

## *The United Illuminating Company*

### *Virtual Net Metering Rider VNM*

*Applies throughout the Company's Service Area*

#### **Availability:**

Based on Conn. Gen. Stat. § 16-244u and § 16-244u(e)(3), as amended by Public Act 13-298, Sec. 35, Public Act 13-247, Sec. 119, Public Act 16-216, Sec. 1, Public Act 17-218, Sec. 5, and Public Act 19-35, Sec. 7, this Rider is available to municipal, state, or agricultural customers within the Company's Service Territory as long as they meet all of the requirements set forth in the referenced statute. Application of this Rider is also subject to the requirements of the referenced statute and the limitations and other terms set forth below. An eligible customer must be a "Customer Host" with an "Eligible Facility" as defined below. In order to receive the full benefit of its Eligible Facility, the Customer Host may designate up to five, or ten, in circumstances as set forth below, "Beneficial Accounts" within the Company's service territory as set forth in the referenced statute. As the referenced statute also requires, the Customer Host, the Eligible Facility and all Beneficial Accounts must be in the Company's Service Territory. This Rider is issued in accordance with PURA Final Decision, dated July 21, 2014, Docket No. 13-08-14, *PURA Development of the Administrative Processes and Program Specifications for Virtual Net Metering* (the "VNM July 2014 Decision") as amended by (1) PURA Final Decision, dated December 17, 2014, Docket No. 13-08-14RE01, *PURA Development of the Administrative Processes and Program Specifications for Virtual Net Metering – VNM Methodology* (the "VNM December 2014 Decision"), (2) PURA Final Decision, dated December 2, 2015, Docket No. 13-08-14RE02 (the "VNM December 2015 Decision"), (3) PURA Final Decision, dated February 3, 2016, Docket No. 15-09-08 (the "VNM February 2016 Decision"), (4) PURA Final Decision, dated October 26, 2016, Docket No. 13-08-14RE03 (the "VNM October 2016 Decision"), (5) PURA Final Decision, dated July 20, 2018, Docket No. 13-08-14RE04 (the "VNM July 2018 Decision"), (6) PURA Final Decision, dated October 21, 2019, Docket No. 13-08-14RE05 (the "VNM October 2019 Decision"), and (7) PURA Ruling on Motion No. 7, Dated January 14, 2022, Docket No. 13-08-14RE05, Motion 7 (the "VNM January 2022 Motion Ruling").

#### **Definitions:**

*"Agricultural Beneficial Account"* means the account of an Agricultural Customer designated by an Agricultural Customer Host to receive Virtual Net Metering Credits from that Agricultural Customer Host. The Agricultural Customer Host shall not designate more than ten Beneficial Accounts, each of which shall (1) use electricity for the purpose of agriculture, as defined in subsection (q) of Connecticut General Statutes § 1-1, or (2) be a Municipal Customer, or (3) be a critical facility, as defined in subdivision (2) of subsection (a) of Connecticut General Statutes § 16-243y that is also non-commercial.

Accordingly, a non-commercial critical facility may qualify as an Agricultural Beneficial Account.

*“Agricultural Customer”* means an in-state retail end user of an electric distribution company that uses electricity for the purpose of agriculture, as defined in subsection (q) of Connecticut General Statutes § 1-1.

*“Agricultural Customer Host”* is an Agricultural Customer that fully owns or holds an equity interest in a special purpose entity (SPE) that either owns the Virtual Net metering Facility or directly owns less than 100% of the Agricultural Virtual Net Metering Facility and participates in agricultural virtual net metering.

*“Agricultural Virtual Net Metering Facility”* means a Class I renewable energy source, as defined in Connecticut General Statutes § 16-1(a)(26), as it may be amended from time to time, that is operated as part of a business for the purpose of agriculture, as defined in subsection (q) of Connecticut General Statutes § 1-1, that: (i) is served by an electric distribution company on land owned or controlled by an agricultural customer host and serves the electricity needs of the agricultural customer host and its Beneficial Accounts; (ii) is within the same electric distribution company service territory as the agricultural customer host and its Beneficial Accounts; (iii) has a nameplate capacity rating of three megawatts or less; and (iv) is physically located behind a single electric distribution company revenue meter billed to the Agricultural Customer Host.

