

5 key provisions excerpts.

- i. "Customer" means any entity interconnected to the Utility Company system for the purpose of receiving [or exporting] electric power from [or to] the Utility Company system.
- ii. "Customer-generator" means a residential or commercial customer that generates electricity, typically on the customer's side of the meter.
- iii. "Customer-generator facility" means the equipment used by a customer-generator to generate, manage, and monitor electricity. A customer-generator facility typically includes an electric generator and/or an equipment package, as defined herein.
- iv. "Customer premises" or "customer's premises" means property which the customer has rented, leased or owned in whole or in part, including:
 - (1) The property on which the customer resides;
 - (2) The property used for the customer's business; and/or
 - (3) The customer's location for a green power production facility, which may be remote from the residence or business.
- v. "Customer's own electrical requirements" includes:
 - (1) Power used by the customer at the customer's premises; and
 - (2) Power generated at the customer's premises for the purpose of sale directly to CUC.
- vi. "Eligible customer-generator" means a customer of an electric service provider, who uses a renewable energy production facility, with a capacity of not more than 100 kW that is located on the customer's premises, is interconnected and operates in parallel with the electric grid, and is intended primarily to offset part or all of the customer's own electrical requirements.
- vii. "Excess of the customer's production", "excess production", "excess electricity production" and "net excess of electricity", and credits therefor, means electricity which is measured at the following rate, at the election of the customer-generator:
 - (1) The customer's rate at the time the application for net metering is filed; or
 - (2) The customer's annual rate for electricity determined by averaging the rates in effect for each of the 12 months of the preceding calendar year.
- viii. "Green power wheeling rate" means:
 - (1) The rate which CUC charges to wheel the customer's green power from a location other than the site of the customer's residence or business to the customer's inflowxxx meter;
 - (2) The customer's pro rata share of the rate which the CUC charges to wheel into the CUC system the excess power over the customer's net from remote customer premises;

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- ix. "Located on customer premises" includes:
 - (1) The property in which the customer resides;
 - (2) The property used for the customer's business; and/or
 - (3) The customer's remote customer premises.

- x. "Remote customer premises" means property which the customer has rented, leased or owned in whole or in part, including a location for a green power production facility.

2. Aggregation of green power entitlements

- a. Purpose and findings. 4 CMC 8633 provides that "A customer shall be eligible for net energy metering for not more than 100 kilowatts of available capacity of a renewable energy system; provided that the regulator shall increase the maximum qualifying capacity by regulation or order upon a showing that the larger system will not unduly interfere with CUC's ability to properly manage its control area and that the financial impact of the service will not unduly harm CUC." CUC hereby finds that, with respect to the colocation of customer green power facilities pursuant to these regulations:
 - i. The production and transmission from such colocation will not unduly interfere with CUC's ability to properly manage its control area;
 - ii. The financial impact of the service will not unduly harm CUC; and
 - iii. Such colocation will benefit the CUC's management of its system and finances by providing a power source that is not dependent on imported fuel and for which the CUC is not financially responsible.

- b. Aggregations.
 - i. 4 CMC 8623 provides that electric utilities may aggregate their renewable portfolios in order to achieve the renewable portfolio standard of PL 15-23.
 - ii. Aggregation by customer/producers will provide substantial reliability and financial benefits to the CUC system.
 - iii. CUC shall contract with groups of customer-generators who seek to aggregate as provided in these regulations.
 - iv. Customers shall have the right to aggregate their entitlements to net metering so that they may build generation facilities at locations that may be remote from one or more of their homes or businesses, and wheel their generation through CUC's system to their homes and businesses. While the physics of such wheeling is that the actual movement of an electron from the generation site to the customer's home or business is unlikely, the wheeling shall be treated as a reality for the purposes of contract and these regulations.
 - v. CUC shall provide interconnection, wheeling, and billing service for such aggregating customers.

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3 c. Net metering rights to individual and group customers. An individual customer shall have
4 the right to sell power to the CUC system as provided in PL-23. A group of customers
5 who aggregate their entitlements to sell power to the CUC system shall have the same
6 rights to sell as an individual customer, with the exception of the wheeling fees provided
7 for in these regulations.
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10 3. Contracts for green power

