

NET METERING PURCHASE AND SALE AGREEMENT

CENTRAL VIRGINIA ELECTRIC COOPERATIVE

This Net Metering Purchase and Sale Agreement (“Agreement”) is entered into this ___ day of _____ 201_ (the “Effective Date”) between Central Virginia Electric Cooperative (“_CVEC” or “Cooperative”), a Virginia utility consumer services cooperative with its headquarters located at Colleen, Virginia, and _____ (“Customer”) (each individually a “Party”; collectively, the “Parties”), a member-owner of CVEC that has a Renewable Fuel Generator (“RFG”) located at Customer’s residence or business, at _____, that is interconnected through CVEC’s distribution system, and that qualifies for net metering service pursuant to CVEC’s Net Energy Metering Rider.

RECITALS

Whereas, Customer, by correspondence dated _____, has requested, in writing, that Cooperative enter into this Purchase and Sale Agreement to purchase any Excess Generation from its RFG; and

[**Whereas**, Customer, by correspondence dated _____, has informed Cooperative that Customer wishes to make a one-time election regarding the sale to Cooperative of Renewable Energy Certificates (“RECs”) created by its RFG; and]

Whereas, Cooperative is willing to purchase Customer’s Excess Generation and credit Customer for the value of Customer’s Excess Generation on a month-to-month basis, and to compensate Customer for any Excess Generation Value that remains at the end of the Net Metering Period, [and also to purchase such RECs as Customer has made a one-time election to sell to Cooperative];

Whereas, the Customer agrees to abide by this Agreement and the Cooperative’s Terms and Conditions of Service, particularly with regard to the operation and maintenance of the RFG;

Now therefore, the Parties mutually agree to be bound by the terms described herein for such sale and purchase of Excess Generation, Excess Generation Value [and RECs].

1. Definitions – The following definitions apply for purposes of this Agreement:

“Excess Generation” means the amount of electricity generated by Customer-owned Renewable Fuel Generator in excess of the electricity consumed by the customer over the course of the net metering period. For time-of-use net metering customers, excess generation is determined separately for each time-of-use tier.

“Excess Generation Value” means the value, based on the price established herein, of any Excess Generation credited to customer that remains at the end of the Net Metering Period.

“Billing Period” means the time period between the two meter readings upon which Company calculates the Customer’s bills.

“Billing Period Credit” means the quantity of electricity generated and fed back into the electric grid by Customer-owned Renewable Fuel Generator in excess of the electricity supplied to Customer over the Billing Period. For time-of-use net metering customers, billing credits are determined separately for each time-of-use tier.

“Net Metering Period” means each successive 12-month period beginning with the first meter reading date following the Effective Date of this Agreement.

“Net Metering Service” means providing retail electric service to Customer operating a Renewable Fuel Generator and measuring the difference, over the Net Metering Period, between electricity supplied to Customer from the Cooperative’s distribution system and the electricity generated and fed back to the Cooperative’s distribution system by Customer. Customer may qualify for this service by owning and operating, or contracting with other persons to own, operate, or both, a Renewable Fuel Generator on Customer’s premises.

“Renewable Energy Certificate” (“REC”) means a certificate issued by a recognized certifying agency that represents the renewable energy attributes associated with the production of one mega-watt-hour (MWh) of electrical energy generated by a Renewable Fuel Generator.

“Renewable Fuel Generator” (“RFG”) means an electric generating facility that:

1. uses, as its total fuel source, a renewable energy (solar, wind, hydro, energy from waste, wave motion, tides, sustainable biomass, and geothermal) as defined by § 56-576 of the Code of Virginia;
2. Customer owns and operates, or has contracted with other persons to own or operate, or both;
3. is located on Customer’s premises and is connected to Customer’s wiring on Customer’s side of the interconnection with Cooperative;
4. is interconnected pursuant to a net metering arrangement and operated in parallel with Cooperative’s facilities; and
5. is primarily intended to offset part or all of Customer’s own electricity requirements at Customer’s premises and is of a size that makes it reasonably equipped to do so.

2. Term and Termination

2.1 This Agreement shall become effective upon execution by all Parties, and shall remain in effect for one (1) year from the Execution Date and thereafter on a month-to-month basis until terminated by any Party upon thirty (30) days written notice to all other Parties.

2.2 This Agreement shall terminate immediately and without notice upon: (a) termination of the electric distribution service by Cooperative to Customer; or (b) failure by Customer to comply with any of the terms and conditions of this Agreement or Cooperative's Interconnection Agreement for Customer-Owned Renewable Fuel Generators.

