delmarva power

A PHI Company

800 King Street
Wilmington, DE 19801

P.O. Box 231
Wilmington, DE 19899-0231

302.429.3786 – Telephone
302.429.3801 – Facsimile

todd.goodman@pepcoholdings.com

Todd L. Goodman
Associate General Counsel

November 1, 2010

Via Overnight Delivery

Ms. Alisa C. Bentley, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

RE: PSC Docket No. 49 – COMMENTS IN THE MATTER OF THE ADOPTION OF RULES AND REGULATIONS TO IMPLEMENT THE PROVISIONS OF 26 *DEL.* C. CH. 10 RELATING TO THE CREATION OF A COMPETITIVE MARKET FOR RETAIL ELECTRIC SUPPLY SERVICE

Dear Ms. Bentley:

Enclosed for filing with the Commission are the original plus ten copies of Delmarva Power's comments on changes to the Commission Rules related to New Energy Metering and Community Energy Facilities in the above referenced Docket, which are self explanatory.

Please contact me or Len Beck at (302) 454-4839 with any questions related to this matter.

Sincerely,

Todd Goodman

cc: G. Arthur Padmore, Public Advocate
Michael Sheehy, Public Advocate
Heather G. Hall
Len Beck

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE ADOPTION OF RULES AND REGULATIONS TO IMPLEMENT THE PROVISIONS OF 26 *DEL.* C. CH. 10 RELATING TO THE CREATION OF A COMPETITIVE MARKET FOR RETAIL ELECTRIC SUPPLY SERVICE (OPENED APRIL 27, 1999; RE-OPENED JANUARY 7, 2003; RE-OPENED SEPTEMBER 22, 2009; RE-OPENED SEPTEMBER 7, 2010)	)	PSC REGULATION DOCKET NO. 49

WRITTEN COMMENTS OF DELMARVA POWER & LIGHT COMPANY ON CHANGES TO THE COMMISSION RULES RELATED TO NET ENERGY METERING AND COMMUNITY ENERGY FACILITIES

The undersigned counsel for Delmarva Power & Light Company ("Delmarva" or "the Company"), hereby files the written comments of Delmarva concerning changes to Commission Rules related to Net Energy Metering and Community Energy Facilities.

The Commission reopened this docket with Order No. 7832 to consider further revisions to the Commission's *Rules For Certification And Regulation Of Electric Suppliers*, adopted by PSC Order No. 5207 (Aug. 31, 1999). The proposed revisions are required by the recent amendments to Sections 1001 and 1014 of Title 26 as a result of passage of Senate Bill No. 267. Written comments, suggestions, compilations of data, briefs, or other written materials, are due on or before Sunday, October 31, 2010. Pursuant to Commission Rules, because the due date falls on a Sunday, the due date for comments is Monday, November 1, 2010.[1] Public hearings on the proposed revisions to the Regulations are currently scheduled for December 7, 2010, beginning at 1:00 p.m. at the Commission's office at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware.

Pursuant to Order No. 7832, Delmarva respectfully provides the Commission with the following comments:

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[1] 1.9.1: In computing any time period under these rules, the first day of the designated period of time shall commence the next day after the event requiring the computation of the time period. The last day of the time period shall be included, unless it falls on a Saturday, Sunday, or a legal holiday by the laws of this State or the United States, in which event the period runs until the end of the next day which is not a Saturday, Sunday, or legal holiday.

1) The new Rules require changes to the existing Net Energy Metering/NEM tariff to permit a single Customer with multiple Delmarva Power meters to aggregate consumption for purposes of sizing an approved generation facility and sharing credits for excess kilowatt-hour (kWh) generation among the Customer's multiple meters. The Company has incorporated this new meter aggregation requirement into the existing NEM tariff. The Company's recommended revisions to the existing NEM tariff are attached as "Exhibit A" hereto.

2) Senate Bill No. 267 created Community Energy Facilities (or "CEFs"). To comply with the CEFs mandated by this legislation, the new Rules differ greatly from existing NEM rules. Customers are now permitted to jointly own and/or participate in Community Energy Facilities/CEFs, which require rules and a tariff that are very different from the "standard" NEM tariff. Therefore, the Company has adapted the portion of the Rules applying to CEF into a separate Community Energy Facility Rider, titled RIDER "CEF" of which a draft is attached as "Exhibit B" hereto.

