

7/17/2012



MEMORANDUM OF UNDERSTANDING

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This Memorandum of Understanding is intended to guide utility treatment of non-utility sources of distribution-level renewable electricity generating systems under current Wisconsin law and administrative codes (as of April 10, 2012). This agreement, between Electric Provider X and RENEW Wisconsin (the "parties"), covers three key areas of distributed renewable energy systems: (1) net energy billing terms and conditions and (2) the sale of energy from third party-owned renewable energy systems directly to host customers; and (3) updating interconnection rules. Electric Provider X and RENEW enter into this agreement to promote a mutually agreed-upon set of best utility practices in these areas, which the parties believe will advance small-scale renewable energy sources in a manner consistent with current state energy policy .

In this agreement, Electric Provider X agrees to adhere to the practices specified herein, and RENEW agrees to indicate support for these practices in testimony submitted to the Public Service Commission. (In the case of municipal utilities and rural electric cooperatives not regulated by the Public Service Commission, RENEW will prepare a letter indicating its support for these practices and submit to the appropriate authority.) RENEW's testimony shall be incorporated into the record on Electric Provider X's pending rate proceeding or its next scheduled rate case. Once signed by both parties, this agreement will remain in effect unless (1) it is superseded by a change in state law or administrative code that affects any of the three issue areas or both; or (2) the parties mutually agree to terminate this agreement.

Net energy billing

With respect to net energy billing practices, Electric Provider X agrees to incorporate the following best practices into its standard net energy billing service:

1. It will allow renewable energy generation systems up to and including 100 kW to qualify for its net energy billing tariff;
2. It will calculate the trueing-up of system output and customer consumption on either a calendar-year basis or on a rolling 12-month basis.
3. It will credit all output that offsets consumption at the full retail rate. It will credit all output in excess of consumption at avoided cost.
4. It will explicitly state on its tariff sheet that the owner of the renewable energy system retains possession of all attributes (renewable energy credits) associated with the generation metered under this tariff.
5. It will not apply this two-tiered rate structure to renewable energy systems owners who received and sold electricity through a previously valid net energy billing tariff.
6. It will allow customers with more than one meter at the same billing address to offset usage at one meter with renewable generation at another meter.



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7. It will not apply system capacity caps on net metering within its territory.

In exchange for Electric Provider X's commitment to incorporate the above best practices into its standard net energy service, RENEW agrees to submit supporting testimony in X's next applicable rate proceeding. In addition, RENEW will not advocate for any additional best practice above those specified in this agreement.

Clean energy contracts (energy sales from third-party owned renewable energy systems to host customers)

Electric Provider X agrees to allow a retail customer to purchase electricity or heat from a renewable energy system located on that customer's premises and owned by a third party. Restrictions that apply to the customer would be as follows: (1) The output from a qualifying system can only be sold to the host customer at the premises where the system is located or the local utility or cooperative electric provider; and (2), this allowance applies only to systems that produce no more than 120% of the host customer's average annual consumption at that site. This policy also applies to business and residential customers who rent their space. In exchange, RENEW Wisconsin agrees to publicly recognize Electric Provider X for adopting this practice voluntarily. Recognition will take the form of a press release or a public testimonial distributed widely praising Provider X's action in this area.

Updating Interconnection Rules

Electric Provider X agrees to support recommendations made by the Interconnection working group to modify PSC 119 or to seek state wide coverage. The changes recommended by the Interconnection working group will be limited to those addressed as primary and secondary recommendations by the Keyes and Fox analysis of Wisconsin's Interconnection standards (October 25, 2011). These include: Primary: 1. Require consistency in interconnection standards throughout the state, 2. Adopt the FERC technical screens as part of an expedited interconnection process, 3 Prohibit external-disconnect switch requirements for inverter based generators (at least up to 10 kW); Secondary: 1. Prohibit additional insurance requirements, 2. Reduce interconnection process timelines to at least FERC standards, 3. Increase system size limit to 20 MW, 4. Institute informal processes for interconnection disputes. In exchange, RENEW Wisconsin agrees to publicly recognize Electric Provider X for supporting these recommendations. Recognition will take the form of a press release and/or a public testimonial distributed widely praising Provider X's action in this area.