*“Allocation Factors”* equal the relative proportion of load for each of the Beneficial Accounts designated by the Customer Host, as determined by meter readings of the Beneficial Accounts.

*“Beneficial Account”* means an Agricultural Beneficial Account, Municipal Beneficial Account, Municipal Critical Facility Beneficial Account, State Beneficial Account, or State Critical Facility Beneficial Account, as appropriate for the context of its usage. For all purposes pursuant to service under this Rider, a Municipal Beneficial Account must be an account of a Municipal Related Customer, as defined below, and a State Beneficial Account must be the account of a State Related Customer, as defined below.

*“Complete Billing Service”* means the Customer Host receives from the Company an invoice reflecting an Electric Supplier’s generation service charges.

*“Customer Host”* means an Agricultural Customer Host, Municipal Customer Host, or State Customer Host, as appropriate for the context of its usage.

*“Declining Percentage of the Transmission and Distribution Charges”* means, during the period commencing with the later of the effective date of this rider or the first day of commercial operation (credit commencement date) of a Virtual Net Metering Facility, or an Agricultural Virtual Net Metering Facility,

and ending after one year, eighty per cent of the transmission and distribution charges, during the period commencing at the beginning of the second year following the credit commencement date of a Virtual Net Metering Facility or an Agricultural Virtual Net Metering Facility and ending after one year, sixty per cent of the transmission and distribution charges, and commencing at the beginning of the third year following the credit commencement date of a Virtual Net Metering Facility or an Agricultural Virtual Net Metering Facility and for each year thereafter, forty per cent of the transmission and distribution charges.

*“Eligible Facility”* means a Virtual Net Metering Facility, or Agricultural Virtual Net Metering Facility, as appropriate for the context of its usage.

*“Electric Supplier”* shall be defined as in section 16-1 of the Connecticut General Statutes.

*“Generation Service”* shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by an Electric Supplier or the Company.

*“Last Resort Service”* shall mean the electric generation services provided by the Company, on or after January 1, 2007, to customers who are not eligible to receive Standard Service. The availability for this service shall be in accordance with the provisions set forth in the Company’s Generation Services tariff, on file with the PURA.

*“Microgrid”* has the meaning specified in Connecticut General Statutes § 16-243y(5), as may be amended from time to time.

*“Municipal Beneficial Account”* means the account of a Municipal Related Customer, designated by a Municipal Customer Host to receive Virtual Net Metering Credits from that Municipal Customer Host. There can be up to five Municipal Beneficial Accounts. A Municipal Beneficial Account may also qualify as an Agricultural Beneficial Account.

*“Municipal Critical Facility Beneficial Account”* means a retail end user of electric service located in the service territory of the Company, designated by a Municipal Customer Host to receive Virtual Net Metering Credits from that Municipal Customer Host, that (i) may be a Municipal Customer, (ii) is not a State Customer, and (iii) is a critical facility, as defined in subdivision (2) of subsection (a) of Connecticut General Statutes § 16-243y, and is connected to a Microgrid. There can be up to five Municipal Critical Facility Beneficial Accounts in addition to the five Municipal Beneficial Accounts.

*“Municipal Customer”* means a retail end user of electric service located in the service territory of the Company that is a Municipality.

*“Municipal Customer Host”* means a Municipal Customer that owns, leases or enters into a long-term contract for an Eligible Facility.

*“Municipal Related Customer”* means a retail end user of electric service located in the service territory of the Company and belonging to the same Municipality to which the Municipal Customer Host belongs. The Municipal Beneficial Account customer must be a retail end user of electric service that is a Municipality, as defined below.

*“Municipality”* has the meaning specified in Connecticut State Statutes Sec. 7-148 and means any Connecticut town, city or borough, consolidated town and city or consolidated town and boroughs and, for purposes of Section 16-244u (a) (1) of the general statutes, shall also include any school district of any such municipality.

*“Net Exported kWh”* means, in any monthly billing period the difference between the total kWh supplied to the electric distribution system by a Customer Host and the total kWh supplied to that Customer Host from the electric distribution system, to the extent that it is greater than or equal to zero.

*“Passthrough Billing Service”* means the Customer Host receives from an Electric Supplier an invoice reflecting the Electric Supplier’s generation service charges.