Proposed Changes to the Existing NEM Tariff
to Provide for Aggregated Customer Meters ("Exhibit A" hereto)

3) Issues related to the NEM Rules and tariff changes include the following:

   a) Under previous legislation and rules, a Customer was limited to only one meter to participate in NEM. Now that aggregation allows a Customer to participate in NEM using multiple meters, it is necessary to clarify how that Customer is defined. Accordingly, in the NEM tariff revisions, the Company uses the phrase, "the same person or legal entity" to describe Customers who may aggregate meters in this tariff.

   b) Due to the expense of updating the Company's billing system, and the backlog of current enhancements in the queue for software programming, all NEM Customer bills are currently manually calculated. With the proposed Rule changes, the manual process will be further complicated by combining multiple meters and potentially multiple rate classifications of data for the purpose of sharing credits for excess generation of kWh produced. When a meter reading change causes a rebill situation with a single Customer, where multiple months of consumption data are effected, the manual process requires additional time for processing. When a rebill is required for aggregated accounts with more than 5 meters, the additional time requirement far outweighs the typical cost per meter for billing designed in the standard monthly Customer charge. The Company therefore suggests a limit of 5 meters that may be aggregated under a single Customer until such time as the Company can automate the billing process related to this Rule change.

c) Based upon communications with PJM, the Company is concerned that increasing the allowable sized of net metered facilities from 100% to 110% of a customer's annual consumption may be in violation of PJM rules concerning net energy metering. It will be important for this issue to be resolved either through the consensus of interested parties or through testimony at the scheduled hearings.

d) The Company added "compliance is required with IEEE 1547 standards" and "the Customer may be required to provide an interconnection study" to bring these matters up-to-date in the tariff.

The Proposed New
Community Energy Facility/CEF Tariff ("Exhibit B" hereto)

4) Implementation of Community Energy Facilities as an inclusion in the existing net meter tariff would greatly complicate the issues discussed above with net meter aggregation. For example:

a) Part 3 b) above also applies to the CEF billing process. The manual processing on multiple Customers in multiple classifications makes the time required to manually bill (usually process in Excel) each Host and partner in the CEF unreasonable and cost prohibitive. For the reasons set forth in Part 3 b) above, the Company requests the legislatively provided alternative form of payment to the CEF, as set forth in 10 *Del C.* §1014 (e)(3) and as described below.

b) Part 3 d) above also applies to the creation of CEFs. Accordingly, the Company added "compliance is required with IEEE 1547 standards" and "the Customer may be required to provide an interconnection study" to bring these matters up-to-date in the tariff.

c) A Community Energy Facility will be a group of "Customers sharing a unique set of interests" which jointly invest or participate in an approved generation facility. The Company will not be a party to these joint customer ventures and, therefore, must avoid involvement in disputes between customers that will inevitably occur. For example, the Company anticipates that disputes will arise between customers participating in CEFs, including: the power consumption of the Host Customer in relationship to the other customer/participants in a CEF, how credits should be applied between customer/participants, or that some customers/participants in a CEF might request details of the bills of other customer/participants to a Community Energy Facility. As the Commission is aware, the Company does not release billing or financial information concerning other customers due to privacy concerns. In addition, distributed generation facilities constitute a significant investment

that will certainly require financing. Inevitably, there will be customer/participants in Community Energy Facilities who do not make monthly payments on loans to pay for the CEF or who otherwise default on the agreements underlying the development of CEFs. The Company cannot be caught in the middle of such disputes when customer/participants to Community Energy Facilities assert that a defaulting customer/participant is no longer entitled to receive the benefit of NEM credits and, therefore, demand that the Company no longer credit defaulting customers' individual accounts.

Section 8.8 of the Rules reflects the legislated addition on the topic of disputes set forth at 26 *Del. C.* § (j). While the Rules state "net metering aggregation disputes limited to the correct application of Commission-approved tariff shall be resolved by the Commission," it is inevitable that if the Company itself is required to distribute monthly SOS generation credits among individual customer/participants to a Community Energy Facility, the Company will become an unwilling third party to disputes between customer/participants in Community Energy Facilities and will, therefore, be named in complaints filed with the Commission. Moreover, because Section 8.8 of the Rules, as currently drafted, identifies the Commission as the entity to resolve disputes, the Commission will inevitably be faced with complaints between participants in a Community Energy Facility over multiple issues, such as: whether a participant customer is entitled to received benefits of NEM, what percentage of the credits a participating customer is entitled to receive, and other issues that constitute contractual disputes between parties to a Community Energy Facility. The Commission should not be forced to expend its limited time and resources on contractual disputes between customers. In fact, the Commission does not have jurisdiction to entertain contractual disputes and should, therefore, not be burdened with the inevitable filing of such complaints. Therefore, the Company suggests a tariff solution to minimize Commission and Company entanglement in contractual disputes between customer/participants in CEFs.

