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Small Wind/Solar Distributed Generation Info Sheet

What is Net Metering?

Net Metering with Northeast is the measured difference between the electricity supplied to a customer-generator by Northeast and the electricity generated by the customer-generator and delivered to Northeast at the same point of interconnection.

Net Metering credits renewable energy system owners for the electricity they add to the grid. The energy a customer generates for themselves is metered as well as the energy a customer uses. Those are then calculated for your monthly billing. Net Metering does not offset your basic facility/customer charge or demand (kW) charge. It will only offset your kilowatt (kWh) charge. Net metering is limited to 25 kW.

What steps are needed for customer-owned distributed generation resources to be interconnected with District facilities?

1. Discuss with Northeast the potential size of the generation equipment. This is important **PRIOR** to signing any contract or agreement with a Company to avoid over sizing.
 - o Acquire a 2-3 year billing history from Northeast to calculate how much of your annual electrical consumption you would like to replace with renewables. Contact Customer Service at Northeast (customerservice@northeastpow.com) to help calculate your billing history.
2. According to State Statute 70-2004 "A customer-generator is responsible for notifying the local distribution utility of its intent to install a qualified facility at least sixty days prior to its installation and is responsible for all costs associate with the qualified facility."
3. Complete the Interconnection Application. This can be found on our website www.northeastpow.com.
 - o Northeast suggests that equipment should be purchased **AFTER** the application has been completed and accepted by both parties.
4. Prior to closing the interconnection switch, once construction is completed, an inspection by Nebraska State Electrical Inspector is required. Your licensed electrician should contact the Inspector. This is required by state law.
 - o When requesting the inspection, please be sure that the application indicates that you wish to receive an Approval

Notice. A copy of the Approval Notice must be provided to Northeast.

5. Once your installation has passed Electrical Inspection Northeast may inspect your generation system.
6. A signed agreement then needs to be completed by both the customer and Northeast. Once approved by Northeast, the interconnection switch may be closed.

The documents below can be found on our website (www.northeastpow.com).

It is the intent of Northeast Power to comply with all applicable regulations governing the interconnection of wind or solar generators and the payment for any energy produced.

- **Project Intercon Agreement** - sets out the responsibilities of each party when connecting a generator to the electric system and the terms of any sales to Northeast Power.
- **Project Manual** - an overview of the requirements and process of connecting a wind or solar generator to the electric system.
- **Rate Schedule AC-1** - Rate Schedule AC-1 applies to Northeast Power ("Northeast Power") Customers that own and operate a non-dispatchable DG Facility, not exceeding a total nameplate rating 25 kW and which is located on the Customer's premises; produces energy mainly for consumption on site; is interconnected and operates in parallel with Northeast Power's existing facilities; and is measured by Northeast Power at a single metered facility located at the immediate interconnection point of the Customer's generating facility.
- **Interconnection Application**
- **Policy Bulletin for Net Metering of Energy Use** - for accounts with customer owned generation powered by renewable sources of energy

How will future rate changes impact my project?

To ensure Northeast provides fair and reasonable rates for all customers, the Northeast Board is exploring a new rate structure that will include Demand (KW) as a line item on your bill, along with the minimum monthly fee (Basic Facilities Charge), and Energy (kWh).

With net metering, a customer-generator can offset their kwh purchases from the utility during a billing period and get paid for the excess. Net metering is not intended to offset the fixed costs such as billing, meter reading, poles, wires, transformers and other necessary equipment that must be in place for a customer to purchase electricity from the grid if desired. These costs currently get recovered in a fixed monthly customer charge and in energy (kwh) purchases. The move towards demand (kW) billing will recover those fixed costs based on the customer's

demand on the system and not on the volume of energy purchased. The rate per kwh will decrease as that revenue will now be recovered as a demand charge. To reduce the bill you pay the utility company, you will want to focus on reducing your demand (kW), not just energy consumption (kWh). To reduce your demand day and night, you may want to consider combining your generation with battery storage for example. When calculating a payback on a generation installation, understanding how the different billing determinants affect your bill now and, in the future, will be important. Give us a call at 1-800-750-9277, and we can help.

Example: Assuming monthly total kwh consumption of 1500 kwh. Assume a peak monthly demand of 12 kW. Assume generation of 2000 kwh. With the current rates, the customer would offset all energy charges and be paid at avoided cost for the excess generation resulting in a balance due of \$15.50. With the conversion to demand rates, this customer still offsets all the energy costs and gets paid at avoided cost for the excess generation resulting in a balance due of \$42.77. The difference lies in the reduction of energy (kwh) rates. The retail offset is reduced as the distribution margins are recovered through the demand component of the rate.

CURRENT RATE		Conversion of Distribution margin billing determinant from kwh to kw		POSSIBLE FUTURE RATE**ESTIMATED**	
1 PH RESIDENTIAL RATE #40		Distribution per kwh	\$ 0.0254	1 PH RESIDENTIAL RATE #40	
SUMMER KWH	\$ 0.0824	Distribution margins	\$ 513.18	SUMMER KWH	\$ 0.0571
WINTER KWH	\$ 0.0666	Monthly	\$ 42.77	WINTER KWH	\$ 0.0412
BASE CHARGE	\$ 27.1100	Average KW	12.00	BASE CHARGE	\$ 27.1100
SCHEDULE A-C	\$ 0.02322	Per Average KW**	\$ 3.564	DEMAND PER KW**	\$ 3.5638
				SCHEDULE A-C	\$ 0.02322

CURRENT RATE										
Average Monthly Usage (kwh)	Peak Monthly kW	Base Charge	Energy Charge	Demand Charge	Solar Generation	Net Metering Retail Offset (kwh)	Net Metering Retail Offset	Excess Generation (kwh)	Excess Generation at Avoided Cost	Net Balance Due (Credit)
1500	12	\$ 27.11	\$ 123.66	0	2000	1500	\$(123.66)	500	\$ (11.61)	\$ 15.50
ESTIMATED FUTURE DEMAND RATE										
Average Monthly Usage (kwh)	Peak Monthly kW	Base Charge	Energy Charge	Demand Charge	Solar Generation	Metering Retail Offset (kwh)	Net Metering Retail Offset	Excess Generation (kwh)	Excess Generation at Avoided Cost	Net Balance Due (Credit)
1500	12	\$ 27.11	\$ 85.58	\$ 42.77	2000	1500	\$ (85.58)	500	\$ (11.61)	\$ 58.27
Difference Current Rate vs. Estimated Future Demand Rate										
0	0	\$ -	\$ (38.09)	\$ 42.77	0	0	\$ 38.09	0	\$ -	\$ 42.77

Give us a call at 1-800-750-9277, and we can assist in running some calculations for your specific account history and generation project.