

NET METERING RULES

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DEFINITIONS

Avoided Cost or Annual Average Avoided Cost Rate

The weighted average of the annual cost of wholesale energy for the preceding calendar year.

Billing Period

Approximately 30 days.

Biomass Facility

A facility 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.

Commercial Customer

Non-residential service.

Commission

The Conway City Council.

Electric Utility

Conway Corporation.

Fuel Cell Facility

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

Geothermal Facility

An electric generating facility in which the prime mover is a steam turbine. The steam is generated in the earth by heat from the earth's magma.

Hydroelectric Facility

An electric generating facility in which the prime mover is a water wheel. The waterwheel is driven by falling water.

Micro Turbine Facility

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

Net Metering

Measuring the difference in amount of electricity as measured in kilowatt hours or kilowatt hours multiplied by the applicable rate supplied by the Electric Utility to a Net-Metering Customer and the electricity generated by a Net-Metering Customer and fed back to the Electric Utility over the Billing Period.

Net-Metering Customer

A customer of the Electric Utility that:

- (A) Is an owner of a Net-Metering Facility;
- (B) Leases a net-metering facility subject to the following limitations:
 - (1) A lease shall not permit the sale of electric energy measured in kilowatt hours or electric capacity measured in kilowatts between the lessor and lessee; and
 - (2) A lease shall not include any charge per kilowatt hour or any charge per kilowatt; or
- (C) Is a government entity or other entity that is exempt from state and federal income tax, and that, for the sole purpose of Net Metering, obtains electric energy from a Net-Metering Facility under a service contract qualifying for safe-harbor protection as provided under 26 U.S.C. § 7701(e)(3)(A), as in effect on the adoption of this ordinance.

Net-Metering Facility

A facility for the production of electric energy that:

- (A) Uses solar, wind, hydroelectric, geothermal, or biomass resources to generate electricity including, but not limited to, fuel cells and micro turbines that generate electricity if the fuel source is entirely derived from renewable resources; and,
- (B) Has a generating capacity of not more than:
 - (1) the greater of twenty- five (25) kilowatts or one hundred percent (100%) of the Net-Metering Customer's highest monthly usage in the previous twelve (12) months for Residential Customers; or
 - (2) three hundred (300) kilowatts for Commercial Customers unless otherwise allowed by the Commission; and,
- (C) Is located in Conway; and,
- (D) Can operate in parallel with the Electric Utility's existing transmission and distribution facilities; and,
- (E) Is intended primarily to offset part or all of a customer's requirements for electricity; or,
- (F) (1) May include an energy storage device that is configured to receive electric energy solely from a net metering facility.
 - (1) The capacity of an energy storage device shall not be used to calculate the capacity limits described in subsection (B) above if the energy storage device is configured to receive energy solely from a Net-Metering Facility.

Net Excess Generation

The amount of electricity that a net metering customer has fed back to the Electric Utility in excess of the amount of electricity used by that customer during the Billing Period.

Net Metering Rate

The rates, terms, and conditions which recover the Electric Utility's entire cost of providing service to a net metering customer according to the Net-Metering Customer's rate class.

Parallel Operation

The operation of on-site generation by a customer while the customer is connected to the Electric Utility's distribution system.

Residential Customer

A single-family residence.

Solar Facility

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

Wind Facility

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

SECTION 1. GENERAL PROVISIONS

Rule 1.01. Purpose

To establish rules for net energy metering and interconnection.

Rule 1.02. Administration

Consistent with these rules, the Electric Utility may make and amend decisions, calculations, forms, and such other administrative actions as may be required to implement these rules in a reasonable and business-like manner.

SECTION 2. NET METERING REQUIREMENTS

Rule 2.01. Electric Utility Requirements

Conway Corporation allows Residential Customer's and Commercial Customer's Net-Metering Facilities to be interconnected using an approved meter capable of registering the flow of electricity in two (2) directions.

Rule 2.02. Metering Requirements

- A. Metering equipment shall be installed to both accurately measure the electricity supplied by the Electric Utility to the Net-Metering Customer and also to accurately measure the electricity generated by the Net-Metering Customer that is fed back to the Electric Utility over the Billing Period. Commercial Customer's meters must be capable of measurement of demand.
- B. Accuracy requirements for both forward and reverse registration modes shall be as defined in the Arkansas Public Service 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.
- C. Customers will pay the cost difference between a standard meter used by the Electric Utility for the class of customer and the required net meter outlined above.

