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April 4, 2023

Ms. Brinda Westbrook-Sedgwick  
Commission Secretary  
Public Service Commission of DC  
1325 G Street N.W., Suite 800  
Washington, DC 20005

**Re: ET2023 and RM402023**

Dear Ms. Westbrook-Sedgwick:

Enclosed please find Potomac Electric Power Company's Petition to approve a Tariff change for 20kw and below residential NEM Solar Interconnections.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

*/s/ Dennis P. Jamouneau*

Dennis P. Jamouneau

Enclosure

cc: All Parties of Record

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF THE DISTRICT OF COLUMBIA**

**IN THE MATTER OF**

<b>THE PETITION OF</b>	)	
<b>POTOMAC ELECTRIC POWER</b>	)	<b>ET2023-01</b>
<b>COMPANY TO APPROVE A TARIFF</b>	)	
<b>CHANGE FOR 20 kW AND BELOW</b>	)	
<b>RESIDENTIAL NEM SOLAR</b>	)	
<b>INTERCONNECTIONS</b>	)	
<b>AND</b>	)	
<b>THE INVESTIGATION OF THE</b>	)	
<b>IMPLEMENTATION OF INTERCONNECTION)</b>	)	<b>RM40-2023</b>
<b>STANDARDS IN THE DISTRICT</b>	)	
<b>OF COLUMBIA</b>	)	

**PETITION OF POTOMAC ELECTRIC POWER COMPANY  
TO APPROVE A TARIFF CHANGE FOR 20 kW AND BELOW  
RESIDENTIAL NEM SOLAR INTERCONNECTIONS**

**I. INTRODUCTION**

Pursuant to Section 34-901 of the D.C. Code<sup>1</sup> and Rule 101.1 of the Public Service Commission of the District of Columbia’s (“Commission”) Rules of Practice and Procedure,<sup>2</sup> Potomac Electric Power Company (“Pepco”) respectfully submits this petition to streamline the interconnection process<sup>3</sup> and lower overall distribution system interconnection costs for customers that are applying to interconnect certain small generators to Pepco’s system. Specifically, Pepco requests approval of the attached modifications to Rider-NEM, which would require prospective<sup>4</sup>

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<sup>1</sup> D.C. Code § 34-901 *et seq.* (Lexis 2019).

<sup>2</sup> 15 D.C.M.R. § 105.8 (Lexis 2019).

<sup>3</sup> If approved, Pepco’s proposal would streamline the interconnection process for customers by, for example, eliminating or reducing necessary steps involved in the process related to distribution system upgrades.

<sup>4</sup> A customer would be a “prospective” NEM participant because, until the interconnection is approved, the customer is not served under Rider NEM.

Residential Net Energy Metering (“NEM”) customers seeking to interconnect solar generators that are 20kW or smaller (“Qualifying NEM Customers”) to pay a flat fee of \$280 (“System Upgrade Fee”). Under Pepco’s proposed changes to Rider-NEM (herein after referred to as “Tariff” or “Rider-NEM”), Qualifying NEM Customers would not be responsible for any distribution system upgrades or interconnection facility costs that these customers would be required to pay under the current regulations.<sup>5</sup>

Pepco is a committed partner in achieving the District’s climate and clean energy goals, and, as the only electric distribution utility in the District, the Company has a foundational role in enabling climate solutions. The District has adopted a multi-pronged approach to urgently address decarbonization, including enabling clean energy. Local solar generation is fundamental to reducing greenhouse gas (“GHG”) emissions to align with the District’s goal to be carbon free by 2045, and it is fundamental to meeting the District’s Renewable Portfolio Standards. Through the approach and design of the program detailed in this petition, Pepco’s intent is to help reduce barriers and facilitate broader accessibility to solar energy for Residential customers.

Given the interplay between Pepco’s proposal in this petition and Commission regulations that are both current and proposed, Pepco requests that the Commission (1) grant this petition; (2) approve the modifications to Rider-NEM, (3) approve Pepco’s cost recovery proposal; (4) waive all necessary regulations to allow for implementation of the System Upgrade Fee; and (5) consider revisions to the Commission regulations as set forth herein.

