

Rule No. 16

ELECTRIC NET METERING

APPLICABILITY: This schedule is applicable to any Customer with a net metering system (a net meter and a Small Generator Facility located on the Customer's premises that is connected, or will be connected, to NorthWestern's Electric Distribution System, operated in parallel with it, and is intended primarily to offset part or all of the Customer's requirements for electricity), hereinafter "Customer-Generator".

PURPOSE: The purpose of this Rule is to specify the terms and conditions applicable to a Small Generator Facility which is, or will be, a net metering system.

TERMS AND CONDITIONS:

1. The Customer's premises is a building, residence, structure, irrigation pump, or facility to which electric service is being provided, or will be provided, by NorthWestern.
2. Multiple buildings or structures will constitute a single premises if they are on the same tract of land, or contiguous tracts of land, and used by the same Customer, unless they are separately metered and billed under different classifications of service.
3. In the case of a bona fide rental unit, the premises shall be deemed to be the occupancy unit actually rented by the tenant, and the Customer-Generator shall be deemed to be the tenant renting the occupancy unit.
4. There can only be one net metering system installed on a premises; the aggregate nameplate capacity of generation and any storage components of the net metering system may not exceed 50 kilowatts ("kW") alternating current ("AC") and the system must be fueled by solar, wind, or hydropower generated by the Customer's net metering system.
5. Storage components of the Customer's net metering system may store and discharge only electrical energy produced from the net metering system; they may not store or discharge electrical energy received from NorthWestern's Electric Distribution System. Customer must be able to demonstrate this fact to NorthWestern's satisfaction.
6. Neither customers, nor customer accounts, nor meters can be aggregated for purposes of net metering.
7. No Customer-Generator may expand the generating capacity of their system without first receiving the written approval of NorthWestern.

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8. The expansion of a net metering system, without first securing the written approval of NorthWestern, disqualifies the Customer-Generator from receiving service under this tariff, unless this tariff provision is waived by NorthWestern, in writing.
9. Any violation of this tariff by the Customer-Generator disqualifies the Customer-Generator from receiving service under this tariff, unless the violation is waived by NorthWestern, in writing.
10. An eligible Customer-Generator served under this schedule is responsible for all charges for its applicable rate schedule including monthly customer charges, transmission and distribution charges, energy and demand charges, USBC charges, CTC-QF charges, and seasonal customer charges.
11. If during the applicable monthly billing period, the electricity needed by the Customer-Generator exceeds the electricity generated by the Small Generator Facility, the monthly charges for the net electricity supplied by NorthWestern will be billed in accordance with the Customer-Generator's applicable classification of service rate schedules.
12. If during the applicable monthly billing period, the electricity generated by the Small Generator Facility exceeds the electricity needed by the Customer-Generator, the Customer-Generator shall be billed for the monthly customer charge, and the excess kilowatt-hours shall be carried into subsequent billing periods, until the Customer-Generator's consumption offsets the excess kilowatt-hour balance or the time of the annual settle-up at the end of the designated 12-month billing period, whichever is earlier. Any excess energy balance is shown on the Customer-Generator's bill. At the time of the annual settle-up, any excess kilowatt-hour balance accumulated during the previous 12 months will be granted to NorthWestern, with no compensation to the Customer-Generator.
13. In accordance with normal metering practices, the Customer-Generator's settle-up date for the 12-month billing period will be their applicable meter reading day in either January, April, July, or October (the settle-up month). The Customer-Generator shall designate the settle-up month in the Level I Small Generator Facility Interconnection Request.
14. Once the settle-up month is selected, the Customer-Generator will only be able to change it once. The applicable meter reading day in the new settle-up month will then become the permanent settle-up date. Depending on the date that the Small Generator Facility commences interconnected operation, the first settle-up period may be more than 12 months.

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15. Any excess kilowatt-hour balance remaining upon termination of the interconnection agreement and/or service under this Rule, or transfer of ownership of the Small Generator Facility, will be granted to NorthWestern with no compensation to the Customer-Generator, unless the interconnection agreement is terminated due to material breach by NorthWestern.

INTERCONNECTION AGREEMENT: In order to operate a net metering system under this Rule, the Customer-Generator, or the owner of the premises if the Customer-Generator is a tenant, must have an interconnection agreement with NorthWestern for the Small Generator Facility. Level I Small Generator Facility Interconnection Requests, interconnection agreements, interconnection procedures, and a schedule of related fees, along with NorthWestern contact information, are available on NorthWestern's website.

INTERCONNECTION AND OPERATION: The Customer-Generator, or the owner of the premises if the Customer-Generator is a tenant, shall interconnect and operate its Small Generator Facility in parallel with NorthWestern's distribution system in accordance with the interconnection agreement.

METERING: NorthWestern will, at no additional charge to the Customer-Generator, or owner of the premises, provide a standard meter capable of registering the flow of electricity in two directions.

TEMPORARY DISCONNECTION: NorthWestern may temporarily disconnect the Small Generator Facility in accordance with the interconnection agreement. NorthWestern is not responsible for reimbursing Customer-Generators for interrupted or reduced output of the Small Generator Facility in such instances.

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.