3. Terms of Sale and Purchase

3.1 For residential customers, the RFG capacity may not exceed ten (10) kilowatts alternating current and for non-residential customers the RFG capacity may not exceed five hundred (500) kilowatts alternating current. The total connected capacity of all generators shall not exceed 1.0% of the Cooperative's Virginia peak-load forecast for the previous year.

3.2 For general purposes, the Customer's tariff shall be that tariff under which Customer would be served if Customer were not a net energy metering customer (the Customer's standard tariff). Time-of-use net metering is not permitted under an electricity supply service tariff having no demand charges.

3.3 Electricity generated by Customer's RFG shall be metered and shall be netted against the electricity supplied to Customer by Cooperative over the Billing Period. Customer shall receive a Billing Period Credit in any Billing Period in which the quantity of electricity generated and fed back into the electric grid by Customer's RFG exceeds the electricity supplied to Customer for the Billing Period.

3.4 For any Billing Period in which generation exceeds consumption, producing a Billing Period Credit, the monthly charge shall be based only on the fixed charges of Customer's standard tariff. Customer must pay only the nonusage sensitive charges for any Billing Period in which a Billing Period Credit exists. If Customer is under a time-of-use tariff with net metering, Excess Generation is determined separately for each time-of-use tier. Customer must pay only the demand charges and the nonusage sensitive charges in any Billing Period when there are credits in all tiers for that Billing Period.

3.5 Billing Period Credits will be carried forward and applied to offset future consumption charges within the Net Metering Period. Billing Period Credits shall be accumulated, carried forward, and applied at the first opportunity to any Billing Periods having positive net consumptions (by tiers, in the case of time-of-use customers). However, any accumulated Billing Period Credits remaining unused at the end of a Net Metering Period shall be carried forward into the next Net Metering Period only to the extent that such accumulated Billing Period Credits carried forward do not exceed Customer's billed consumption for the current Net Metering Period, adjusted to exclude accumulated Billing Period Credits carried forward and applied from the previous Net Metering Period (recognizing tiers for time-of-use customers).

3.6 Customers shall have installed a lockable, load-breaking manual disconnect switch at a suitable location, approved by Cooperative, that can be easily located and accessed by Cooperative, thus allowing Cooperative round-the-clock, unobstructed access to the switch.

Such unobstructed access to the switch as is satisfactory to Cooperative must be maintained at all times, at Customer's expense.

3.7 If Customer has contracted with another person to own, operate, or both, the RFG, Cooperative must have detailed, current and accurate contact information for the owner, operator, or both, including, without limitation, the name and title of one or more individuals responsible for the interconnection and operation of the RFG, a telephone number, a physical street address other than a post office box, a fax number, and an e-mail address for each person or persons.

3.8 Customer shall immediately notify Cooperative of any changes in the ownership of, operational responsibility for, or contact information for the RFG.

3.9 Customer shall be solely responsible for complying with any and all other requirements of federal, state, or local law or regulation regarding the operation or maintenance of its RFG. Cooperative shall not be responsible for any additional costs related to ensuring the RFG's compliance with any legal or regulatory requirements.

4. Metering

4.1 Interconnection of Customer's RFG shall be through a single meter, or additional meters as provided in the State Corporation Commission's rules.

4.2 Except as otherwise stated in this Agreement, Customer shall not be required to pay for additional metering, testing, or controls in order to interconnect with Cooperative. Customer may request, and Cooperative may install, additional controls or meters, or conduct additional tests. The expenses associated with these additional meters, tests or equipment shall be borne by the Party desiring the additional meters, tests, or equipment.

4.3 If Customer takes service under a time-of-use tariff, Customer is responsible for all incremental metering costs associated with net metering.

5. Price

5.1 During the initial net metering period and extensions thereof Excess Generation shall be valued at a price equal to the simple average (by tiers for time-of-use customers) of Cooperative's hourly avoidable cost of energy, including fuel, based on the energy and energy-related charges of its primary wholesale power supplier for the Net Metering Period. Excess Generation purchased at the end of the Net Metering Period shall be priced on this basis.

5.2 In subsequent Net Metering Periods, Cooperative and Customer may mutually agree to negotiate a higher price or, after notice and opportunity for hearing, the State Corporation Commission may establish a different price or pricing methodology.

6. Billing and Payment

6.1 Cooperative shall make full payment for Excess Generation annually to Customer within 30 days following the end of the Net Metering Period.

6.2 In lieu of a direct payment, Customer may choose to have Cooperative credit the annual Excess Generation payment to Customer's account.