The proposed tariff provides that rather than requiring the Company to distribute any excess monthly SOS generation credits among each of the customer/participants in a Community Energy Facility, the Company will make a single payment, where applicable, each month to the Host Customer of the Community Energy Facility. The Host Customer, in turn, would then distribute the funds to the other customer/participants of the facility based on the contractual terms and conditions of the agreement between the customer/participants of that particular Community Energy Facility. Section 8.4.2 of the Rules allows the Company to elect this "alternative" method of payment as provided for in 10 *Del. C.* § 1014 (e)(3), with Commission approval. If the Rules provide that the Company is to pay the Host Customer all excess monthly SOS generation credits,

both the Company and the Commission will be removed from being unwilling participants in disputes between customers over how such payments should be distributed among the customer/participants to each Community Energy Facility. How the customer participants of each facility agree to finance, construct, pay for and distribute the benefits of each Community Energy Facility constitutes a contractual agreement between the participants of each such facility. Neither the Company nor the Commission should be subjected to the significant burden of becoming unwillingly embroiled in inevitable contractual disputes between customers. The Company anticipates that the currently utilized software package called "Billing Expert," with a solution for data transfer to the accounts payable system, will allow direct payments to the Host Customer with manageable modifications to the software.

It is important to point out that in situations where it is alleged that the Company is not following the tariff itself, the Commission will continue to be the arbiter of customer disputes between customers and the Company, as it should be.

d) Because the regulations allow Customers to net extra output with those who have load, it may encourage some customers to oversize their units, since other customers will utilize the extra energy they produce. Several potential distribution system problems may result from over sizing these units, which include: 1) It will be much more likely for concentrations to occur in areas where people have the ability and desire to install solar systems resulting in high voltage to customers on the distribution feeder; 2) It will make high voltage on the low side of line transformers (at the customer meter) more of a problem because of one or more customers with oversized systems being on the same transformer; 3) This approach may increase system losses because instead of distributed small systems interspersed among all the load, CEF encourages a few to supply all the others -- whereas instead of over sizing units at one location, a developer or owner could install and own appropriately sized systems at each facility instead of attempting to export to those sites. The Company is concerned that reallocation of excess generation from a Community Energy Facility to reduce consumption of retail customers may be in violation of the Full Requirements Service Agreements (FSA) and PJM rules.

5) As contemplated in 10 *Del. C.* § 1014 (e)(3), the Company has elected to create a new Community Energy Facility tariff that contemplates direct payment to the CEF and that delegates the responsibility of distribution of the proceeds to owners/participates to the CEF.

a) The Community Energy Facility will require that the generation facility be separately metered. This will allow energy from CEFs to be sold into the PJM markets and provide a source of revenue to partially offset the

payments to the CEF. This arrangement will also enable the CEFs to properly account for the gross generation of the facility and avoid disputes between CEF participants/owners. This requirement also refers to part 4 c) above; to minimize the involvement of the Company and the Commission in contractual disputes between customer/participants in Community Energy Facilities.

b) Senate Bill 267 contemplates that Community Owned Facilities that are connected on the same distribution feeder receive a rate different from the supply service charge. The company believes that participants continue to fully receive the benefits of distribution service and recommends that all CEFs be compensated at the supply service charge.

c) The new Rules permit a mix of Customer classifications to form a CEF. Due to the complicated existing mix of Standard Offer Service (SOS) supply rates, including different block pricing, seasonal differences, demand charges and on- and off-peak rates, calculating the value for each partner's share of credits will be cumbersome even when automated in the C3 billing system, and more so as the Company currently manually bills NEM Customers. Until such time as the Company's C3 billing system is reprogrammed to automate the billing process, or the SOS rates evolve to a standard rate design (as the Company is moving toward), the Company suggests it calculate a blended SOS rate effective each June as SOS rates are updated for CEF that are largely Residential groups and a rate for largely nonresidential groups.

d) A shortfall can occur when the Company obtains ownership of excess generation which must then be sold in the PJM wholesale market. The Company manages a mechanism to balance other SOS-related costs in the Procurement Cost Adjustment (PCA) tariff currently in place. The Company suggests incorporating any shortfall or profit from these wholesale transactions in the PCA. This way all SOS Customers equally share the credits or charges.

e) The Legislation is not clear on the actual physical location of the CEFs. The Company added "located in Delmarva Power's Delaware service territory" in the Rider "CEF" introduction for clarity, which the Company believes is the intent of the Legislation.

f) The Company has also limited the size of Community Owned Facilities to 2 MW to be consistent with the intent of the Senate Bill 267 to be an extension of Net Energy Metering benefits to a larger group of customers who would not otherwise be able to participate.

g) As the Commission is aware, the Company will soon implement a decoupled rate design to capture distribution charges that are no longer

directly tied to the volume of consumption. When a Customer aggregates multiple meters, or in the case of CEF with multiple Customer/participants, each entity served by a Company meter will be charged a Customer Charge and a Demand Day Charge (DDC). In the event a CEF is independently located without placement behind a Host meter, the facility's meter will likely show negative consumption during monthly meter readings. For this reason, the Company has added a Residential and Nonresidential Administrative Charge in the CEF tariff to replace the typical monthly Customer Charge. The Administrative Charge will capture the appropriate Customer Charge for this classification of Customers and will include a charge to capture the appropriate DDC for this facility so other Customers in this classification do not subsidize the CEF's distribution expenses.