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<sup>5</sup> See 15 D.C.M.R. Section 4005 *et seq.*

## II. BACKGROUND

For the District to reach its clean energy and decarbonization goals, it must swiftly transition its electric supply to carbon-free, clean energy resources. Interconnecting solar generation is critical to the District’s clean energy mandates. Pepco directly facilitates solar interconnections and advances solar development with the help of leading Commission policies and key stakeholders, like the District Department of Energy and the Environment (“DOEE”) and the District of Columbia Sustainable Energy Utility (“DCSEU”). As of December 31, 2022, Pepco has interconnected more than 13,000 solar installations to its distribution system in the District. Pepco supports its customers taking control of their energy use, including through the installation and interconnection of solar generation at their homes.

While Pepco reviews, updates, and refines its processes and protocols, the Company also recognizes that more can be done facilitate interconnection of customer solar systems. As solar penetration grows in the District, distribution system upgrades or interconnection facility costs associated with interconnection may discourage customers and can pose a significant financial impediment in some cases. This is particularly true for Residential customers who are considering adding a 20kW or smaller solar system on their homes to participate in the NEM program.

Pepco recognizes that the Commission is considering action to reduce the financial burden to NEM customers in the Notice of Proposed Rulemaking (NOPR) that proposes a 50/50 cost-sharing proposal subject to certain restrictions.<sup>6</sup> Pepco publicly supported this NOPR as a way to reduce barriers and costs for interconnecting customers. The Company agrees with the Commission’s statement “that without some relief to the customer-generator interconnection

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<sup>6</sup> *In the Matter of DCMR Chapter 40, District of Columbia Small Generator Interconnection Rules, Notice of Proposed Rulemaking (“NOPR”) (Jan. 28, 2022).*

customer, the upgrade costs could create a barrier to the continued interconnection of small generator facilities, thus impacting the District reaching its 2032 goal of 100% renewable energy portfolio standard with not less than 5.5% from solar energy.”<sup>7</sup> After further consideration, the Company believes a different solution better fits the needs of Qualifying NEM Customers. The current model for assessing costs of upgrades requires that the customer who triggers the upgrade (the cost causer) pay the distribution system upgrade cost.<sup>8</sup> The 50/50 cost sharing proposed in the NOPR, while a meaningful solution that would reduce the financial barrier to some degree, does not address the fact that one customer—the cost causer—still may bear a significant financial burden to interconnect their proposed system.<sup>9</sup>

For Qualifying NEM Customers, Pepco proposes that the way to solve for the cost-causer inequity is to create a model that allows all who interconnect to share a small portion of the cost required for upgrades and interconnection facilities. Pepco’s proposal in this petition would require all prospective Qualifying NEM Customers to pay a flat \$280 System Upgrade Fee regardless of whether the interconnecting customer would otherwise be charged a distribution system upgrade or interconnection facility cost. This System Upgrade Fee, which Pepco calculates is initially \$280, is less than 1% of the median installed solar project cost, based on system size and data from the Lawrence Berkeley National Laboratory.<sup>10</sup> Under Pepco’s proposal, dollars

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<sup>7</sup> In December 2022, the District of Columbia further increased the local solar requirement to 15% by 2041 through the “Local Solar Expansion Amendment Act of 2022.”

<sup>8</sup> See 15 D.C.M.R. Section 4005.

<sup>9</sup> Should the Commission decide to move forward with the 50/50 cost sharing proposal embedded in the NOPR, the Company will continue to support the NOPR as meaningful progress toward lowering barriers to solar ownership.

<sup>10</sup> According to Lawrence Berkeley National Laboratory in 2021, average system size for residential projects in the District of Columbia is 8.2kW (DC) and nationally the median installed residential cost is \$3,800 kW (DC). This equates to an installed total cost of \$31,160. G. Barbose, N. Darghouth, E. O’Shaughnessy, and S. Forrester, “Tracking the Sun: Pricing and Design Trends for Distributed Photovoltaic Systems in the United States 2022 Edition.” Available: [https://eta-publications.lbl.gov/sites/default/files/2\\_tracking\\_the\\_sun\\_2022\\_report.pdf](https://eta-publications.lbl.gov/sites/default/files/2_tracking_the_sun_2022_report.pdf)

collected through the System Upgrade Fee would fund distribution system upgrades and interconnection facilities that are required to interconnect all Qualifying NEM Customers to Pepco's system.<sup>11</sup> As a result, no Qualifying NEM Customer will be charged specific distribution system upgrades or interconnection facilities costs. As currently designed, Pepco anticipates that the System Upgrade Fee will cover approximately 80% of the total distribution system upgrade and interconnection facilities costs for Qualifying NEM Customers and that approximately 20% of those costs will be recovered through Pepco's base rates, as proposed below in Section V of this petition.

