

Net Energy Metering Rate Schedule NEM1

I. Applicability

This Rate Schedule NEM1 applies to residential, commercial/industrial, and agricultural customers who established service at their premises prior to March 1, 2022, and have an electrical generation facility on their premises that is fueled by a renewable fuel source which had an application for interconnection approved by SMUD prior to March 1, 2022.

In the event that the Solar and Storage Rate is not available on March 1, 2022 due to implementation delays, this Rate Schedule NEM1 would temporarily apply to those customers on Rate Schedule SSR who establish service, move out/in, or transfer service at a premises that have an electrical generation facility that is fueled by a renewable fuel source on or after March 1, 2022 or have an electrical generation facility on their premises that is fueled by a renewable fuel source which was approved for interconnection by SMUD on or after March 1, 2022, that are subject to the transition period described under Section II. Transitional Conditions. These customers will be transitioned to Rate Schedule SSR as soon as technically feasible.

This Rate Schedule NEM1 will be closed to new customers as of March 1, 2022, except for those customers that are subject to the transition period described under Section II. Transitional Conditions of Rate Schedule SSR.

All NEM1 Customers will be transitioned to Rate Schedule SSR as early as January 1, 2031, as technically feasible. At that point, all residential customers must also be on Rate Schedule R-TOD. Once all customers have been transitioned, this Rate Schedule NEM1 will be eliminated.

Once a customer is enrolled in Rate Schedule SSR, they cannot return to this Rate Schedule NEM1.

A renewable electrical generation facility is a facility that is eligible for certification as a renewable energy resource as defined by the California Energy Resources Conservation and Development Commission (CEC).¹ These facilities include, but may not be limited to, generators fueled by:

- photovoltaic
- wind
- biomass
- solar thermal
- geothermal
- fuel cells using renewable fuels
- small hydroelectric
- digester gas
- municipal solid waste conversion
- landfill gas
- ocean wave
- ocean thermal
- tidal current

Small hydroelectric generation facilities will not qualify for this tariff if the facility will cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow. Fuel cells will not qualify for this tariff if the fuel cell derives any portion of its fuel from a nonrenewable fuel.

II. Generator Standby Charges

Customers who qualify for Net Energy Metering (NEM) are exempt from generator standby charges on that portion of their load that is served by the NEM eligible facility.

¹ See the CEC's most current Renewable Portfolio Standard Eligibility Guidebook for the purposes of providing the technical definitions of a renewable electrical generation facility.

Net Energy Metering Rate Schedule NEM1

III. Conditions of Service

A. Eligibility

The following are requirements for eligibility under this rate schedule:

1. The facility must be located on the customer's premises; and
2. The facility must operate in parallel with SMUD's distribution facilities; and
3. The customer must meet all requirements of Rule and Regulation 21; and
4. The facility must be intended primarily to offset part or all of the customer's own electrical requirements; and
5. The facilities and the electrical requirements are located at a single and same metering point; and
6. The customer has not received storage incentives under a qualifying SMUD program; and
7. The facility does not increase in size more than 10% of the generating capacity originally approved, or 1 kW, whichever is greater, and does not exceed 110% of the generating capacity originally approved, based on the CEC-AC rating at the initial date of approval; and
8. The customer has not submitted a revised or new interconnection application for entire system replacement; and
9. The generating capacity can be a maximum of 3,000 kilowatts.

For photovoltaic generation facilities, generation capacity is measured using the California Energy Commission Alternating Current (CEC-AC) rating. For all other renewable electrical generation facilities, the nameplate Alternating Current (AC) rating will be used to measure generation capacity. This paragraph defining the measurement of capacity only pertains to the applicability of this rate schedule and may differ from any measurement of capacity used in Rule and Regulation 21.

IV. Metering

SMUD will pay for and install, at no cost to the customer, a single meter capable of registering the flow of electricity in both directions.

V. Payments

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

- A. Charges for other than electricity usage must be paid monthly. This includes the System Infrastructure Fixed Charge, Maximum Demand Charge, Site Infrastructure Charge, Summer Peak Demand Charge, program fees, surcharges and taxes.
- B. Residential, Commercial Industrial customers on rate schedule CI-TOD and Agricultural customers meeting the eligibility criteria as defined in Section III (A) of this sheet, may pay monthly or annually for the net electricity consumed.
- C. For all other customers, the net balance of all moneys owed must be paid each monthly billing cycle.
- D. If, in any regular billing month, the electricity supplied by SMUD is less than the electricity supplied to SMUD by the customer's eligible generation system, the customer will receive retail-valued electricity credits for the excess electricity supplied to SMUD. The retail-valued electricity credits will carry over to the following billing period until the end of the settlement period. Retail-valued electricity credits will only be credited against electricity usage charges.

VI. Settlement Method

All customers who qualify for the net metering option will have a 12-month settlement period. For existing systems, the settlement period begins on the customer's move-in date. For new installations, the settlement period begins on the first day of operations after the customer has requested to be on the NEM rate and the NEM-eligible system is approved by SMUD for grid connection. At the end of the customer's 12-month settlement period, any unused accumulated monthly retail electricity credits may be zeroed out.

A. Annual Net Surplus Generation

Net Energy Metering Rate Schedule NEM1

1. At the end of a customer's 12-month settlement period, SMUD shall calculate the amount of net surplus generation over the 12-month period. If the customer has net surplus generation, SMUD will, at the customer's election, either:
 - Provide a monetary payment to the customer for the net surplus; or
 - Roll over the net annual surplus kWh into the next 12-month period.

Monetary value per kWh of net surplus generation shall be based on the most recently published SMUD budget, calculated as the dollar value of the expected avoided generation and production-related costs divided by the forecasted annual energy sales.

2. For each kWh purchased by SMUD under this annual net surplus generation method, the ownership of the associated renewable electricity credit will transfer from the customer to SMUD.
3. The net surplus monetary value shall be calculated annually.
4. This net surplus monetary value will remain in effect for the duration of the fiscal year used for the calculation of the customer's net surplus generation.
5. The value will be published on SMUD's website, www.smud.org, by December 20 prior to the year the value is in effect.

B. Opt-Out of Annual Net Surplus Generation

Customers may elect to opt out of receiving compensation or kWh roll-over credit for their net surplus generation over their 12-month settlement period. Customers who elect to opt out will not receive any form of compensation nor credit for net surplus generation delivered to SMUD. Such customers will be allowed to retain any associated renewable electricity credits produced by their net surplus generation.

VII. Residential Rate Requirement

Residential customers who have an eligible renewable electrical generation facility on their premises that was approved by SMUD for installation, or who move-in or transfer service to a premises with an eligible renewable electrical generation facility on or after January 1, 2018, must also be on Rate Schedule R-TOD.

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