*“Provisional VNM Program”* means a plan of action to distribute Unused VNM Credits on a year-to-year basis to Provisional VNM Program participants.

*“PURA”* means the Connecticut Public Utilities Regulatory Authority and any predecessor or successor agency.

*“Standard Service”* shall mean the electric generation services provided by the Company, on or after January 1, 2007, to a customer who (a) does not arrange for or is not receiving Generation Service from an Electric Supplier, and (b) does not use a demand meter or has a maximum demand of less than five hundred kilowatts. The availability of this service shall be in accordance with the provisions set forth in the Company’s tariffs, on file with the PURA.

*“State Beneficial Account”* means a State Related Customer designated by a State Customer Host to receive Virtual Net Metering Credits from that State Customer Host. There can be up to five State Beneficial Accounts.

*“State Critical Facility Beneficial Account”* means a retail end user of electric service located in the service territory of the Company, designated by a State Customer Host to receive Virtual Net Metering Credits from that State Customer Host, that (i) may be a Municipal Customer, (ii) is not a State Customer, and (iii) is a critical facility, as defined in subdivision (2) of subsection (a) of Connecticut General Statutes § 16-243y, and is connected to a Microgrid. There can be up to five State Critical Facility Beneficial Accounts in addition to the five State Beneficial Accounts.

*“State Customer”* means a retail end user of electric service located in the service territory of the Company and belonging to any office, department, board, council, commission, institution, constituent unit of the state system of higher education, technical high school or other agency in the executive, legislative or judicial branch of state government.

*“State Customer Host”* means a State Customer that owns, leases or enters into a long-term contract for an Eligible Facility.

*“State Related Customer”* means a retail end user of electric service located in the service territory of the Company and the State Customer Host. The State Related Customer must be a State Customer, as defined above.

*“Terms and Conditions”* means the latest version of the Company’s Terms and Conditions on file with, and approved by, PURA.

*“Unused VNM Annual Cap Space”* is the VNM credit difference between operational year one and operational year three VNM rates used to determine each existing VNM cap award.

*“Virtual Net Metering Credit” or (“VNMC”)* means a monthly monetary credit associated with the amount of Net Exported kWh produced by a Customer Host in a monthly billing period.

*“Virtual Net Metering Facility”* means a Class I Renewable Energy resource, as defined in Connecticut General Statutes § 16-1(a)(26), as it may be amended from time to time, with a generating capacity of less than or equal to 3 megawatts, or a Class III Renewable Energy resource, as defined in Connecticut General Statutes § 16-1(a)(44), as it may be amended from time to time, with a generating capacity of less than or equal to 3 megawatts, and is physically located behind a single electric distribution company revenue meter billed to the Customer Host.

**Pricing and Virtual Net Metering Credits:**

If, in a given monthly billing period, the Customer Host supplies more electricity to the electric distribution system than the electric distribution company delivers to the Customer Host, the electric distribution company shall in that month, if the Customer Host receives Standard Service, Last Resort Service or Generation Service from an Electric Supplier pursuant to Complete Billing Service, bill the Customer Host for zero kilowatt hours (kWh) of generation and assign a VNMC for any Net Exported kWh. If the Customer Host receives Generation Service from an Electric Supplier pursuant to Passthrough Billing Service, the Company shall set the amount of generation supply to zero kWh in the customer usage information transaction of the Customer Host provided to the Electric Supplier for that billing period and assign a VNMC for any Net Exported kWh.

*Monthly VNMC.* The VNMC for a given billing month shall equal the product of (a) the sum of (i) the applicable Standard Service or Last Resort Service rate per kWh of the rate schedule under which the Customer Host received, or was eligible to receive, service during such month and (ii) the retail cost per kWh the Customer Host may have otherwise been charged for transmission and distribution service in accordance with the rate schedule under which the Customer Host received electric service during such month, adjusted in accordance with the schedule of Declining Percentage of the Transmission and Distribution Charges, and (b) any Net Exported kWh. Such VNMC shall be allocated and applied to the balance of the account of each Beneficial Account in accordance with the applicable Allocation Factors. Pursuant to the VNM December 2015 Decision, all Beneficial Accounts will be billed separately. Where consistent with the provisions set forth in the VNM December 2015 Decision, an annual reapportionment of credits may be performed.