Respectfully submitted,

By: _____
Todd L. Goodman

Delmarva Power & Light Company
800 King Street, P.O. Box 231
Wilmington, DE 19899
(302) 429-3786

Dated: November 1, 2010

EXHIBIT A

RIDER "NEM"
Net Energy Metering Rider

RIDER "NEM"
NET ENERGY METERING RIDER

A. Availability

This Rider is available to any Customer with an individual or multiple meters served under Service Classifications "R", "R-TOU", "R-TOU-ND", "R-TOU-SOP", "SGS-ND", "MGS-S", "LGS", "GS-P" and "GS-T". (For groups of Customers wishing to participate in a Community Energy Facility (CEF), refer to the Rider "CEF" section of this tariff.) Rider "NEM" is available to individual Customers that own and operate; lease and operate; or contract with a third party who owns and operates the electric generation facility that:

1. For residential Customers which have a capacity of not more than 25 kilowatts$_{AC}$, for non-residential Customers, a capacity of not more than 2 megawatts$_{AC}$ per Company meter, and for farm Customers, a capacity that will not exceed 100 kW$_{AC}$ unless granted exception to this limitation by the Delaware Energy Office;

2. Uses as its primary source of fuel - solar, wind, hydro or a fuel cell, or gas from the anaerobic digestion of organic material;

3. Is interconnected and operated in parallel with the Company's transmission and/or distribution facilities;

4. Is designed to produce no more than 110% of the Customer's expected individual meter or aggregated meters electrical consumption, calculated on the average of the two previous 12 month periods of actual electrical usage, at the time of installation of energy generating equipment, and subject to the capacity limits specified above. For new building construction or in instances where less than two previous 12 month periods of actual usage is available, electrical consumption will be estimated at 110% of the consumption of units of similar size and characteristics at the time of installation of energy generating equipment and subject to the same capacity limits specified above;

5. Is owned by one Customer that is the same person or legal entity which has one or more meters under the same account or different accounts, regardless of the physical location and rate class. The Customer may aggregate the meters for the purpose of net metering regardless of which individual meter receives energy from a Customer Generator Facility provided that:

   i) Delmarva Power shall allow meter aggregation for no more than 5 Customer accounts of which Delmarva Power provides electric supply service; and

   ii) The Customer-Generator Facility complies with Sections 1 through 5 above; and

   iii) At least ninety days before a Customer commences construction of a Customer-Generator Facility or a Customer is entitled to aggregate multiple meters, the Customer shall file an application with the Company available at: http://www.delmarva.com/home/requests/interconnection/; and in addition, provide the following information:

      a) a list of individual meters the Customer seeks to aggregate, identified by name, address, rate schedule, and account number, and ranked according to the order in which the Customer desires to apply credit; and

      b) a description of the Customer-Generator Facility, including the facility's location, capacity, and fuel type or generating technology; and

      c) a complete interconnection application to facilitate a transmission and distribution analysis, including an interconnection study of potential reliability, safety and stability impacts and determination of whether infrastructure upgrades are necessary and appropriate allocation of applicable interconnection costs.

RIDER "NEM"
NET ENERGY METERING RIDER – (continued)

A. Availability - (Continued)

iv) The Customer may change its list of aggregated meters no more than once annually by providing ninety days' written notice; and

a) Credit shall be applied first to the meter through which the Customer-Generator Facility supplies electricity, then through the remaining meters for the Customer's accounts according to the rank order as specified in accordance with Section A 5(iii)a; and
b) Credit in kilowatt-hours (kWh) shall be valued according to Section E and each account's rate schedule as specified in Section A 5(iii)a; and
c) Delmarva Power may require that a Customer's aggregated meters be read on the same billing cycle.

6. If the total generating capacity of all Customer-generation using net metering systems served by the Company exceeds 5 percent (5%) of the capacity necessary to meet the electric utility's aggregated Customer monthly peak demand for a particular calendar year, the Company may elect not to provide net metering services to any additional Customer-generators.