Rule 2.03 Billing for Net Metering

- A. Customers shall be billed monthly.
- B. When the kilowatt hours supplied by the Electric Utility exceed the kilowatt hours generated by the Net-Metering Facility and fed back to the Electric Utility during the Billing Period, the Net-Metering Customer shall be billed for the net kilowatt hours supplied by the Electric Utility in accordance with the rates and charges under the Net-Metering Rate schedule.
- C. When the kilowatt hours generated by the Net-Metering Facility and fed back to the Electric Utility exceed the kilowatt hours supplied by the Electric Utility to the net metering customer during the Billing Period, the customer shall not receive any compensation from the Electric Utility for such Net Excess Generation during the Billing Period but shall be credited with the accumulated Net Excess Generation, if any, in the next Billing Period. Any accumulated Net Excess Generation remaining at the end of a calendar year, shall not expire and shall be carried forward to subsequent Billing Periods indefinitely.
- D. A net-metering customer may elect to have the Electric Utility purchase Net Excess Generation credits older than twenty-four (24) months in the customer's account at the Electric Utility's estimated Annual Average Avoided Cost for

wholesale energy if the sum to be paid to the net-metering customer is at least one hundred dollars (\$100).

- E.** The Electric Utility shall purchase at the estimated Annual Average Avoided Cost rate for wholesale energy any Net Excess Generation credit remaining in a customer's account when the customer:
- (a) Ceases to be a customer of the Electric Utility;
 - (b) Ceases to operate the Net-Metering Facility; or
 - (c) Transfers the Net-Metering Facility to another person.

**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 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 Parallel Operation and safely commencing the delivery of power into the Electric Utility's electric distribution system at a single point of interconnection. To prevent a net metering customer from back-feeding a de-energized line, a Net-Metering Facility shall have:
 - (a) an automatic switching scheme as described in IEEE 1547 that senses when a loss of power from the Electric Utility has occurred and immediately disconnects the Net-Metering Facility from the Electric Utility's electric distribution system until the Electric Utility has restored power; and
 - (b) a visibly open, lockable, manual disconnect switch which is clearly labeled and accessible by the Electric Utility at all hours.
- C. The customer 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 Electric Utility's facilities. Part I, Standard Information, Sections 1 through 4 of the Standard Interconnection Agreement must be completed 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 will provide a copy of the Standard Interconnection Agreement to the customer upon request.
- D. Following notification by the customer as specified in Rule 3.01.C, the Electric Utility shall review the Net-Metering Facility plans and provide the results of its review to the customer within 30 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), and shall be inspected annually by the customer's professional installer.
- F. The Net-Metering Facility, at the net metering customer's expense, shall meet all safety and performance standards adopted by the utility and pursuant to these Rules that are necessary to assure safe and reliable operation of the net metering facility to the Electric Utility's system. This includes but is not limited to the satisfactory completion of the annual inspection and filing of that inspection with the Electric Utility.

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

Modifications or changes made to a Net-Metering Facility shall be evaluated by the Electric Utility prior to being made. The Net-Metering Customer shall provide detailed information describing the modifications or changes to the Electric Utility in writing prior to making the modifications to the net metering facility. The utility shall review the proposed changes to the facility and provide the results of its evaluation to the customer 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.

Rule 3.03. Requirement for new customer at location to comply with regulation

When an existing Net-Metering Customer leaves the Electric Utility's service, the new customer at that address will be required to comply with the rules as a new customer and new service.

INTERCONNECTION AGREEMENT TERMS AND CONDITIONS

This Interconnection Agreement for Net-Metering Facilities ("Agreement") is made and entered into this ____ day of _____, 20____, by Conway Corporation ("Electric Utility") and _____ ("Customer"), (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(8) and the Electric Utility's Net Metering Rules.

Section 2. Governing Provisions

The parties shall be subject to the provisions of Ark. Code Ann. §23-18-605, the terms and conditions set forth in this Agreement, the Electric Utility's Net-Metering Rules, and the Electric Utility's applicable rates.

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 Electric Utility shall give 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 Electric Utility reasonably determines that either the facility may endanger the Electric Utility's personnel or other persons or property, or the continued operation of Customer's facility may endanger the integrity or safety of the Electric Utility's electric system, the Electric Utility shall have the right to disconnect and lock out Customer's facility from the Electric Utility's electric system. 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 meter capable of Net Metering. Customer shall install an Electric Utility-furnished 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.

Customer shall submit a Standard Interconnection Agreement to the Electric Utility at least thirty (30) days prior to the date Customer intends to interconnect the Net-Metering Facilities to the Electric Utility's facilities. Part I, Standard Information, Sections 1 through 4 of the Standard Interconnection Agreement must be completed for the notification to be valid. 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 Customer upon request.