**Qualification and Commencement of Service:**

An Agricultural Customer, Municipal Customer, or State Customer applicant submitting an Interconnection Application on or after July 1, 2013 is entitled to participate in the VNM program. Applicants who would have qualified for the new VNM queue and have already obtained operational status will be entitled to VNM credit treatment under this Rider for consumption on or after the effective date of this Rider.

Applicants seeking to qualify as a Customer Host and participate in virtual net metering under this Rider must submit a Virtual Net Metering Application (VNM Application), and must both initially and on an ongoing basis satisfy the Company's interconnection requirements, as referenced herein. An applicant must also meet (at the applicant's expense) any metering and telemetering requirements designated by the Company. Upon receipt of an applicant's: (i) completed VNM Application, (ii) preliminary results from the electric distribution company pursuant to an Interconnection Application, and (iii) a power purchase agreement or other proof of commitment to receive or self-supply energy, an applicant will be placed in a queue for processing and determination of eligibility for Virtual Net Metering.

Once accepted into the queue, an applicant has one year to begin commercial operation. Failure to satisfy the applicable deadline for commercial operation will result in dismissal from the queue and VNM program and release of assigned credits. An applicant will receive an automatic six-month extension if an interconnection agreement is executed by all parties and all payments for construction and testing are received by an EDC within one year from a project's VNM queue acceptance date.<sup>1</sup> Applicants may request a one-time, six month extension of their queue termination date by paying a fee equal to one-half of their annual VNM credit cap.

In the event an applicant does not qualify for the automatic six-month extension because it did not pay the interconnection fee and sign the interconnection agreement with the EDC within the initial one year period, that applicant will still be allowed to pay the six-month extension fee. In addition, an applicant that does not qualify for the automatic six-month extension, but paid for a six-month extension, may request a second six-month extension by paying another fee equal to one-half of their annual VNM credit cap. If the project is completed and achieves commercial operation within the two years, the applicant will be refunded the extension fee, or both extension fees, as applicable. If the project is still incomplete at the end of the two years, the extension fee, or both extension fees, as applicable, will not be returned to the applicant and the assigned credit cap will be freed to satisfy other applications.

Any material change in the application will require submission of a new application. The existing queue position will be forfeited, and the assigned VNM credit cap will be freed to satisfy other applicants. Examples of material change necessitating a new application are changes in generation type, capacity and location. The new application will be subject to available room in the VNM sector budget, and payment of a non-refundable re-application fee equal to one-half of the new annual credit cap.

An applicant who qualifies for service as a Customer Host under this Rider shall also submit its designation of Beneficial Accounts in writing at least 60 days prior to commencement of initial service. An Agricultural Customer, Municipal Customer, or State Customer may change its list of Beneficial Accounts, not more than once per year, by providing at least 60 days prior notice to the Company in writing. The Customer Host is responsible for, and will cooperate with the Company in providing, any additional information the Company deems necessary to provide service under the Rider. If, during a given calendar year, service to a Beneficial Account has not begun, is terminated, or participation otherwise disallowed or discontinued, allocations of VNMCs shall be reapportioned to remaining Beneficial Accounts.

---

<sup>1</sup> The automatic extension only applies to projects that are not yet in the VNM queue as of the release of VNM October 2016 Decision on October 26, 2016, or those that are in the VNM queue but have not already received any extensions as of that date. For those projects that have already received extensions prior to October 26, 2016, the previous non-refundable fees continue to apply.

**Maximum Enrollment:**

Total enrollment under this Rider is limited to applicants whose total combined VNMC as calculated by the Company does not exceed an annual maximum amount of \$4,000,000. Total enrollment under this Rider is further limited by type of Customer Host: Agricultural Customer Hosts, Municipal Customer Hosts, and State Customer Hosts, each in the aggregate, shall receive not more than forty percent of this \$4,000,000 cap. An additional allocation of \$1,200,000 is available for Municipal Hosts who submitted an interconnection application and virtual net metering application on or before April 13, 2016. An additional allocation of \$600,000 is available for Agricultural Customer Hosts, provided each agricultural customer host utilizes a virtual net metering facility that is an anaerobic digestion Class I renewable energy source and not less than fifty per cent of the dollar amount for such agricultural customer hosts is utilized by anaerobic digestion facilities located on dairy farms that complement such farms' nutrient management plans, as certified by the Department of Agriculture, and that have a goal of utilizing one hundred per cent of the manure generated on such farm. Once enrollment is closed, actual VNMCs in a given calendar year will be determined on the basis of actual Customer Host load, Eligible Facility performance and prevailing rates. New applicants may be considered if participation level drops.