This Rider is not available to Customers served under Service Classification "X", Cogeneration and Small Power Production.

B. Connection to the Company's System

Any Customer who elects this Rider must submit a completed interconnection application, to be reviewed by the Company prior to installation of the electric generation facility. Information to be included in the interconnection application: generator size, type, manufacturer and manufacturer specifications of all components of the electric generation facility. The electric generation facility shall not be connected and operated in parallel to the Company's system unless it meets all applicable safety and performance standards established by the National Electric Code, The Institute of Electrical and Electronics Engineers, including compliance with IEEE 1547, Underwriters Laboratories, and as currently detailed in the Technical Considerations Covering Parallel Operations of Customer Owned Generation dated January 19, 2000, and the applicable codes of the local public authorities. Special attention should be given to the National Electrical Code Sections 690 and 705. The Customer must obtain, at the Customer's expense, all necessary inspections and approvals required by the local public authorities before the electric generation facility is connected to the Company's electric system. The electric generation facility shall be connected in parallel operation with the Company's electric system and shall have adequate protective equipment as described in Section G below.

C. Delivery Voltage

The delivery voltage of the electric generation facility shall be at the same voltage level and at the same delivery point as if the Customer were purchasing all of its electricity from the Company.

D. Contract Term

The contract term shall be same as that under the Customer's applicable Service Classification.

RIDER "NEM"
NET ENERGY METERING RIDER - (Continued)

E. Monthly Rates, Rate Components and Billing Unit Provisions

The monthly rates, rate components and billing unit provisions shall be those as stated under the Customer's applicable Service Classification. Under this Rider, only the per kilowatt-hour charge components of the Customer's bill are affected. The monthly charges shall be based on one the following conditions:

1) When the monthly energy meter reading registers that the Customer has consumed more energy than the Customer delivered to the Company's delivery system by the end of the monthly billing period, the Customer shall be charged for the net amount of electricity consumed based on the rates and charges under the Customer's applicable Service Classification for either Delivery Service when the Customer has an Electric Supplier other than the Company as its electric supplier, or the combined Supply & Delivery Service when the Customer has the Company as its electric supplier; or

When the monthly energy meter reading registers that the Customer has generated more energy than the Customer consumed by the end of the monthly billing period, the Customers is to be credited in kilowatt-hours (kWh), valued at an amount per kilowatt-hour equal to the sum of delivery service charges and supply service charges for Residential Customers but does not include the monthly Customer charge; and the sum of the volumetric energy (kWh) components of the delivery service charges and supply service charges for non-residential Customers for any excess production of their generating facility that exceeds the Customer's on-site consumption of kWh in a billing period. Excess kWh credits shall be credited to subsequent billing periods to offset a Customer's consumption in those billing periods until all credits are used or until the end of the annualized billing period (12 consecutive monthly billing periods beginning on the first day of the first full monthly billing period after which the Customer-Generator Facility is interconnected with the Electric Distribution Company and is generating electricity. A Customer may elect to change the end of the Annualized Billing Period one time in order to better utilize excess generation.).

2) At the end of the Annualized Billing Period, a Customer may request a payment from the Electric Supplier for any excess kWh credits. The payment shall be calculated by multiplying the excess kWh credits by the Customer's Supply Service Charges based on a weighted average of the first block of the summer (June through September) and winter Supply Service Charges (October through May) in effect at the end of the Customer's Annualized Billing Period and the preceding 11 billing periods, excluding non-volumetric charges, such as the transmission capacity charge and/or demand charges. If such payment would be less than $25.00, the Electric Supplier may credit the Customer's account through monthly billing.

3) Any excess kWh credits shall not reduce any fixed monthly Customer charges imposed by the Electric Supplier.

4) The Customer shall retain ownership of Renewable Energy Credits (RECs) associated with electric energy produced and consumed by the Customer unless the Customer has relinquished such ownership by contractual agreement with a third party.

RIDER "NEM"

NET ENERGY METERING RIDER - (Continued)

E. Monthly Rates, Rate Components and Billing Unit Provisions – (Continued)

5) The electric suppliers shall provide net-metered Customers electric service at nondiscriminatory rates that are identical, with respect to rate structure and monthly charges, to the rates that a Customer who is not net-metering would be charged. Electric Suppliers shall not charge a net-metering Customer any stand-by fees or similar charges.

6) If a Net Metering Customer terminates its service with the Electric Distribution Company or changes Electric Supplier, the Electric Supplier terminating service shall treat the end of service period as if it were the end of the Annualized Billing Period for any excess kWh credits.