Pepco is excited to offer this proposal, which will level the playing field for all Qualifying NEM Customers, help advance District clean energy policy goals, and decrease the out-of-pocket cost associated with any individual project.

### **III. STUDY OF SMALL GENERATOR COSTS**

This proposal is the result of a review of historical interconnection costs for Qualifying NEM Customers. As part of developing this proposal, Pepco reviewed all Qualifying NEM Customers applications over a one-year timeframe between April 1, 2021 and March 31, 2022. This study included 2,825 applications for Qualifying NEM Customers. Of those applications, 85 were assessed a distribution system upgrade or interconnection facilities cost. The study also included applications that were assessed a distribution system upgrade or interconnection facilities cost and subsequently withdrawn.

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<sup>11</sup> As explained in Section V below, any residual balance would remain in plant in-service and be recovered through Pepco's base rates.

**Table 1 Qualifying NEM Customer Flat System Upgrade Fee Methodology  
(Study Period 4/1/2021 to 3/31/2022)**

<b>Historical System Upgrade Costs</b>			
Historical project costs	[1]	\$	337,019
Anticipated re-application of withdrawn projects	[2]	\$	643,002
<b>Total Cost</b>	<b>[3]</b>	<b>\$</b>	<b>980,021</b>
<b>Calculation of Rate Base Share</b>			
Customer Distribution Contribution	[4]		20%
Estimated Customer Distribution Amount	[5]	\$	196,004
<b>Total Covered by System Upgrade Fees</b>	<b>[6]</b>	<b>\$</b>	<b>784,017</b>
<b>Application Count</b>			
Historical Applications	[7]		2,825
<b>Total Applications</b>	<b>[8]</b>		<b>2,825</b>
<b>System Upgrade Fee per Application</b>			
<b>Qualifying NEM Distribution System Upgrade Fee</b>	<b>[9]</b>	<b>\$</b>	<b>280</b>

**Sources and Notes:**

- [1]: Actual costs of 39 projects assessed fees paid for distribution system upgrades and interconnection facilities, April 2021-March 2022.
- [2]: Estimated costs from withdrawn projects, April 2021-March 2022.
- [3]: [1] + [2]
- [4]: Proposed percentage of proposed system upgrade costs included in Pepco’s distribution rate base.
- [5]: [3] x [4]
- [6]: [3] – [5]
- [7]: Number of NEM applications (including withdrawn applications) ≤ 20kW, April 2021-March 2022.
- [8]: Number of NEM applications (including withdrawn applications) ≤ 20kW, April 2021-March 2022.
- [9]: [6] / [8]; rounded to the nearest ten dollars.

In reviewing this data, understanding customer sentiment, and accounting for District clean energy requirements,<sup>12</sup> Pepco finds that there is an opportunity to address current financial barriers while more equitably enabling increased solar in the District and mitigating inequities from a cost-causer model. The Qualifying NEM Customer System Upgrade Fee is equitable and more predictable for new Qualifying NEM Customers. Based on Pepco’s study and proposal, the

<sup>12</sup> See, e.g. 34 D.C. Code Section 1432, which now requires at least 15% of sales from solar energy by 2041.

Company estimates that System Upgrade Fees will collect approximately \$784,017 annually and an additional estimated \$196,004 per year would be included in distribution rate base,<sup>13</sup> which is a reasonable way of spreading some costs to all distribution customers because all customers benefit from District clean energy policies and broadly benefit from upgrades to the distribution system. As the program continues, the Company reserves its right to revisit the cost allocation across classes as part of the program review process.

#### **IV. TARIFF AND REGULATION CHANGES REQUIRED**

Pepco submits that two categories of approvals can mitigate this cost barrier and more equitably assess fees to interconnection customers.

First, Pepco proposes that the Commission approve the attached modifications to Rider-NEM. The modifications would require Pepco to assess a flat \$280 System Upgrade Fee for any Qualifying NEM Customer, and Pepco proposes to update the System Upgrade Fee at least once every three years. The customer applying for interconnection would also be required to be net metered under Rider-NEM. Pepco's Interconnection Application and Agreement may also require revisions to further specify this change, and these changes can be submitted to the Commission within 30 days of Commission approval of this petition.

Second, and with respect to Commission regulations, Pepco proposes that the Commission: (1) amend the NOPR that would institute a 50/50 cost-sharing for NEM customer interconnection applications to provide an exception for Qualifying NEM Customers;<sup>14</sup> and (2) approve changes

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<sup>13</sup> See Section V below for information concerning Pepco's request to establish a regulatory liability.