**Unused VNM CAP:**

Beginning in January 2022, projected Unused VNM Annual Cap Space will be assigned to Provisional VNM Program participants per the Provisional VNM Program. Additional information regarding the Provisional VNM Program can be found in the Provisional VNM Program Implementation Plan, VNM Rider Appendix A.

**Customer Host Annual Virtual Net Metering Credits:**

An individual Customer Host's total, annual VNMC will be calculated using prevailing rates in effect when its application for participation in the Virtual Net Metering program pursuant to this Rider is accepted. Such calculated amount shall be the maximum VNMC to be paid to such Customer Host in a particular calendar year.

If at any point during a particular calendar year the cumulative actual VNMC of a Customer Host calculated and applied during billing reaches the maximum VNMC level for that particular Customer Host, the determination and allocation of VNMC's for the remainder of that calendar year for that Customer Host shall stop. For the remainder of the calendar year, any electricity supplied by the Customer Host to the Company that exceeds the amount the Company delivers to the Customer Host, as measured in kWh at the Company's billing meter and determined on a monthly basis, shall be purchased from the Customer Host by the Company according to the power purchase rate SG2.

**Interconnection and Metering Requirements:**

The installation of a generation system that will interconnect with the Company's electric distribution system requires the Company's approval. An applicant seeking to qualify as a Customer Host and participate in virtual net metering under this Rider (i) is required to file an interconnection application with the Company and to comply (at the applicant's expense) with the applicable requirements contained in The United Illuminating Company Guidelines for Generator Interconnection and (ii) is responsible for the cost of the interconnection service and any metering equipment provided by the Company.

**Term of Service:**

A Customer Host electing service under this Rider must remain on the Rider for at least 12 consecutive months. Other Terms and Conditions of service, where not inconsistent with any provisions hereof, are part of this Rider.

APPENDIX A

**Provisional VNM Program Implementation Plan**

The state’s electric distribution companies (“EDCs”) will engage in the following implementation process each year:

1. For each existing VNM account that has been assigned a VNM annual credit cap the EDCs will calculate the operational year one and operational year three VNM rates. The difference in VNM rates multiplied by the estimated excess sales from the VNM application results in Unused VNM Annual Cap Space. The Unused VNM Annual Cap Space will be totaled for each VNM sector (Agriculture, Municipal, State, and Anaerobic Digester).
2. The EDCs will notify VNM wait list applicants that contingency VNM cap space is available and allow 30 days for applicants to decide if they would like to participate in the Provisional VNM Program. If a VNM wait list applicant chooses not to participate in the Provisional VNM Program they will be placed behind Provisional VNM Program participants in the VNM wait list.
3. VNM applicants that chose to participate in the Provisional VNM Program will receive a VNM service agreement showing their contingency VNM annual credit cap and the VNM queue acceptance date. During the calendar year VNM Host accounts will be compensated for excess generation based on the applicable power purchase schedule (UI Rate SG2). These accounts will be designated as Provisional VNM Accounts for tracking purposes.
4. The EDCs will compare the VNM bill credits issued to Beneficial Accounts for the current calendar year to the VNM annual cap levels by VNM sector. Any remaining VNM annual cap by VNM sector would be awarded to applicants enrolled in the Provisional VNM Program who have received permission to operate their renewable facility from EDCs up to their VNM annual credit cap. The VNM bill credits will be based on applicable VNM bill credit pricing minus the power purchase price multiplied by the excess generation.
5. Beneficial Accounts would receive VNM bill credits in the first quarter of the following year.

Provisional VNM Program accounts will be subject to all the rules and criteria in the VNM Rider and VNM Application.

**Effective: April 1, 2022**

*Effective April 1, 2022  
Decision dated January 14, 2022  
Docket No. 13-08-14RE05*

*Supersedes C.P.U.C.A. No.1062  
Effective September 24, 2019  
Decision dated October 21, 2019  
Docket No. 13-08-14RE05*