DEPARTMENT: ELECTRIC **POLICY # 3.19**

REVISION DATE: 10/27/2026

SUBJECT: NET METERING POLICY

This policy sets forth general rules aside from interconnection and operation requirements for customers who may choose self-generation of electric energy using solar renewable energy sources with or without battery storage, and stand-alone battery storage, which may take the form of bidirectional electric vehicle (EV) charging. Interconnection requirements are outlined in the SELCO Interconnection Requirements for Net-Metered Facilities and Terms and Conditions for Simplified Process Interconnections document that must be read and signed by the interconnecting customer and their contractor.

SELCO may set the maximum kW of solar and battery storage connected to our facilities through net metering. The amount may be adjusted from time to time as SELCO's Electric Peak changes. The purpose of this limit is to avoid an uncontrolled growth, which could jeopardize the integrity of the local electric system. SELCO has the discretion to increase or decrease this limit.

1. APPLICABILITY OF POLICY

1. Eligible customer-generators are existing SELCO customers in good standing that own the property on which the proposed net metering facility will be installed. The net metering facility must be installed behind a retail meter, whether served by a single meter or separate meter, owned by the customer and used in connection with the customer's structure.

2. Only solar renewable energy sources with or without battery storage, and stand-alone battery storage, which may take the form of bidirectional electric vehicle (EV) charging is covered by this policy. Plug-in solar systems, which are smaller portable panel systems that plug-in directly to a standard outlet, are ineligible for net-metering.

3. All projects will be evaluated on a case-by-case basis prior to approval for net metering.

4. Installations are subject to review by SELCO's engineering division to ensure that the amount of electricity projected to migrate to the distribution system does not exceed the capacity of the transformer serving the Customer, or adversely impact SELCO's distribution system in any other way. If it is determined that significant system upgrade costs are required due to facility installation(s) and the upgrades can be attributed to the Customer(s), an estimate will be provided to the Customer(s).

5. The primary intent of the net metering facility must be to offset the customer's electric power requirements. The majority of the energy generated annually from the system must be consumed onsite.

6. The customer is solely responsible for securing and complying with all local permitting processes including zoning, electrical, building inspection, and any and all other special permits that may be required.

7. Customers interested in pursuing any other type of generation facility must submit a written request to SELCO.

8. SELCO customers wishing to install solar and/or battery storage must: Own the structure where the facility will be installed. Own the facility equipment. Own all power produced by the facility. Leasing arrangements or third-party power purchase agreements within the SELCO service territory are not permitted.

9. SELCO may determine that a power purchase agreement (PPA) is a more appropriate arrangement for certain proposed facilities.

2. POWER PURCHASE AGREEMENTS

Customers interested in developing a larger system exceeding their onsite usage requirements must submit a proposal for a power purchase agreement (PPA). The General Manager has the discretion to accept or deny any PPA proposals and to negotiate their terms. Each PPA proposal will be evaluated on a case-by-case basis for its economic, engineering, and environmental merit. SELCO may determine that a PPA proposal may require a nonrefundable application fee for the purposes of conducting a system impact study.

3. BILLING & CREDITING

At the end of the monthly billing period, the customer-generator will be billed for the electricity consumed at the designated service rate.

Residential

At the end of the monthly billing period, the residential customer-generator's account will be credited for the electricity provided into the SELCO system at an amount equal to the designated rate. These customer-generators will receive monetary credits to their electric account for their excess generation based on their class of service.

Upon the customer's request, for the billing period ending in March of each year (or at the termination of service), any remaining credit balance in a customer-generator's account will be returned to the customer by check. The customer charge, distribution/standby, and minimum charge associated with the customer's class of service will still apply.

Commercial

If during a billing period, the commercial customer- generator feeds back on to the SELCO system more electricity than is supplied by SELCO, the customer will be billed the minimum charge applicable to the customer-generator's class of service and be credited for the excess electricity (kWh) generated and fed on to the SELCO system. Any excess kWh shall carry forward from billing period to billing period, until any excess has been utilized.

For the billing period ending in the first month following each anniversary date of the project going into service (or at the termination of service), if any unused credits have been accumulated during the previous 12 months, SELCO will credit the commercial customer account an amount equal to the unused credited kilowatt hours times the average of the wholesale cost of energy, excluding transmission, and distribution costs, for the previous 12-month period.

In the event that the commercial customer installs a facility that exceeds 50% of its historic peak demand, SELCO may choose to not reimburse the customer-generator for any excess electricity fed back to the SELCO system.

Application for Interconnection

The customer-generator must complete and sign the SELCO Terms and Conditions for Simplified Process Interconnections . The customer generator will be required to pay all applicable application fees, meter installation, and electrical permitting fees. Service is subject to SELCO's written requirements and SELCO's Electric Service Requirements.

Legal

SELCO shall not be liable, directly or indirectly, for permitting or continuing to allow the attachment of a net metering facility, or for the acts or omissions of the customer-generator that cause property damage, or loss, or injury, including death, to any party.

SELCO reserves the right to change this policy at any time to reflect changes in its Schedule of Electric Rates, or to bill the customer-generator for any costs that occur as a result of charges directly related to the customer-generator.

SELCO reserves the right to delay or reject any application if it threatens the performance or reliability of SELCO's distribution system, or the safety of SELCO's customers or employees.

Any and all aspects of this policy may be changed at any time to better serve the objectives of SELCO and the needs of its customers.

3.

The type of equipment to be installed at a Facility is:

Net Metering

Net meter – SELCO's utility meter will be replaced with a NET meter. The meter register subtracts reverse (received by the utility) energy from forward (delivered to the customer) energy.

Any net metering credits first will be applied to the net metering account and any surplus net metering credits remaining after six (6) months may be applied to another "linked" residential account of the same customer, of the same address, at SELCO's discretion.

Installation of the generation output meter (SELCO owned).

Effective 03/04/2016:

All interconnect agreements submitted for net metering will be subject to future revisions of SELCO's net metering tariff. This includes revisions to the tariff that will credit the wholesale rate for electricity generated onto our system and or add a solar demand or additional distribution charge to the net metered customer.

~~***Effective 05/01/2016:***~~

~~***All net metered interconnections to the SELCO grid will be subject to a monthly Distribution Standby Charge of $2.50 per kW of Maximum System Output (AC) of installed solar capacity. This will be added to the monthly electric bill following the interconnection to the SELCO electric system***~~

Effective 09/01/2024:

The monthly Distribution Standby Charge, along with the other charges in the Net Metered rates, has been adjusted. The dollar ($) amount per kW of Maximum System Output (AC) of installed solar capacity, the customer charge, and the charges/credits per kWh can be found in the current Net Metered rates on the SELCO website.