

NET ENERGY METERING RIDER  
Rider NEM

1) Definitions

Certain words, when used in this Rider NEM shall be understood to have the following meanings:

- a) "Baseline Annual Usage":
  - i) The total of an Eligible Customer-Generator's previous 12 months of electric energy use in kilowatt hours at the time of the installation or upgrade of an Eligible Customer-Generator's generating system; or
  - ii) An estimate of 12 months electric use in kilowatt hours based on a methodology approved by the Commission for an Eligible Customer-Generator that does not have 12 months of electric energy use in kilowatt hours at the time of the installation or upgrade of an Eligible Customer-Generator's generating system.
- b) "Biomass": a nonhazardous, organic material that is available on a renewable or recurring basis, and is:
  - i) waste material that is segregated from inorganic waste material and is derived from sources including:
    - (1) except for old growth timber, any of the following forest-related resources:
      - (a) mill residue, except sawdust and wood shavings;
      - (b) pre-commercial soft wood thinning;
      - (c) slash;
      - (d) brush; or
      - (e) yard waste;
    - (2) a pallet, crate, or dunnage;
    - (3) agriculture and silvicultural sources, including tree crops, vineyard materials, grain, legumes, sugar, and other crop by-products or
    - (4) gas produced from the anaerobic decomposition of animal waste or poultry waste; or
  - ii) a plant that is cultivated exclusively for the purposes of being used at a Tier 1 renewable source or a Tier 2 renewable source to produce electricity.
- c) "Closed Conduit Hydro": A hydroelectric generating facility that:
  - i) generates electricity within existing piping or limited adjacent piping of a potable water supply system;
  - ii) is owned or operated by a municipal corporation or public water authority; and
  - iii) is designed to produce less energy than is consumed to operate the water supply system.
- d) "Commodity Component": The sum of the Current Base of the Power Cost Adjustment (PCA) as stated in Original Sheet No. 30, First Revision of this Rules and Regulations and the PCA as averaged over the previous twelve (12) months ending with the completed billing period immediately prior to the end of April.
- e) "Eligible Customer-Generator": A customer that owns and operates or leases and operates a biomass, micro combined heat and power, solar, fuel cell, wind, or closed conduit hydro electric generating facility that:
  - i) Is located on the customer's premises or contiguous property;
  - ii) Is interconnected and operated in parallel with an electric company's transmission and distribution facilities; and
  - iii) is intended primarily to offset all or part of the customer's own electricity requirements.
- f) "Fuel cell" means an electric generating facility that:
  - i) includes integrated power plant systems containing a stack, tubular array, or other functionally similar configuration used to electrochemically convert fuel to electric energy; and
  - ii) may include:
    - (1) an inverter and fuel processing system; and

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- (2) other plant equipment to support the plant's operation or its energy conversion, including heat recovery equipment.
- g) "Micro Combined Heat and Power": The simultaneous or sequential production of useful thermal energy and electrical or mechanical power not exceeding 30 kilowatts.
  - h) "Net Energy": The net positive result in KWH when the electricity supplied by the Company exceeds the electricity generated by an Eligible Customer-Generator during a billing period.
  - i) "Net Energy Metering": The measurement of the difference between the electricity that is supplied by an electric company and the electricity that is generated by an Eligible Customer-Generator and fed back to the electric grid over the Eligible Customer-Generator's billing period.
  - j) "Net Excess Generation": The amount of the electricity generated by an Eligible Customer-Generator that is in excess of the electricity consumed by the Eligible Customer-Generator and that results in a negative kilowatt-hour reading at the end of the Eligible Customer-Generator's billing cycle.

2) Availability of Schedule

Service under this Rider NEM is available throughout the territory served by the Company.

This Rider NEM is available to Eligible Customer-Generators that owns and operates a Biomass, Micro Combined Heat and Power, solar, Fuel Cell, wind, or Closed Conduit Hydro where the electric generating facility is located on the Eligible Customer-Generator's property or contiguous property, interconnected and operated in parallel with the Company's distribution facilities, and is intended primarily to offset all or part of the Eligible Customer-Generator's own electricity requirements.

In accordance with the Public Utilities Article, §7-306, Annotated Code of Maryland, this Rider NEM is available on a first-come first-served basis until the rated generating capacity of all Eligible Customer-Generators in the State of Maryland reach 1,500 megawatts (MW) or subsequent revisions of the Code of Maryland (COMAR). If, after Eligible Customer-Generators in the State of Maryland reach 1,500 MW or subsequent revisions of COMAR, the Company may, in its sole discretion, continue the availability of this Rider NEM.

To qualify under this Rider NEM, a proposed Eligible Customer-Generator must submit to the Company a Commission approved application form at least ninety (90) days prior to the initiation of service and pay all required application fees, study fees, and any other administrative fees pertaining to the proposed electric generating facility.

3) Character of Service

Limitations of Eligible Customer-Generator Electric Generating Facilities

- a) Eligible Customer-Generator electric generating facilities rated capacity shall not exceed two hundred percent (200%) of the Eligible Customer-Generator's Baseline Annual Usage.
- b) In any event, Eligible Customer-Generator electric generating facilities rated capacity shall not exceed two (2.0) MW.
- c) Micro Combined Heat and Power electric generating facilities rated capacity shall not exceed thirty (30) kilowatts (KW).

The Company shall install, own, and maintain all necessary metering equipment required to measure and record the flow of electricity in two directions based on the same standards as provided to non Eligible Customer-Generators in the same service classification. Additional metering equipment requests by the Eligible Customer-Generator will be

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considered by the Company and, if installed, the Eligible Customer-Generator shall pay the differential cost between the installed metering equipment and the metering equipment installed for non Eligible Customer-Generators in the same service classification.