Following notification by Customer as specified in Rule 3.01.C, the Electric Utility shall review the Net-Metering Facility plans and provide the results of its review to Customer 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.

To prevent back-feeding a de-energized line, Customer shall install: (a) an automatic switching scheme as described in IEEE 1547 that senses when a loss of power from the Electric Utility has occurred and immediately disconnects the Net-Metering Facility from the Electric Utility's electric distribution system until the Electric Utility has restored power; and (b) a visibly open, lockable, manual disconnect switch which is clearly labeled and accessible by the Electric Utility at all hours.

Customer, at his own 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 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 Customer's Net-Metering Facility in parallel with the Electric 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 Customer's Net-Metering Facility.

Modifications or changes made to a Net-Metering Facility shall be evaluated by the Electric Utility prior to being made. Customer shall provide detailed information describing the modifications or changes to the Electric Utility in writing prior to making the modifications to the net metering facility. The Electric Utility shall review the proposed changes to the facility and provide the results of its evaluation to Customer within thirty (30) calendar days of receipt of 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.

Section 5. Maintenance and Permits

Customer shall obtain any governmental authorizations and permits required for the

construction and operation of the Net-Metering Facility and interconnection facilities. 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. Customer shall provide an annual inspection of his net-metering facility. The inspection shall be filed with the Electric Utility on the anniversary date of the permit. The inspection must verify that all safety devices (including, without limitation, the automatic and manual disconnects) are functioning properly and that the Net-Metering Facility is not creating harmonic distortion or otherwise operating in any manner that would be harmful to, or tend to degrade the quality of electric service to, another Electric Utility customer. The inspection must be signed by the inspector and Customer who owns the Net-Metering Facility. The Electric Utility, in its sole discretion, may disconnect the interconnection facility if the annual inspection is not filed as stipulated above or if that annual inspection identifies deficiencies.

Section 6. Access to Premises

The Electric Utility may enter Customer's premises to inspect 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 the others from damage or interference caused by Customer's facilities, or lack of properly protective devices.

Section 7. Indemnity and Liability

A Net-Metering Customer shall indemnify the Electric Utility, 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 Net-Metering Customer's engineering design, construction, ownership or operations of, or the making of replacements, additions or betterment to, or by failure of, any of such Net-Metering Customer's works or facilities used in connection with this Agreement by reason of omission or negligence, whether active or passive. The Net-Metering Customer shall, on the Electric Utility's request, defend any suit asserting a claim covered by this indemnity. The Net-Metering Customer shall pay all costs that may be incurred by the Electric Utility 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 that party's negligence.

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 making replacements, additions or betterment to, the Customer's facilities by the Customer or any other person or entity.

Section 8. Notices

All written notices to the Electric Utility shall be directed as follows:

Conway Corporation
Attention: Dale Gottsponer
P.O. Box 99
Conway, AR 72033-0099

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

Section 9. 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 10. 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. Customer shall not assign this Agreement or any part hereof without the prior written consent of the Electric Utility, and such unauthorized assignment may result in termination of this Agreement.

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

Dated this ____ day of _____, 20____.

Customer:

Conway Corporation

By: _____

By: Dale Gottsponer, P.E.

Title: _____

Title: Electric Systems Senior Engineer

Mailing Address:

Mailing Address:

P.O. Box 99
Conway, AR 72033-0099

STANDARD INFORMATION

Section 1. Customer Information

Name: _____

Mailing Address: _____

Facility Location: _____

Phone: _____

Company Customer Account: _____

Section 2. Generation Facility Information

System Type: Solar, Wind, Hydro, Geothermal, Biomass, Fuel Cell, Micro Turbine
(Circle Type)

Generator Rating (KW): AC or DC (Circle One) Size _____

Inverter Manufacturer: _____

Inverter Model: _____

Inverter Location: _____

Inverter Power Rating: _____

Section 3. Installation Information

Attach a detailed electrical diagram of the net metering facility (Page A-6).

Installed by: _____

Mailing Address: _____

City: State: Zip Code: _____

Daytime Phone: _____

Installation Date: _____

Section 4. Certification

1. The system has been installed in compliance with the local Building/Electrical Code of Conway. Signed (Inspector): _____
Date: _____.
2. 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 (Owner): _____ Date: _____
3. The system has been installed in compliance with the **Conway Corporation**
Signed (Engineer): _____ Date: _____

ELECTRICAL DIAGRAM