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State of Vermont
Public Service Board

September 30, 2011

John Randall Pratt
Manager of Government Relations
Vermont Electric Cooperative, Inc.
42 Wescom Road
Johnson, VT 05656-9717

Re: Vermont Electric Cooperative, Inc.
Tariff Filing No. 8253

Dear Mr. Pratt:

The Public Service Board ("Board") has asked me to inform you that it has reviewed the tariff filing which you submitted on June 24, 2011, on behalf of Vermont Electric Cooperative, Inc. ("VEC" or the "Company"). The proposed filing revises the Company's Terms and Conditions to comply with changes to 30 V.S.A. § 219a mandated by the Vermont Energy Act of 2011 (Act 47) regarding credits to customers who own and operate a qualifying photovoltaic net-metered system. On August 5, 2011, the Company amended the filing based on discussions with the Department of Public Service ("Department").

On August 5, 2011, the Department, pursuant to 30 V.S.A. Section 225, informed the Board that it had reviewed the filing, as amended, and recommended that it be allowed to take effect without further investigation or hearing.

Accordingly, the Board accepted the Department's recommendation and approved the filing, as amended, to take effect for service rendered as of August 23, 2011.

Very truly yours,

A handwritten signature in black ink, appearing to read "Susan M. Hudson".

Susan M. Hudson
Clerk of the Board

cc: Vermont Department of Public Service

VERMONT ELECTRIC COOPERATIVE, INC.
SELF GENERATION AND NET METERING

1. AVAILABILITY

Applicable to customers who: (1) take service under another Cooperative tariff, (2) have received approval pursuant to 30 V.S.A. § 248 from the Vermont Public Service Board (“Board”) for a net metered system, and (3) employ an eligible system (as defined below) to generate electricity primarily for their own use and which system from time to time generates electricity in excess of the customer’s then current needs and is connected to deliver such excess electricity to the Cooperative’s distribution system. Customers must conform to all applicable requirements of 30 V.S.A. §§ 219a and 248 and to Board Orders, Rules, Regulations or electrical safety, power quality, and interconnection requirements pertaining to self-generation of energy for net metering. This tariff shall not supersede any terms and conditions of any other tariff under which the customer takes service from the Cooperative, which other terms and conditions shall continue to apply.

2. CHARACTER OF SERVICE

For the purpose of this tariff provision, an eligible system is defined as one which employs a renewable energy source and is either: (1) a system which is not in excess of 500 kW capacity; which operates in parallel with the Cooperative’s electric distribution system; is intended primarily to offset the customer’s own electricity requirements; is located on the customer’s premises or, in the case of a group net metering system, on the premises of a customer who is a member of the group; and employs a renewable energy source as defined in 30 V.S.A. § 8002(2); or (2) is a qualified micro-combined heat and power system of 20 kW or fewer that meets the definition of combined heat and power in 10 V.S.A. § 6523 (b) and may use any fuel source that meets air quality standards. All eligible systems shall comply with applicable orders and requirements of the Board with respect to electrical safety, power quality, and interconnection. The customer shall be responsible for the maintenance, safety, and condition of the eligible system.

3. METERING

For generation systems which are interconnected with the customer’s premise loads and non-solar energy credit customers, net metering may be accomplished with a single bidirectional meter, which is furnished and owned by the Cooperative. This meter will measure: (1) the kWh flows from the Cooperative to the customer when the interconnected generation is less than the customer’s consumption, and (2) the kWh flows from the customer to Cooperative when the interconnected generation exceeds the customer’s consumption. The charge for this single bidirectional meter is included in the customer’s monthly customer service charge.

For any of the following: standalone generation systems, group net metering systems with multiple service classification rates, solar energy credit customers, or customers that

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desire a second meter for their own information, the Cooperative will furnish and own the additional meter. This meter will: (1) measure the generator kWh flows, and (2), if applicable, the kWh flows from the Cooperative to the customer during periods when the generator service requirements exceed the generation. The customer will be responsible for owning and installing the appropriate meter socket and associated wiring. This meter socket shall be installed in accordance with the Cooperative's standards, and is located at an assessable outside location typically near the net metering disconnect, and if applicable, within reasonable proximity to the existing meter. The additional charge by the Cooperative to the customer for the additional meter will be the appropriate service classification monthly customer service charge. In the case of residential service, where the additional meter is connected to the same electrical entrance cable that serves the existing meter, the additional meter charge will be the "Multiple Residential Meter Provision" monthly customer charge.

