

Rule No. 16

ELECTRIC NET METERING

APPLICABILITY: This schedule is applicable to any residential, commercial, industrial and irrigation customer who uses a solar, hydropower or wind turbine electric generation facility, or a hybrid consisting of any combination of these renewable energy sources, with a nameplate capacity of not more than 50 kilowatts (kW), that is located on the customer's premises, is connected and operates in parallel with the utility's distribution systems, and is intended primarily to offset part or all of the customer's requirements for electricity (hereinafter "eligible customer-generator" or "customer").

PURPOSE: The purpose of this Rule is to specify the rates and applicable terms and conditions applicable to the utility's Net Metering Program.

INTERCONNECTION: Prior to connecting a renewable energy system to operate in parallel with the utility, the eligible customer-generator must comply with the utility's current Interconnection Standards for Customer-Owned, Net Metered, Grid-connected Electric Generating Facilities of 50 Kilowatts or Less Peak Generating Capacity ("Interconnection Standards"). Upon inspection and approval of the renewable energy system by the appropriate State or Local government electrical inspector, the utility will supply and install the necessary metering.

For demand-metered facilities, NWE may require two meters for net metering. The standard utility demand meter currently consists of one meter capable of metering both demand and energy. If two meters are required, this meter shall remain in place as the facility meter. A second energy meter shall be installed on the output from the generator to meter the energy generated by the generator. NWE will net the accounts between the facility and the generator to credit the customer for the energy generated as described under TERMS AND CONDITIONS below. Connection of the output directly to NWE's system may be the preferred approach to establishing interconnection for net metered generators in demand-metered facilities. In such cases, the customer will be required to execute a separate interconnection agreement prior to the interconnection being completed by NWE.

The customer shall pay all costs associated with necessary distribution/metering system modifications directly resulting from the installation and interconnection of the customer's generator.

INTERRUPTION OR REDUCTION OF DELIVERIES: NWE may require the customer to interrupt or reduce deliveries of available energy when NWE determines (a) such interruption is necessary in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any NWE-equipment or part of the NWE system, or (b) that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure or compliance with any electrical code or standard. Whenever possible, NWE will give the customer notice of the possibility that interruption or reduction of deliveries may be required.

(continued)

Rule No. 16

ELECTRIC NET METERING

If at any time NWE determines that either (a) the customer's generator, or its operation, may endanger NWE personnel, or (b) the continued operation of the generator may endanger the integrity of NWE's electric system, NWE shall have the right to disconnect the generator from NWE's system. NWE will give the customer notice of such occurrence as soon as practical. The customer's generator will remain disconnected until such time as NWE determines that all condition(s) are such that it is safe to reconnect.

NWE is not obligated to pay for energy that would otherwise have been delivered to its system absent the occurrences described in this section.

TERMS AND CONDITIONS: An eligible customer-generator served under this schedule is responsible for all charges for its applicable rate schedule including distribution service charges, transmission and distribution charges, energy and demand charges, USBC charges, CTC-QF charges, and seasonal customer charges.

If during the applicable billing period, the electricity (kWh) supplied by the utility exceeds the electricity generated by the customer, the charges for the net energy (kWh) consumed will be in accordance with the customer's applicable metered rate schedule.

If during the applicable monthly billing period, the electricity generated by the customer exceeds the electricity supplied by the utility, the customer shall be billed for the applicable distribution service charges, and the balance of the electricity generated shall be carried into the following billing period and appear as a credit on the customer's account, until the customer's consumption offsets the credit or the end of the designated 12-month billing period, which ever is earlier. At the end of the 12-month period, any unused energy (kWh) credit accumulated during the previous 12 months will be granted to the utility, with no compensation to the customer. The customer shall designate the start date of the 12-month billing period as January 1, April 1, July 1, or October 1.

DEFINITIONS:

1. Net Energy: Net energy is the difference between electricity supplied through the electric grid to the customer and electricity generated by the customer and fed back to the electric grid over the applicable billing period.
2. Parallel Operation: The operation of on-site generation by a customer while the customer is connected to the utility's distribution system.

(continued)



ELECTRIC TARIFF

	<u>Original</u>	Revised	Sheet No.	<u>R-16.3</u>
Canceling		Revised	Sheet No.	<u>R-16.3</u>

Rule No. 16

ELECTRIC NET METERING

SERVICE AND RATES SUBJECT TO COMMISSION JURISDICTION: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

Staff Approved: April 25, 2008
Docket No.: N2007.8.97
Tariff Letter No. 151-E

Effective for service rendered on or after
April 22, 2008

PUBLIC SERVICE COMMISSION

Connie Jones Secretary