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12 a. In providing for green power contracts and calculating rates, fees and charges, 4 CMC
13 8639 states that the Legislature's intent is that, for the 12-month billing period, the eligible
14 customer-generator shall be fully compensated for his/her consumption through the
15 production offset and credit calculations, and for CUC to buy the customer's excess
16 production at 50% of the net energy metering rate. These regulations shall be applied to
17 carry out that intent.
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19 b. This agency further finds that:
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21 (1) customer generation will save electric utility customers money and
22 improve system reliability;
23 (2) customer-generators and related developers need certainty in order to
24 secure financing;
25 (3) a contract for power from a customer-generator is not the same as a
26 contract with a third party, like an independent power producer, and,
27 therefore, is not subject to the CNMI or CUC Procurement Regulations;
28 (4) CUC, at the time these regulations are being promulgated, is unable to
29 finance the construction and operation of new capacity;
30 (5) due to CUC's high rates and the community's opposition to higher rates,
31 CUC will be unable in the foreseeable future to increase its rates in order
32 to build appropriate reserves, eliminate debt and maintain and improve its
33 facilities so that it can finance the construction and operation of new
34 capacity;
35 (6) CUC needs new, non-oil-fired, green power facilities;
36 (7) the Act provides an important way for the market to provide CUC, and its
37 customers, with new capacity that will free the system from the ever-
38 increasing cost of oil at virtually no financial risk to the system;
39 (8) the Act provides an important way for local customers to participate in the
40 system's generation of power as owners or co-owners of green power
41 facilities;
42 (9) there technically valid alternatives for many of the contract terms, as the
43 agency must apply its expertise in light of the power industry's experience
44 with green power, PURPA (Public Utility Regulatory Policy Act of 1988, as
45 amended), avoided cost pricing, utility industry investment standards, and
46 the local electric utility system;
47 (10) while the Act allows for flexibility in some contract terms, it requires
48 certain language for other terms; and
49 (11) CUC must balance all of these considerations in developing the rules by
50 which contracts shall be drafted.
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52 c. Finding and conclusion: A contract entered into pursuant to these regulations under PL
53 15-23 with a customer-generator is not a contract for a utility service described in EO
54 2006-04, 4 CMC sec. 8141.

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- d. In balancing the interests of the customers, customer-generators and the management and owners of CUC, the agency concludes that the contracts must embody the following features:
- i. The net metering rate is the total rate charged. This includes the base rate, the full clause, and any other per-kwh charges. It does not include the fixed monthly customer charge.
 - ii. The offset which net metering provides to the customer's use must be priced monthly. Therefore the contract may not fix the pricing of the 100% offset-to-use to be the same for the term of the contract. The contract price for this offset must vary with the monthly total electric rate charged to the customer.
 - iii. The rate paid for green power. There is flexibility in setting the annual rate applicable to the customer-generator's sale of power to the system. Maximizing the certainty of this figure is very important to the customer-generator to provide the certainty that customer-generators and their investors will require in order to attract the capital required to pay for the facility and to give CUC the ability to plan its cash flows and project income. Therefore, the parties may elect among the following:
 - (1) The default: One rate for the term of the contract. The rate in effect on the date the application is filed. Xxx pro rate among residential and commercial customerszzz
 - iv. Other credits for green power: When CUC is required to provide equipment or service and it agrees that it will not do so directly, or when it fails to do so within a reasonable time given the customer's plan, the customer may purchase the equipment or service and CUC shall credit the customer for the amounts spent.
 - (1) Typically this credit will cover the cost to install a meter. It may also include the costs for a service drop and/or a transformer. It should reflect the cost of money to the customer;
 - (2) The credit shall be spread over a reasonable amount of time that balances:
 - (a) the alternative scenario, in which CUC pays for the equipment or service up front, and
 - (b) CUC's financial ability to cover the credit.
 - (3) If the parties cannot agree on the period or the amount, the credit shall reflect:
 - (a) the invoiced price of the equipment and/or service;
 - (b) a monthly interest rate equivalent to 12% per year;
 - (c) a feed-back period for the credit of 12 months.
 - v. CUC's charges for receiving and carrying green power from aggregated customer generation facilities. CUC shall charge the following on a per-kWh basis
 - (1) CUC shall charge a wheeling fee from the locations of aggregated green power customer-production facilities.

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- (2) CUC shall charge a billing fee, that reflects the costs of recording kWh generated, allocating among 100% offsets and net sales to the system, and allocating among the aggregated customers
 - vi. Size of the entitlement. The size of the entitlement shall be fixed as of the date of the application. Each 100 kWh of the aggregated entitlement must be evidenced by a document that, on its face:
 - (1) purports to assign the customer's entitlement to a legal entity in which the customer retains a property or contract interest. Such entity includes a cooperative, a limited partnership, a general partnership, a condominium, a trust; and
 - (2) appears to be legally enforceable in the CNMI.
 - vii. zzzthere should be no surprises regarding technical requirements or the facility's ability to meet those requirements.
 - viii. finance date for selecting the rate will be filing date of the app
 - ix. but the stat says it's the rate in effect during
 - x. flexibility: maybe option of the producer to take a fixed rate or a variable
 - xi. at the very least the offset must be at the variable rate
 - (1) PURPA-type ceiling – avoided cost
 - (2) if, over a five-year period the electric utility's rates vary by x%, the rate will be adjusted, maybe
 - (3) except contracts will be sacrosanct
 - xii. xxxwant as little wiggle room as possible here.
- e. The Act, 4 CMC 8634, further requires that:
- i. CUC shall develop a standard contract or tariff providing for net energy metering;
 - ii. shall make this contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis,
 - (1) until the time that the total available capacity produced by eligible customer-generators equals 30 percent of CUC's system peak demand;
 - (2) provided that, on good cause shown, the regulator may increase, by rule or order, this percentage amount.
 - iii. each net energy metering contract or tariff shall be identical, with respect to rate structure and other charges and fees, to the contract or tariff to which the same customer would be assigned if the customer were not an eligible customer-generator;
 - iv. the charges for all retail rate components for eligible customer-generators shall be based exclusively on the eligible customer-generator's net kilowatt-hour consumption over a monthly billing period;
 - v. any new or additional demand charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or other charge that would