<sup>14</sup> See Notice of Proposed Rulemaking (NOPR), RM40-2022-01-E (Jan. 28, 2022)(This NOPR, by proposing modifications to Commission Rule 4005.6, would require a cost-sharing mechanism for Net Energy Metering (NEM) customers similar to the one already in place for Community Renewable Energy Facilities (CREFs). For NEM customers, the cost-sharing would be 50% of upgrade costs up to \$5,000.). Pepco's instant proposal would exempt



to Chapter 40 of its regulations as set forth below.

1. Definition of “distribution system upgrade,” 4099.1 –

**“Distribution System Upgrade”** – means a required addition or modification to the EDC’s Electric Distribution System at or beyond the Point of Common Coupling to accommodate the interconnection of a Small Generator Facility. Distribution upgrades do not include interconnection facilities. Distribution system upgrade costs shall not be assessed for residential, NEM customers applying to interconnect solar facilities of 20kW or smaller if they are exempted under Rider-NEM or any other Commission-approved EDC tariff, order, or regulation.

2. Definition of “interconnection facilities,” 4099.1 –

**“Interconnection Facilities”** – means facilities and equipment required by the EDC to accommodate the interconnection of a Small Generator Facility. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generator Facility and the Point of Common Coupling, including modifications, additions, or upgrades that are necessary to physically and electrically interconnect the Small Generator Facility to the Electric Distribution System. Interconnection Facilities are sole-use facilities and do not include Distribution System Upgrades, Generation Meter(s), or Usage Meter(s). Interconnection Facilities costs shall not be assessed for residential, NEM customers applying to interconnect solar facilities of 20kW or smaller if they are exempted under Rider NEM or any other Commission-approved EDC tariff, order, or regulation.

3. Proposed New Section 4001.7 –

4001.7 – The Commission may approve a tariff permitting the EDC to assess a fee for the interconnection of solar generating facilities with a capacity of 20kW or less. In such event, no other fees related to this chapter are permitted to be assessed to residential customer-generators applying to interconnect renewable systems of 20kW or smaller if they are exempted from such fees under Rider-NEM or any other Commission-approved EDC tariff, order, or regulation.

Finally, Pepco respectfully requests waiver<sup>15</sup> of any other regulations that may be interpreted to conflict with the System Upgrade Fee proposal in this proceeding. These regulations include, for example, Section 4005.6(a, b), which direct Pepco to provide customers with a non-

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most customers from the cost-sharing available in the Commission NOPR. However, it is possible for customers to apply for interconnection of facilities in excess of 20kW and still fit within the cost-sharing parameters proposed in the NOPR.

<sup>15</sup> 15 D.C.M.R. Section 4010.1 (Lexis 2020).

binding good faith cost estimate for distribution system upgrades or interconnection facilities. Due to the proposed System Upgrade Fee, such cost letters in the cited provisions and throughout Chapter 40 of the regulations are no longer warranted.

## **V. ASSOCIATED COSTS AND COST RECOVERY**

Based on the study referenced in this petition, Pepco submits that \$280 is a reasonable System Upgrade Fee to assess Qualifying NEM Customers to interconnect to Pepco's distribution system. However, as explained above, Pepco also proposes socializing approximately 20% of the costs to all customers, as they benefit from the District's leading climate policies and broadly benefit from distribution system upgrades.<sup>16</sup> As shown in Table 1 above, assessing a \$280 System Upgrade Fee to all small generators results in the System Upgrade Fees covering approximately \$784,000 out of the total approximately \$980,000 in anticipated upgrade costs from the study period. Based on that result, approximately an additional \$196,000 would be recovered annually from customers.

From an accounting perspective, Pepco requests that the Commission permit the Company to record all amounts collected through the System Upgrade Fee as a regulatory liability to offset the balance of distribution system upgrade and interconnection facilities costs in plant in-service. Pepco proposes to amortize over the composite life of distribution assets approved in the most recent depreciation study. Pepco also intends to include the proposed regulatory liability and results of this petition in its next multi-year case (MYP) for recovery. Approving this cost recovery proposal will ensure timely recovery of these necessary distribution system expenses.

