility.

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
Name of Company		PSC File Mark Only
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		

- (b) The Additional Meter(s) must be identified at the time of the request. Additional Meter(s) shall be under common ownership within a single Electric Utility’s service area; shall be used to measure the Net-Metering Customer’s requirements for electricity; may be in a different class of service than the Generation Meter; shall be assigned to one, and only one, Generation Meter; shall not be a Generation Meter; shall not be associated with unmetered service; and shall be located within a one hundred (100) miles radius of the individual Net-Metering Customer’s Net-Metering Facility unless the Net-Metering Customer meets one of the exceptions provided in Net-Metering Rule 2.05 and Ark. Code. Ann. § 23-18-604(d)(2)(A)(i)(a).
- (c) To request meter aggregation, the Net-Metering Customer must submit a standard meter aggregation application form and affidavit pursuant to Net-Metering Rule 2.05 and designate the rank order for the Additional Meters to which excess kWh are to be applied. The Net-Metering Customer cannot designate the rank order more than once during the Annual Billing Cycle.

X.3.9 After applying Net Excess Generation to any Additional Meters pursuant to X.4.7, the Electric Utility shall carry forward any remaining Net Excess Generation to the next billing period.

X.3.10 The Electric Utility shall calculate and apply the Monthly Grid Charge pursuant to Ark. Code Ann. § 23-18-607.

X.3.11 The Monthly Grid Charge is \$X.XX/kWh.

X.4 ADDITIONAL CHARGES, FEES, AND REQUIREMENTS

X.4.1 An Electric Utility may apply the following additional charges, fees, and requirements to Net-Metering Customers taking service under this Standard Net-Metering Tariff pursuant to Net-Metering Rule 2.03.

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		PSC File Mark Only

[Either indicate "None" or list all charges, fees, or requirements]

X.4.2 None

OR

X.4.2 A charge to recover any cost of the standard two-channel digital meter: \$XX/meter

X.4.3 A standard one-time fee to recover administrative and related interconnection review costs: \$XX per [indicate per Net-Metering Customer or per service]

X. 5 RENEWABLE ENERGY CREDITS

X.5.1 A Net-metering customer retains any Renewable Energy Credit created as a result of the electricity supplied by a Net-Metering Customer that generated the renewable energy credit.

X.5.2 The Renewable Energy Credit may be retained, retired, or sold for the sole benefit of the Net-Metering Customer.

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
Name of Company		
Kind of Service: <u>Electric</u>	Class of Service:	All
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		PSC File Mark Only

ATTACHMENT 1

STANDARD INTERCONNECTION AGREEMENT FOR NET-METERING FACILITIES

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ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
Name of Company		PSC File Mark Only
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		

ATTACHMENT 2

PRELIMINARY INTERCONNECTION SITE REVIEW REQUEST

(insert document)

ARKANSAS PUBLIC SERVICE COMMISSION

Original	Sheet No.	
Replacing:	Sheet No.	
Name of Company		PSC File Mark Only
Kind of Service: <u>Electric</u>	Class of Service: All	
Part III. Rate Schedule No. <u>X</u>		
Title: NON-LEGACY NET-METERING		

ATTACHMENT 3

FACILITIES AGREEMENT

(insert document)