F. Metering

The watt-hour energy meter at the Customer's location shall measure the net energy consumed by the Customer or the net energy delivered by the Customer's electric generation facility for the monthly billing period. The Company shall furnish, install, maintain and own all the metering equipment needed for measurement of the service supplied. Under this Rider, the Company shall provide, at no additional direct charge to the Customer, a watt-hour energy meter with the capability of reverse registration in order to measure the net watt-hours consumed by the Customer or the net watt-hours delivered by the Customer to the Company for the monthly billing period. Where a larger capacity meter is required to serve the Customer that has an electric generation facility, or a larger capacity meter is requested by the Customer, the Customer shall pay the Company the difference between the larger capacity meter investment and the metering investment normally provided under the Customer's Service Classification.

G. Protective Equipment and Cessation of Parallel Operation

Interconnection with the Company's system requires the installation of protective equipment which provides safety for personnel, affords adequate protection against damage to the Company's system or to the Customer's property, and prevents any interference with the Company's supply of service to other Customers. Such protective equipment shall be installed, owned and maintained by the Customer at the Customer's expense. The Customer's equipment must be installed and configured so that parallel operation must cease immediately and automatically during system outages or loss of the Company's primary electric source. The Customer must also cease parallel operation upon notification by the Company of a system emergency, abnormal condition, or in cases where such operation is determined to be unsafe, interferes with the supply of service to other Customers, or interferes with the Company's system maintenance or operation. Generation systems and equipment that comply with the standards established in Section B shall be deemed by the Company to have generally complied with the requirements of this section. For systems not covered by the standards in Section B, the "Technical Requirements" shall apply.

H. Modification of the Company's System and Liability

If it is necessary for the Company to extend or modify portions of its systems to accommodate the delivery of electricity from the electric generation facility, such extension or modification shall be performed by the Company at the Customer's expense. For new services, such expense shall be determined by the difference between total costs and the investment the Company would make to install a normal service without the Customer's electric generation facility.

RIDER "NEM"

NET ENERGY METERING RIDER - (Continued)

The Company accepts no responsibility whatsoever for damage or injury to any person or property caused by failure of the Customer to operate in compliance with Company's requirements. The Company shall not be liable for any loss, cost, damage or expense to any party resulting from the use or presence of electric current or potential which originates from the Customer's electric generation facility, except as the Company would otherwise be liable under the Company's Delaware electric tariff. Connection by the Utility under this Rider does not imply that the Utility has inspected or certified that any Customer-generator's facility has complied with any necessary local codes or applicable safety or performance standards. All inspections, certifications and compliance with applicable local codes and safety requirements are the sole responsibility of the Customer-generator and must be provided to the Company prior to system acceptance and parallel operation with the utility system.

I. Failure to Comply

If the Customer fails to comply with any of the requirements set forth in sections G and H above, the Company may disconnect the Customer's service from the Company's electric system until the requirements are met, or the electric generation facility is disconnected from the Customer's electric system.

J. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all services, including any applicable electric supply services, rendered hereunder, unless the Customer is exempt from such tax.

K. Rules and Regulations

The Rules and Regulations set forth in this tariff shall govern the provision of service under this Service Classification.

EXHIBIT B

RIDER "CEF"
Community Energy Facility Rider

RIDER "CEF"

COMMUNITY ENERGY FACILITY RIDER

A Community Energy Facility (CEF) is an energy generating facility located in Delmarva Power's Delaware service territory that has multiple owners or customers who share the energy production of the Community Energy Facility, which is designed as a stand-alone facility with its own meter and one participating owner or customer designated as the 'Host'. The Community Energy Facility shall be interconnected to the distribution system and operated in parallel with Delmarva Power's transmission and distribution facilities. The Community Energy Facility shall:

- Satisfy all applicable requirements of Section 8.2 [link to document]General Provisions (Metering Section) of the Delaware Public Service Commission's Rules;

- Meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronic Engineers, and Underwriters Laboratories to ensure that net metering customers meet applicable safety and performance standards; and

- Comply with Delmarva Power's interconnection tariffs and operating guidelines. An interconnection study may be required by the Company.