1 increase an eligible customer-generator's costs beyond those of other customers
2 in the rate class to which the eligible customer-generator would otherwise be
3 assigned are contrary to the intent of the Act, shall not be charged and shall not
4 form a part of a net energy metering contract or tariff;
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6 vi. subject to the constraints of the Act, the regulator may amend the rate structure,
7 standard contract or tariff by rule or order.
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9 f. CUC shall use contracts for green power production, wheeling and net metering which do
10 not vary materially from the forms attached to these regulations.
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12 i. Each such contract shall, therefore, embody the rates, pricing, charges,
13 interconnection requirements and technical specifications contained in these
14 regulations.
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16 ii. "Materially" includes the following terms and conditions:
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- 18 (1) pricing;
- 19 (2) charges, including demand and standby and monthly minimum charges;
- 20 (3) interconnection requirements;
- 21 (4) technical specifications;
- 22 (5) time periods.
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24 g. If a customer/producer of green power and CUC agree in writing they may vary a material
25 term of a contract form attached to these regulations; provided that no such change may
26 violate the requirements of the Act.
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28 h. Applications and other communications. CUC and the parties to a green power
29 agreement shall accept electronic communications in satisfaction of all notice, application,
30 renewal, filing, and other communication requirements under the Article.
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32 i. Confidentiality. Xxx insert xxx
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34 j. Accounting
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36 i. CUC shall maintain escrow accounts for the accrual of obligations for the net
37 output of customer-generators. The purpose of the escrow accounts is to ensure
38 that the required cash is available to pay customer-generators at the time
39 required by statute and these regulations.
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41 ii. CUC shall deposit monthly in a customer generator's escrow account the amount
42 of likely payment for the excess generation required for each month. The deposit
43 may be made 42 days after the end of the month of the generation, reflecting the
44 typical delay in CUC's receipt of revenues for billed consumption. The purpose of
45 the escrow deposit lag is to match current revenues with current payment to the
46 customer-generator. One exception to this lag is for the final year's payment to
47 the customer-generator, which shall be deposited within 28 days of the end of the
48 month of the generation, so that all funds are in place for reconciliation and timely
49 payment.
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51 iii. Accounting period. The accounting to determine net output for the purposes of
52 calculating CUC's payment obligation, shall be undertaken on a calendar year
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- iv. Timing: Transfers of funds into the escrow accounts shall begin:
 - (1) For production facilities of less than 10 kW , after the sixth month of each year.
 - (2) For production facilities of 10 kW or greater capacity, immediately upon commencement of service. Each account may be reduced for projected annual external use after six months' experience. The reduction shall be taken on a pro rata basis, by customer and by monthly use, each month. The account shall be reconciled prior to payment.
 - (3) The purpose of the difference in procedure is to reflect the greater benefit to the system likely from the larger installation, that a higher percentage of green power flows into the system as the size of the installation increases past the point of the customer's likely use.

- v. If CUC fails to read a meter related to a customer's net metering, CUC shall accept the customer's read data until CUC obtains actual data from a meter read. A customer may provide such data by electronic means.

- vi. CUC shall pay interest on late payments to customer-generators at its overall cost of capital, or the post-judgment interest rate applicable to the Superior Court, whichever is greater. The rate shall be applied as a daily rate and compounded monthly. The purpose of this provision is to provide CUC with an incentive to make timely payments and to make the customer-generator whole for delays.

k. Payment

- i. In order to assure the reliability of green power production and encourage the private sector investment that will allow for such production it is critical that CUC provide for predictable, secure payment for green power.

- ii. CUC shall provide for and publicize the following payment tools:
 - (1) Electronic funds transfer on or before the payment date, at CUC's expense;
 - (2) Billing and reporting by electronic means;
 - (3) special reserve accounting for green power customer-generator revenues;
 - (4) xxx other

- iii. xxx