

Substitute Fourth Revision Sheet 63

Canceling

WN U-28

Substitute Third Revision Sheet 63

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 63
NET METERING OPTION SCHEDULE
WASHINGTON

DEFINITIONS:

"Customer Generator" means a user of a Net Metering System.

"Generating Facility" A source of electricity owned, or whose output is owned, by the Interconnection Customer that is located on the Interconnection Customer's side of the Point of Common Coupling, and all ancillary and appurtenant facilities, including Interconnection Facilities, which the Interconnection Customer requests to interconnect to the Electrical Company's Electric System.

"Meter Aggregation" means the administrative combination of net energy consumption from a designated net meter and eligible aggregated meter.

"Aggregated meter" means an electric service meter measuring electric energy consumption that is eligible to receive credits under a meter aggregation arrangement as described in RCW 80.60.030.

"Net metering" means measuring the difference between the electricity supplied by an electric utility and the excess electricity generated by a customer-generator's net metering system over the applicable billing period.

"Net Metering System" means a fuel cell, a facility that produces electricity and used and useful thermal energy for a common fuel source, or facility for the production of electrical energy that generates renewable energy, and that:

- (A) Has an electrical generating AC capacity of not more than 100 kilowatts;
- (B) Is located on the customer-generator's premises;
- (C) Operates in parallel with the electric utility's transmission and distribution facilities; and is connected to the electric utility's distribution system; and
- (D) Is intended primarily to offset part or all of the Customer-Generator's requirements for electricity.

"Designated meter" means an electric service meter at the service of a net metering system that is interconnected to the utility distribution system.

"Retail electric customer" includes an individual, organization, group, association, partnership, corporation, agency, unit of state government, or entity that is connected to the electric utility's distribution system and purchases electricity for ultimate consumption and not for resale.

"Renewable Energy" means energy generated by a facility that uses water, wind, solar energy, or biogas as a fuel.

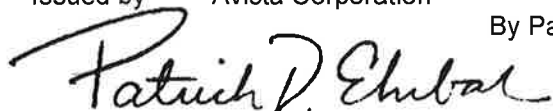
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SCHEDULE 63 - NET METERING OPTION - Continued

"Premises" means any residential property, commercial real estate, or lands, owned or leased by a Customer generator within the service area of a single utility.

AVAILABLE:

Net Metering shall be available to eligible Customer Generators who are customers of Avista Utilities on a first-come, first-served basis until the earlier of either: (i) June 30, 2029; or (ii) the first date upon which the cumulative generating capacity of net metering systems equals four percent of the utility's peak demand during 1996. Not less than one-half of the utility's 1996 peak demand available for net metering systems shall be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy.

Customer Generators electing this option shall be subject to the following terms and conditions.

- (1) Customer Generator eligibility – To be eligible for the net metering option, a Customer Generator must use a net metering system as defined above.
- (2) Cost to Customer Generator of metering and interconnection – Customer Generators electing the net metering option shall be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions and a production meter to measure total net meter system generation. The costs to the Customer Generator include:
 - (A) The Company's basic charge billed under the Customer Generator's applicable standard service Schedules 1, 11, 21, or 25.
 - (B) The Company shall not be liable directly or indirectly for permitting or continuing to allow the attachment of a net metering system, or the acts or omissions of a Customer Generator, that causes loss or injury, including death, to a third party.

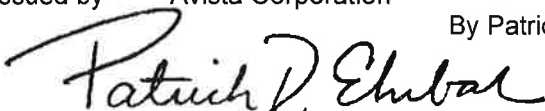
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SCHEDULE 63 - NET METERING OPTION - Continued

- (3) Standards –The net metering system used by a Customer Generator must include, at the Customer Generator's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electrical Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories.
- (4) The Company will measure the net electricity produced or consumed during the billing period, in accordance with IEEE 1547 metering practices. The Company's written approval of the Customer Generator's protection-isolation method to ensure generator disconnection in case of a power interruption from the Company is required before service is provided under this schedule. (N)
- (5) Balances of generation and usage by the customer-generator:
- (A) If electricity supplied by the Company exceeds the electricity generated by the Customer Generator's "net metering system" and fed back to the Company during the billing period, the Customer Generator shall be billed for the net electricity supplied by the Company at the Customer Generator's standard schedule retail rate, in accordance with normal metering practices. (N)
- (B) If electricity generated by the Customer Generator's "net metering system" exceeds the electricity supplied by the Company, the Customer Generator:
- (i) Shall be billed for the appropriate customer charges for that billing period, in accordance with section (2)(A), and
 - (ii) Shall be credited for the excess kilowatt-hours generated during the billing period, with the credit for kilowatt-hours appearing on the bill for the following billing periods and used to reduce the bill for the following period from the Company. (N)
- (6) Remaining unused kWh credits – On March 31st of each calendar year, any remaining unused credits for kilowatt-hours accumulated during the previous year shall be granted to the Company, without any compensation to the Customer Generator.
- (7) Reversion to previous service - The customer-generator, upon selecting the net metering option, may not revert to the Customer Generator's previous metering system without written agreement by the Company.
- (8) Existing Meter Aggregation Agreements - A customer-generator will be subject to the existing tariff in place if they have an existing arrangement for meter aggregation in effect or a customer submits a written request for aggregation on or before July 1, 2019.

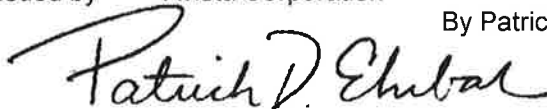
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SCHEDULE 63 - NET METERING OPTION - Continued

- (9) Multi-family Residential Facility – A multi-family residential facility may install a net metering system assigned to a single designated meter located on the premises of the multi-family residential facility where the tenants are not individually metered customers of Avista and distribute any benefits of the net metering to tenants of the facility where the net metering system in located.

SPECIAL TERMS AND CONDITIONS FOR NET METERING

Upon the Customer Generator's request, the Company shall aggregate for billing purposes the meter that is physically attached to the net metering system ("designated meter") with one additional aggregated meter located on the same parcel as the designated meter or a parcel that is contiguous with the parcel where the designated meter is located. For purposes of this schedule, a parcel is considered contiguous if they share a common property boundary, but may be separated only by a road or rail corridor.

A retail electric customer who is a Customer Generator and receives retail electric service from an electric utility at an aggregated meter must be the same retail electric customer who receives retail electric service from such an electric utility at the designated meter that is located on the premises where such a Customer-Generator's net metering system is located.

For Customer Generators participating in meter aggregation, credits for excess kilowatt-hours earned by the net metering system at the site of a designated meter during the same billing period shall be credited by the electric utility for kilowatt hour charges due at the aggregated meter at the applicable rate of the aggregated meter. If credits generated in any billing period exceed total consumption for that billing period at both meters that are part of an aggregated arrangement, credits are retained by the Customer Generator. Credits carried over from one billing period to the next must be applied in subsequent billing periods in the same manner described above.

The Company shall not provide wheeling or transmission service for the Customer Generator. The Customer Generator's Generated Energy will be applied to consumption on the Customer Generator's Premises or aggregated with an Aggregated Meter(s).

Except when required under the federal public utility regulatory policies act (PURPA), Avista may not establish compensation arrangements or interconnection requirements, other than those permitted in RCW 80.60.040(4), for a customer generator that would have the effect of prohibiting or restricting the ability of a customer-generator to generate or store electricity for consumption on its premises.

A Customer Generator is not eligible for opt-out of a Smart Meter.

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