Any changes to the Company's distribution system becoming necessary due to the interconnection of the Eligible Customer-Generator shall be performed by the Company at the Eligible Customer-Generator's expense. Eligible Customer-Generators shall operate in parallel with the Company's distribution system. Synchronizing equipment shall be installed by the Eligible Customer-Generator that will automatically isolate the Eligible Customer-Generator from the Company's distribution system if the Company's circuit becomes de-energized or if the Eligible Customer-Generator should lose synchronization.

The Eligible Customer-Generator assumes sole responsibility for the proper installation, operation, and maintenance of equipment that affords adequate protection against damage to the Company's distribution system, customer property, and prevents interference with services to others. All requirements that will ensure the safety and protection of the public and Company personnel shall be installed, operational, and inspected prior to the interconnection and operation of the Eligible Customer-Generator's electric generating facility. Required protection equipment installed to meet these requirements will be at the Eligible Customer-Generator's expense. The Company shall have the right to inspect all Eligible Customer-Generator's electric generating facilities, related equipment, operations, and to test all protective equipment at any time that it is interconnected to the Company's distribution system or that this Rider NEM is in effect.

Eligible Customer-Generators shall comply with all applicable laws, regulations, and shall meet all applicable safety and performance standards including but not limited to COMAR 20.50.10.06 "Safety Standards and Controls for Net Energy Metering", and COMAR 20.50.09 "Small Generator Interconnection Standards." In the event an Eligible Customer-Generator proposes an upgrade or expansion to an existing electric generating facility that qualifies under this Rider NEM, the Company shall reevaluate the Eligible Customer-Generator's Baseline Annual Usage. After such reevaluation, the proposed upgrade or expansion must meet the requirements of Section 3a), 3b), 3c), and all other provisions of this Rider NEM to qualify under this Rider NEM.

4) Measurement and Calculation of Net Energy and Net Excess Generation

The Company shall measure and record, on a cumulative basis during the billing period, the difference between the electricity that is supplied by the Company and the electricity generated by an Eligible Customer-Generator. The billing period used under this Rider NEM shall be the customary billing period for non Eligible Customer-Generator in the same service classification or meter reading schedule.

When the electricity supplied by the Company exceeds the electricity generated by the Eligible Customer-Generator during a billing period, the cumulative Net Energy usage shall be billed as detailed in section 5) "Billing and Compensation of Net Energy Metering."

When the electricity generated by the Eligible Customer-Generator exceeds the electricity supplied by the Company during a billing period, the resulting Net Excess Generation shall be compensated under this Rider NEM as detailed in

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section 5) "Billing and Compensation of Net Energy Metering."

For non Residential Eligible Customer-Generators with interval metering installed, the Company shall use the net hourly energy consumed or produced to calculate Net Energy. If a non Residential Eligible Customer-Generator that currently does not have interval metering installed requests such metering, the Company shall install interval metering at the non Residential Eligible Customer-Generator's expense. The non Residential Eligible Customer-Generator shall pay the differential cost between the installed interval metering equipment and the metering equipment otherwise installed by the Company for non Residential Eligible Customer-Generator in the same service classification.

5) Billing and Compensation of Net Energy Metering

Net Energy

For each billing period, the cumulative Net Energy KWH usage shall be billed in accordance with the service classification that would be applied to the Eligible Customer-Generator had it not taken service under this Rider NEM. Notwithstanding the provisions of this Rider NEM, the applicable Customer Charge shall be billed during each billing period.

Net Excess Generation

On a monthly basis, the Company shall carry forward accrued Net Excess Generation on the bill until either a) the Net Excess Generation is used by the Eligible Customer-Generator to offset Net Energy during subsequent billing periods or, b) the Company has provided payment for such Net Excess Generation as provided for in this Rider NEM. Notwithstanding the provisions of this Rider NEM, the applicable Customer Charge shall be billed during each billing period.

On or before thirty (30) days after the completed billing period immediately prior to the end of April of each year, the Company shall convert any accrued Net Excess Generation remaining from the same prior twelve (12) month period from KWH to a dollar value and submit the dollar value to the Eligible Customer-Generator. The conversion shall be performed by multiplying the accrued Net Excess Generation by the Commodity Component of the applicable service classification that would be applied to the Eligible Customer-Generator had it not taken service under this Rider NEM averaged over the previous twelve (12) months ending with the completed billing period immediately prior to the end of April. Upon the permanent closure of the account of an Eligible Customer-Generator, the Company shall provide the dollar value of any remaining accrued Net Excess Generation within fifteen (15) days of the closure of the account.

During any billing period, when an Eligible Customer-Generator's activities a) result in Net Excess Generation or b) the carry forward of accrued Net Excess Generation results in zero billable KWH, the applicable Customer Charge shall be billed.

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6) General

Except as modified by this Rider NEM, all provisions and requirements of the Company's Rules and Regulations shall apply.

Eligible Customer-Generators or the Eligible Customer-Generator's assignee shall own and have title to all renewable energy attributes or renewable energy credits associated with the electricity produced by its electric generating facility.

Failure of an Eligible Customer-Generator to comply with the provisions and requirements of this Rider NEM shall result in the immediate disconnection from the Company's distribution system. Subsequent to such disconnection with cause, the Company is under no obligation to reconnect the Eligible Customer-Generator's service until, in the sole opinion of the Company, compliance has been reestablished.

The Company may disconnect the distribution system from the Eligible Customer-Generator at its sole discretion in order to perform necessary activities including but not limited to construction, installation, maintenance, replacement, investigation, inspection, repair, or removal of any part of its distribution system. During periods of such disconnections and emergency outages, the Company shall not be required to receive or provide compensation for Net Excess Generation.

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