In addition, if this petition is approved, Pepco is proposing to perform a similar study of

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<sup>16</sup> As the program continues, the Company reserves its right to revisit the cost allocation across classes.

distribution system upgrade and interconnection facilities costs, using the same parameters provided in this petition, at least once every three years to maintain an updated and reasonable fee structure. Finally, for reporting and transparency purposes, Pepco proposes that it report semi-annually on the number of Qualified NEM Customers and the amount of System Upgrade Fees assessed as well as the total amounts of distribution system upgrades and interconnection facilities costs for that six-month time period. To the extent possible, and for the purpose of administrative efficiency, Pepco proposes that these semi-annual reports be due on September 30 and March 31 each year, the latter date which aligns with Pepco's annual interconnection report.

## **VI. CONCLUSION**

**WHEREFORE**, for the reasons set forth herein, Pepco respectfully requests that the Commission: (1) grant this petition; (2) approve the tariff change to Rider-NEM (3) approve Pepco's cost recovery proposal; (4) waive all necessary regulations to allow for implementation of the System Upgrade Fee; and (5) consider revisions to the Commission regulations as set forth herein.

Respectfully submitted,  
Potomac Electric Power Company

/s/ Dennis P. Jamouneau  
Dennis P. Jamouneau  
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Washington, DC  
April 4, 2023

PEPCO CLEAN VERSION

**RATE SCHEDULES**

**FOR**

**ELECTRIC SERVICE**

**IN THE**

**DISTRICT OF COLUMBIA**



**RATES AND REGULATORY PRACTICES GROUP**

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## NET ENERGY METERING

### RIDER "NEM"

#### **RIDER "NEM" – NET ENERGY METERING**

This Rider is applicable to Customer-Generators served under Schedules "R", "MMA", "GS ND", "GS LV", "GS 3A", "R-PIV", "MGT LV", "GT LV", "GT 3A", and "GT 3B" who meet the requirements set forth in D.C. Code § 34-1501 (15) and 1518; the Company's Standard Net Metering Contract; and the Commission's Net Energy Metering Rules adopted in Order No. 15837, issued June 11, 2010.

Net Energy Billing applies only to kilowatt-hour usage charges. Net energy billing customers are responsible for all other charges applicable to the customer's rate class and recovered through fixed amounts or over units other than kilowatt-hours, including customer and/or demand charges as applicable.

The application of this Rider to Schedules "R-PIV", "MGT LV", "GT LV", "GT-3A", and "GT-3B" shall be on the basis of energy inflow or outflow during each Time of Use pricing period rather than on the total monthly energy registration.

#### **BILLING FOR NET ENERGY METERING CUSTOMERS WITH COMPETITIVE SUPPLIERS**

##### **Monthly Generation and Transmission Service**

Credits or charges shall be calculated by the Supplier at the rate specified in the agreement between the Customer Generator and the Competitive Electricity Supplier.

##### **Monthly Distribution Service Charges**

If the meter has registered net inflow of electricity for the billing month, the Customer Generator shall be billed for the net inflow at the applicable full retail rate for Distribution Services.

If the meter has registered net outflow of electricity for the billing month, and the Customer's generating facility has a capacity of 100 kilowatts or less, a dollar value credit shall be calculated by applying the full retail rate for Distribution Service excluding surcharges to the net outflow. This credit shall be applied to the next monthly bill and to subsequent monthly bills, if necessary, until fully exhausted. If the meter has registered net outflow of electricity for the billing month, and the Customer Generator's generating facility is greater than 100 kilowatts in size, there shall be no credit for Distribution Service for the net outflow.

#### **BILLING FOR NET ENERGY METERING CUSTOMERS WITH STANDARD OFFER SERVICE (SOS)**

##### **Monthly Generation Service**

If the meter has registered net inflow of electricity for the billing month, the Customer Generator shall be billed for the net inflow at the applicable SOS rate for Generation Service.

If the meter has registered net outflow of electricity for the billing month, a dollar value credit shall be calculated by applying the full SOS rate for Generation Service to the net outflow. This credit shall be applied to the next monthly bill and to subsequent monthly bills, if necessary, until fully exhausted.

##### **Monthly Transmission and Distribution Service Charges**

If the meter has registered net inflow of electricity for the billing month, the Customer Generator shall be billed for the net inflow at the applicable full retail rates for Transmission and Distribution Services.

If the meter has registered net outflow of electricity for the billing month, and the Customer's generating facility has a capacity of 100 kilowatts or less, a dollar value credit shall be calculated by applying the full retail rate for Transmission and Distribution Service excluding surcharges to the net outflow. This credit shall be applied to the next monthly bill and to subsequent monthly bills, if necessary, until fully exhausted.