A. Availability

This Rider is available to any Customer who becomes one of multiple owners or Customers, as the Host or partner, who share the energy production of a Community Energy Facility with meters served under Service Classifications "R", "R-TOU", "R-TOU-ND", "R-TOU-SOP", "SGS-ND", "MGS-S", "LGS", "GS-P", "GS-T" and lighting accounts. This Rider is available to any Customer Energy Facility which complies with the following:

1. For residential Customers which have a capacity of not more than 25 kilowatts$_{AC}$ per Company meter, for non-residential Customers, a capacity of not more than 2 megawatts$_{AC}$ per Company meter, and for farm Customers, a capacity that will not exceed 100 kW$_{AC}$ per Company meter unless granted exception to this limitation by the Delaware Energy Office;

2. Uses as its primary source of fuel - solar, wind, hydro or a fuel cell, or gas from the anaerobic digestion of organic material;

3. Is interconnected and operated in parallel with the Company's transmission and/or distribution facilities;

4. Is designed to produce no more than 110% of the CEF's expected aggregated meters electrical consumption, calculated on the average of the two previous 12 month periods of actual electrical usage for each partner, at the time of installation of energy generating equipment, and subject to the capacity limits specified above. For new building construction or in instances where less than two previous 12 month periods of actual usage is available, electrical consumption will be estimated at 110% of the consumption of units of similar size and characteristics at the time of installation of energy generating equipment and subject to the same capacity limits specified above;

Individual customers may aggregate their individual meters in conjunction with a Community Energy Facility, provided:

1) A community includes customers sharing a unique set of interests; and

RIDER "CEF"

COMMUNITY ENERGY FACILITY RIDER – (Continued)

2) Delmarva Power shall only allow meter aggregation for customer accounts of which it provides electric supply service; and

3) Before a Community Energy Facility may be formed and served by Delmarva Power, the community proposing a Community Energy Facility shall file with the Delaware Energy Office and Delmarva Power the following information:

(i) a list of individual meters the community is entitled to aggregate identified by name, address, rate schedule, and account number; and

(ii) a description of the Community Energy Facility, including the facility's physical location, the Host Customer's physical location, capacity, and fuel type or generating technology; and

(iii) Any Customer who elects this Rider must submit a completed interconnection application available at: http://www.delmarva.com/home/requests/interconnection/, to be reviewed by the Company prior to installation the electric generation facility. Information to be included in the interconnection application: generator size, type, manufacturer and manufacturer specifications of all components of the electric generation facility. The electric generation facility shall not be connected and operated in parallel to the Company's system unless it meets all applicable safety and performance standards established by the National Electric Code, The Institute of Electrical and Electronics Engineers, including compliance with IEEE 1547, Underwriters Laboratories, and as currently detailed in the Technical Considerations Covering Parallel Operations of Customer Owned Generation dated January 19, 2000, and the applicable codes of the local public authorities. Special attention should be given to the National Electrical Code Sections 690 and 705. The Customer must obtain, at the Customer's expense, all necessary inspections and approvals required by the local public authorities before the electric generation facility is connected to the Company's electric system. The electric generation facility shall be connected in parallel operation with the Company's electric system and shall have adequate protective equipment as described in Section D below.

4) A community proposing a Community Energy Facility may change its list of aggregated meters as specified in Section 3(i) no more than quarterly by providing ninety days' written notice to Delmarva Power; and

5) If the community proposing a Community Energy Facility removes individual Customers/participants from the list of aggregated meters as specified in Section 3(i), then that community shall either replace the removed Customers, reduce the generating capacity of the Community Energy Facility to remain compliant with the provisions provided under Section A (ii) above, or default to the monthly average Locational Marginal Price (LMP), or hourly LMP if advanced metering technology is installed, for any excess kWh credit; and

6) Delmarva Power may require that customers participating in a Community Energy Facility have their meters read on the same billing cycle; and

7) Delmarva Power requires the installation of a separate meter on the generation equipment of the Community Energy Facility; and

8) Neither Customers nor owners of community-owned energy generating facilities shall be subject to regulation as either public utilities or an Electric Supplier.

RIDER "CEF"

COMMUNITY ENERGY FACILITY RIDER – (Continued)

B. Rate calculation for excess generation

1) In each billing period, Delmarva Power will pay the Host of the Community Energy Facility for any excess energy produced by multiplying the excess kWh by a blended SOS Supply rate below for the classification of the Community Energy Facility owners, less the monthly Administration Charge described below.

	SUMMER RATE	WINTER RATE
Residential SOS rate for excess generation	$#.###### per kWh	$#.###### per kWh
Non-Residential SOS rate for excess generation	$#.###### per kWh	$#.###### per kWh

2) Any excess kWh credits shall not reduce any fixed monthly customer charges imposed by the Electric Supplier.

3) The Customers participating in a Community Energy Facility retain ownership of all the Renewable Energy Credits (RECs) associated with electric energy produced unless the Customers participating in the Community Energy Facility have relinquished such ownership by contractual agreement with a third party.

4) The Community Energy Facility account will be charged the following applicable monthly Administration Charge in place of a the standard Monthly Customer Charge for the rate classification.