7. Insurance

7.1 If Customer's RFG has a rated capacity not exceeding 10 kilowatts, Customer shall maintain homeowners, commercial, or other insurance providing coverage in the amount of at least \$100,000 for the liability of the insured against loss arising out of the use of a RFG, and

7.2 For a RFG with a rated capacity exceeding 10 kilowatts such coverage shall be in the amount of at least \$300,000.

7.3 Customer shall not be required to obtain liability insurance with limits higher than that which is stated in this section; nor shall Customer be required to purchase additional liability insurance where Customer's existing insurance policy provides coverage against loss arising out of the use of a RFG by virtue of not explicitly excluding coverage for such loss.

[8. Renewable Energy Certificates

8.1 Customer owns any RECs associated with the total output of its RFG. Cooperative is obligated to purchase Customer's RECs only if Customer has exercised at the time of signing this Agreement its one-time option to include a provision requiring the purchase by Cooperative of all generated RECs over the duration of this Agreement.

8.2 Payment for all whole RECs purchased by Cooperative during a Net Metering Period in accordance with this Agreement shall be made at the same time as the payment for any Excess Generation. Cooperative will post a credit to Customer's account, or Customer may elect a direct payment. Any fractional REC remaining shall not receive immediate payment, but may be carried forward to subsequent Net Metering Periods for the duration of the Agreement.

8.3 The rate of the payment by Cooperative for Customer's RECs shall be the daily unweighted average of the "CR" component of Virginia Electric and Power Company's Virginia jurisdiction Rider G tariff in effect over the period for which the rate of payment for the Customer's RECs is determined.

8.4 Any additional metering costs associated with incremental metering to measure the total output of the RFG for the purposes of receiving RECs, as reasonably determined by the Cooperative, shall be installed at Customer's expense unless otherwise negotiated between Customer and Cooperative.]

9. Miscellaneous

9.1 Assignment. It is understood and agreed that neither Party may transfer, sell, mortgage, pledge, hypothecate, convey, designate, or otherwise assign this Agreement, or any interest herein or any rights or obligations hereunder, in whole or in part, either voluntarily or by operation of law, (including, without limitation, by merger, consolidation, or otherwise), without the express written consent of the other Party (and any such attempt shall be void), which consent shall not be unreasonably withheld. Subject to the foregoing, this Agreement shall inure

to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

9.2 Amendment. It is understood and agreed that Cooperative reserves the right, on no less than an annual basis, to change any of the terms and conditions, including pricing, in this Agreement on sixty (60) days advance written notice. Cooperative may make such changes on an immediate basis in the event any applicable law, rule, regulation, or court order requires them. In such event Cooperative will give Customer as much notice as reasonably possible under the circumstances.

9.3 Indemnification. To the fullest extent permitted by laws and regulations, and in return for adequate, separate consideration, Customer shall defend, indemnify, and hold harmless Cooperative, its officers, directors, agents, guests, invitees, and employees from and against all claims, damages, losses to persons or property, whether direct, indirect, or consequential (including but not limited to fees and charges of attorneys, and other professionals and court and arbitration costs) arising out of, resulting from, occasioned by, or otherwise caused by the operation or mis-operation of the Customer's RFG, or the acts or omissions of any other person or organization directly or indirectly employed by the Customer to install, furnish, repair, replace or maintain the RFG, or anyone for whose acts any of them may be liable.

9.4 Governing Law. The validity and interpretation of this Agreement and the rights and obligations of the Parties shall be governed and construed in accordance with the laws of the Commonwealth of Virginia without regard for any conflicts of law provisions that might cause the law of other jurisdictions to apply. All controversies, claims, or disputes arising out of or related to this Agreement or any agreement, instrument, or document contemplated hereby, shall be brought exclusively in the Circuit Court or General District Court for Nelson County, Virginia.

9.5 Severability. To the extent any provision of this Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

9.6 Third Party Beneficiaries. This Agreement is solely for the benefit of Cooperative and Customer and no right nor any cause of action shall accrue upon or by reason, to or for the benefit of any third party not a formal party to this Agreement. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any person or corporation other than Cooperative or Customer, any right, remedy, or claim under or by reason of this Agreement or any of the provisions or conditions of this Agreement; and, all provisions, representations, covenants, and conditions contained in this Agreement shall inure to the sole benefit of and be binding upon Cooperative and Customer and their respective representatives, successors, and assigns.

IN WITNESS WHEREOF, Customer and Cooperative have executed this Agreement the day and year first written above.

For Customer by:

For Cooperative by:

(Signature)

(Signature)

(Signatory's Name Printed)

(Signatory's Name Printed)

(Signatory's Title – if applicable)

(Signatory's Title)

Company
(Signatory's Company Name (if applicable))

Central Virginia Electric Cooperative

Date: _____

Date: _____