If the meter has registered net outflow of electricity for the billing month, and the Customer Generator's generating facility is greater than 100 kilowatts in size, there shall be no credit for Transmission and Distribution Service for the net outflow.

#### **Distribution Upgrade Fee**

Residential customers applying to interconnect a solar photovoltaic generator of 20 kW or less to Pepco's distribution system and subject to this Rider "NEM" are required to pay a flat \$280 Distribution Upgrade Fee but are not required to pay any additional fees or costs to Pepco that may result from the application to interconnect, including Distribution Upgrade Fees or Interconnection Facilities costs, which may be otherwise required under pertinent Commission regulations. Pepco will propose updates to Public Service Commission of the District of Columbia for the Distribution Upgrade Fee at least once every three years following initial approval.

PEPCO REDLINE VERSION

**RATE SCHEDULES**

**FOR**

**ELECTRIC SERVICE**

**IN THE**

**DISTRICT OF COLUMBIA**



**RATES AND REGULATORY PRACTICES GROUP**

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## NET ENERGY METERING

### RIDER "NEM"

#### RIDER "NEM" – NET ENERGY METERING

This Rider is applicable to Customer-Generators served under Schedules "R", "MMA", "GS ND", "GS LV", "GS 3A", "R-PIV", "MGT LV", "GT LV", "GT 3A", and "GT 3B" who meet the requirements set forth in D.C. Code § 34-1501 (15) and 1518; the Company's Standard Net Metering Contract; and the Commission's Net Energy Metering Rules adopted in Order No. 15837, issued June 11, 2010.

Net Energy Billing applies only to kilowatt-hour usage charges. Net energy billing customers are responsible for all other charges applicable to the customer's rate class and recovered through fixed amounts or over units other than kilowatt-hours, including customer and/or demand charges as applicable.

The application of this Rider to Schedules "R-PIV", "MGT LV", "GT LV", "GT-3A", and "GT-3B" shall be on the basis of energy inflow or outflow during each Time of Use pricing period rather than on the total monthly energy registration.

#### BILLING FOR NET ENERGY METERING CUSTOMERS WITH COMPETITIVE SUPPLIERS

##### Monthly Generation and Transmission Service

Credits or charges shall be calculated by the Supplier at the rate specified in the agreement between the Customer Generator and the Competitive Electricity Supplier.

##### Monthly Distribution Service Charges

If the meter has registered net inflow of electricity for the billing month, the Customer Generator shall be billed for the net inflow at the applicable full retail rate for Distribution Services.

If the meter has registered net outflow of electricity for the billing month, and the Customer's generating facility has a capacity of 100 kilowatts or less, a dollar value credit shall be calculated by applying the full retail rate for Distribution Service excluding surcharges to the net outflow. This credit shall be applied to the next monthly bill and to subsequent monthly bills, if necessary, until fully exhausted. If the meter has registered net outflow of electricity for the billing month, and the Customer Generator's generating facility is greater than 100 kilowatts in size, there shall be no credit for Distribution Service for the net outflow.

#### BILLING FOR NET ENERGY METERING CUSTOMERS WITH STANDARD OFFER SERVICE (SOS)

##### Monthly Generation Service

If the meter has registered net inflow of electricity for the billing month, the Customer Generator shall be billed for the net inflow at the applicable SOS rate for Generation Service.

If the meter has registered net outflow of electricity for the billing month, a dollar value credit shall be calculated by applying the full SOS rate for Generation Service to the net outflow. This credit shall be applied to the next monthly bill and to subsequent monthly bills, if necessary, until fully exhausted.

##### Monthly Transmission and Distribution Service Charges

If the meter has registered net inflow of electricity for the billing month, the Customer Generator shall be billed for the net inflow at the applicable full retail rates for Transmission and Distribution Services.



If the meter has registered net outflow of electricity for the billing month, and the Customer's generating facility has a capacity of 100 kilowatts or less, a dollar value credit shall be calculated by applying the full retail rate for Transmission and Distribution Service excluding surcharges to the net outflow. This credit shall be applied to the next monthly bill and to subsequent monthly bills, if necessary, until fully exhausted.

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of Potomac Electric Power Company's Petition for Tariff Change was served on April 4, 2023 on all parties in Formal Case ET2023 and RM40-2023 by electronic mail.

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/s/ Dennis P. Jamouneau

Dennis P. Jamouneau