4. NON-GROUP NET METERING MONTHLY BILLINGS

For net metering customers that are not part of a group net metering system, the Cooperative shall calculate a monetary credit to the customer by multiplying the excess kWh generated during the billing period by the kWh rate paid by the customer for electricity supplied by the Cooperative and shall apply the credit to any remaining charges on the customer's bill for that period. If after applying these charges the entire credit is not exhausted, the remaining balance of the credit shall appear on the customer's bill for the following billing period. Any accumulated credits not used within 12 months shall revert to the Cooperative, without any compensation to the customer.

5. GROUP NET METERING SYSTEM BILLING PROVISION

A group net metering system ("Group System") is a group of customers or a single customer located within the Cooperative's service territory that have elected to credit on-site generation against all meters in the group, in a manner identified by the group. The meters to be included in the Group System shall be associated with the buildings and residences owned or occupied by the person operating the group net metering system, or the person's family or employees, or other members identified by the group.

The Group System is responsible for providing the Board, the Vermont Department of Public Service ("Department"), and the Cooperative with the following information:

- (A) The meters to be included in the group net metering system, identified by account number and location.
- (B) A procedure for adding and removing the meters included in the Group System, and direction as to the manner in which the Cooperative shall allocate any accrued credits among the meters included in the system. The allocation subsequently may be changed only on written notice to the Cooperative
- (C) A designated person responsible for all communications from the Group System to the Cooperative, except for communications related to billing, payment, and disconnection.

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- (D) A binding process for the resolution of any disputes within the Group System relating to net metering that does not rely on the Cooperative, the Board, or the Department.

The Cooperative shall bill directly and send all communications regarding billing, payment, and disconnection directly to the customer name and address listed for the account of each individual meter designated as being part of the Group System. The usage charges for each account shall be calculated using the individual meter and service classification rates for the account.

If the electricity generated by the Group System is less than the total usage of all meters included in the Group System during the billing period, the Group System shall be credited for any accumulated monetized kilowatt-hour credits and then billed for the net electricity supplied by the Cooperative in accordance with the following procedures.

The Cooperative shall calculate a monetary credit for allocation to the Group System accounts by multiplying the applicable service classification kWh rate times the kWh generated, or in the case of a single bidirectional metered generator the excess kWh generated during the billing period. If all the customer meter accounts in the Group System are billed under the same service classification, the monetary credit will be calculated using the non-demand, non-time-of-day, per kWh rate for that service classification. If all the customer meter accounts in the Group System are using residential service, the monetary credit will be calculated using the per kWh rate under Service Classification #1 Multiple Residential Meter Provision. If the customer meter accounts in the Group System billed under more than one service classifications (i.e., residential, general service, industrial), the monetary credit will be calculated using the per kWh rate under Service Classification #2 – General Service Non-Demand Billing Provision.

The monetized credit applied to each Group System customer's bill will be calculated in the manner identified above and allocated as specified in accordance with Section 5(B).

If electricity generated by the Group System exceeds the electricity supplied by the Cooperative; the allocated excess monetized credits will appear on the bills of the Group System members. Any accumulated credits not used within 12 months, shall revert to the Cooperative, without any compensation to the customer.

After receiving written notification from the designated person the Cooperative shall implement appropriate changes to the group system within 30 days. However, written notification of a change in the designated person responsible for all communications from the Group System shall be effective upon receipt by the Cooperative. The Cooperative shall not be liable for action based on such notification, but shall make any necessary corrections and bill adjustments to implement revised notifications.