Residential Administration Charge	$###.## per month
Non-Residential Administration Charge	$###.## per month

C. Rules and Regulations

1) Nothing in these Rules is intended in any way to limit eligibility for net energy metering services based upon direct ownership, joint ownership, or third-party ownership or financing agreement related to an electric generation facility, where net energy metering would otherwise be available.

2) For public utilities regulated by the Commission, net metering aggregation disputes limited to the correct application of Commission-approved tariffs shall be resolved by the Commission. All other disputes with an Electric Supplier, DEC, or municipal electric companies shall be resolved by the appropriate governing body with jurisdiction over such disputes.

3) Any requirements necessary to permit interconnected operations between the Community Energy Facilities; and the Electric Supplier, and the costs associated with such requirements, shall be dealt with in a manner consistent with a standard tariff filed with the Commission by the Electric Supplier. An Electric Supplier's interconnection rules shall be developed by using the Interstate Renewable Energy Council's Model Interconnection Rules and best practices identified by the U.S. Department of Energy. Electric Suppliers shall not require eligible net metering Customers that meet all applicable safety and performance standards to install excessive controls, perform or pay for unnecessary tests, or purchase excessive liability insurance.

RIDER "CEF"

COMMUNITY ENERGY FACILITY RIDER – (Continued)

D. Interconnection with the Company's System

Interconnection with the Company's system requires the installation of protective equipment which, in the Company's judgment, provides safety for personnel; affords adequate protection against damage to the Company's system or to its customer's property; and prevents any interference with the Company's delivery and supply of service to others. The Company shall not be liable for any loss, cost, damage or expense to any party resulting from the use or presence of electric current or potential which originates from a Community Energy Facility, except as the Company would be liable in the normal course of business. Such protective equipment shall be installed, owned and maintained by the owners of the Community Energy Facility at its expense. In addition, it may be necessary for the Company to extend or modify portions of its systems to accommodate the purchase of electricity from a Community Energy Facility. Should such extension or modification be necessary, all work shall be performed by the Company at the Community Energy Facility owner's expense. For new services, such expense shall be determined by the difference between total costs and the investment the Company would make to install a normal service without Community Energy Facility.

At the Company's request, the Community Energy Facility shall furnish, install and maintain, at its own expense, corrective apparatus which results in an average power factor of not less than ninety percent (90%) lagging.

The Company's technical requirements for parallel operations shall be followed and are as stated in its document titled, "Technical Considerations Covering Parallel Operations of Customer-owned Generation." [provide link]

E. Metering

A load profile meter shall measure the generation output energy for each hour during the monthly billing period. Telecommunications capability is required to enable entry of energy into the PJM markets at the Customer Energy Facility's location until such time as advanced metering equipment will replace this communications capability. The Company shall furnish, install, maintain and own all the metering equipment needed for measurement of the service supplied. Where a larger capacity meter is required to serve the Customer Energy Facility that has an electric generation facility, or a larger capacity meter is requested by the Customer, the Customer shall pay the Company the difference between the larger capacity meter investment and the metering investment normally provided under the Customer's Service Classification.

F. Modification of the Company's System and Liability

If it is necessary for the Company to extend or modify portions of its systems to accommodate the delivery of electricity from the electric generation facility, such extension or modification shall be performed by the Company at the Customer's expense. For new services, such expense shall be determined by the difference between total costs and the investment the Company would make to install a normal service without the Customer's electric generation facility.

RIDER "CEF"

COMMUNITY ENERGY FACILITY RIDER – (Continued)

F Modification of the Company's System and Liability – (continued)

Connection by the Utility under this Rider does not imply that the Utility has inspected or certified that any Customer-generator's facility has complied with any necessary local codes or applicable safety or performance standards. All inspections, certifications and compliance with applicable local codes and safety requirements are the sole responsibility of the Customer-generator and must be provided to the Company prior to system acceptance and parallel operation with the utility system.

G. Protective Equipment and Cessation of Parallel Operation

The Customer's equipment must be installed and configured so that parallel operation must cease immediately and automatically during system outages or loss of the Company's primary electric source. The Customer must also cease parallel operation of the Community Energy Facility upon notification by the Company of a system emergency, abnormal condition, or in cases where such operation is determined to be unsafe, interferes with the supply of service to other Customers, or interferes with the Company's system maintenance or operation.

H. Failure to Comply

If the Customer fails to comply with any of the requirements set forth in sections G and H above, the Company may disconnect the Customer's service from the Company's electric system until the requirements are met, or the electric generation facility is disconnected from the Customer's electric system.

I. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all services, including any applicable electric supply services, rendered hereunder, unless the Customer is exempt from such tax.

J. Rules and Regulations

The Rules and Regulations set forth in this tariff shall govern the provision of service under this Service Classification.