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6. SOLAR ENERGY CREDIT

The Cooperative offers a credit to each net metering customer using solar energy. The credit applies to each kWh generated by the customer's solar net metering system. This credit will not displace the benefits provided under either: (1) Section 4 - Non-Group Net Metering Monthly Billings, or (2) Section 5 - Group Net Metering System Billing Provision. The solar energy credit was determined based on the Cooperative's June 24, 2011 residential rate of \$0.17118 per kWh and shall not fluctuate with changes in the underlying residential rate used to calculate the amount of the credit.

Solar Energy Credit \$ 0.02882 per kWh

7. ENVIRONMENTAL ATTRIBUTES

The Cooperative retains all rights to the net metering production attributes that qualify towards the goals and requirements under 30 V.S.A. § 8005. Unless otherwise agreed to between the Cooperative and the net metering system customer(s), all other environmental attributes, such as renewable energy certificates, associated with the net metering system shall be owned by the net metering system customer(s).

8. TERMS AND CONDITIONS

The customer shall be required to carry liability insurance in amounts as specified in applicable Rules, Orders, or Regulations of the Board. Proof of insurance shall be furnished annually to the Cooperative.

Any customer seeking to take service in accordance with this tariff shall be required to submit a written application for a certificate of public good under 30 V.S.A. § 248 to the Board on forms specified by the Board, follow all procedures specified in those forms, and obtain such a certificate from the Board before connecting any eligible system to the Cooperative's distribution system or any portion of the customer's own electrical system that is itself connected to the Cooperative's electric distribution system.

The authority under this tariff of any customer to connect any eligible system capable of delivering electricity to the Cooperative's distribution system will close after the total installed cumulative generating capacity of all eligible systems connected to the Cooperative's distribution system (or to any portion of the customer's own electrical system that is itself connected to the Cooperative's electric distribution system) equals four percent of the peak retail demand of both the Cooperative and the former Citizens Communications Company system during 1996 or the peak demand during the most recent full calendar year, whichever is greater. However: (1) such authority shall re-open should such installed cumulative generating capacity

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at any time fall below four percent of such peak retail demand and (2) the Cooperative may interconnect additional eligible systems above four percent of such peak retail demand if found by the Board to be in the public interest. Any customer seeking to take service in accordance with this tariff or to connect any eligible system to the Cooperative's electric distribution system (or to any portion of the customer's own electrical system that is itself connected to the Cooperative's electric distribution system) shall be responsible for contacting the Cooperative in advance of such connection to determine whether the total installed cumulative generating capacity of the eligible systems connected to the Cooperative's system already equals or exceeds such a four-percent level.

The Cooperative may require a customer to comply with generation interconnection, safety, and reliability requirements, as determined by the Board by rule or order, and may charge reasonable fees for interconnection, establishment, special metering, meter reading, accounting, account correcting, and account maintenance of net metering arrangements that are greater than 15 kW capacity.

Any eligible system shall be subject to emergency disconnection of the system. An "emergency" shall be considered to occur when the interconnection of an eligible system represents a condition which is likely to result in imminent significant disruption of service to the Cooperative's customers or is imminently likely to endanger life or property.

If the Cooperative performs an emergency disconnection of an eligible system, the Cooperative shall notify the customer within 24 hours. If the emergency is not caused by the eligible system, then the Cooperative shall reconnect the system on cessation of the emergency. If the emergency is caused by the eligible system, then the Cooperative shall communicate the nature of the problem to the customer within five days, and attempt to resolve the issue with the customer. Within 30 days of such emergency disconnection, the Cooperative shall file a disconnection petition with the Board if the Cooperative and the customer have not reached a mutually agreed-upon resolution.

Non-emergency disconnections of an eligible system by the Cooperative shall follow the same process as set out above for emergency disconnections of such system, except that the Cooperative shall give no less than five working days' prior notice of the disconnection and such prior notice shall communicate the reason for the disconnection. If the eligible system is not the reason for the system's disconnection, the Cooperative shall reconnect the system as soon as the activity necessitating the disconnection ceases.

A customer shall be prohibited from reclosing a disconnect device, which has been opened and tagged by a Cooperative, without the prior approval of the Cooperative, or, in the event of a dispute, the Board. A customer who initiates a permanent disconnection of an eligible system shall promptly notify the Cooperative.

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