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**TITLE 170 INDIANA UTILITY REGULATORY  
COMMISSION**

**Proposed Rule**  
LSA Document #03-305

**DIGEST**

Adds 170 IAC 4-4.2 concerning investor-owned electric utilities providing a net metering program to their residential customers and schools. Effective 30 days after filing with the secretary of state.

**170 IAC 4-4.2**

SECTION 1. 170 IAC 4-4.2 IS ADDED TO READ AS FOLLOWS:

**Rule 4.2. Net Metering**

**170 IAC 4-4.2-1 Definitions**

**Authority:** IC 8-1-1-3

**Affected:** IC 8-1-2-1

**Sec. 1. (a) The definitions in this section apply throughout this rule.**

**(b) “Commission” means the Indiana utility regulatory commission.**

**(c) “Customer” means any person, firm, corporation, municipality, or other government agency that has agreed, orally or otherwise, to pay for electric service received from an investor-owned electric utility.**

**(d) “Eligible net metering customer” means a customer in good standing that owns and operates a solar, wind, or hydro electrical generating facility that:**

**(1) has a nameplate capacity less than or equal to ten (10) kilowatts (kW);**

**(2) is located on the eligible net metering customer’s premises; and**

**(3) is used primarily to offset all or part of the eligible net metering customer’s own electricity requirements.**

**(e) “In good standing” means a customer whose account is not more than thirty (30) days in arrears and who does not have any legal orders outstanding pertaining to his or her investor-owned electric utility.**

**(f) “Interconnection” or “interconnected” means the physical, parallel connection of a net metering facility with a distribution facility of an investor-owned electric utility.**

**(g) “Investor-owned electric utility” or “utility” means a utility that is financed by the sale of securities and whose business operations are overseen by a board representing their shareholders.**

**(h) “Name plate capacity” means the full-load continuous rating of a generator under specified conditions as designated by the manufacturer.**

**(i) “Net metering” means measurement of the difference between the electricity that is supplied by the investor-owned electric utility to an eligible net metering customer and the electricity that is supplied back to the investor-owned electric utility by an eligible net metering customer.**

(j) “Net metering facility” means an arrangement of equipment for the production of electricity from the movement of water or wind, or by photoelectric transformation, that is owned and operated by an eligible net metering customer.

(k) “Parallel” means the designed operation of the net metering facility, interconnection equipment, and the investor-owned electric utility’s system where the instantaneous flow of electrical energy may automatically occur in either direction across the interconnection point between the net metering facility and the electrical utility’s distribution system.

(l) “System emergency” means a condition on a utility’s system reasonably likely to result in any of the following:

- (1) A significant disruption of service to a customer.
- (2) A substantial deviation from a normal service standard.
- (3) An endangerment to life or property.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-1)*

#### **170 IAC 4-4.2-2 Applicability**

**Authority:** IC 8-1-1-3

**Affected:** IC 8-1-2

**Sec. 2.** These rules shall apply to any investor-owned electric utility, subject to the jurisdiction of the commission, that may now or hereafter be engaged in the production, transmission, sale, or distribution of electric service and all net metering facilities as defined in section 1 of this rule that are interconnected with such utilities. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-2)*

#### **170 IAC 4-4.2-3 Exemption**

**Authority:** IC 8-1-1-3

**Affected:** IC 8-1-2

**Sec. 3.** Net metering facilities shall be exempt from revenue requirement and associated regulation under IC 8-1-2 as administered by the commission, but the commission shall have authority over rates charged by electric utilities to net metering facilities. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-3)*

#### **170 IAC 4-4.2-4 Availability**

**Authority:** IC 8-1-1-3

**Affected:** IC 8-1-2-34.5

**Sec. 4.** An investor-owned electric utility shall offer net metering to residential customers and K-12 schools that install a net metering facility. The utility may offer net metering to other customers at its discretion. The utility may limit the aggregate amount of net metering facility nameplate capacity under the net metering tariff to one-tenth percent (0.1%) of the most recent summer peak load of the utility. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-4)*

#### **170 IAC 4-4.2-5 Interconnection**

**Authority:** IC 8-1-1-3

**Affected:** IC 8-1-2-4

**Sec. 5. (a)** A net metering interconnection agreement between the investor-owned electric utility and the eligible net metering customer must be executed before the net metering facility may be interconnected with the investor-owned electric utility’s system.

**(b)** The net metering facility shall comply with the technical interconnection requirements of the investor-owned electric utility. Inverter based systems listed by Underwriters Laboratories (UL) to UL standard 1741, published May 7, 1999, as revised January 17, 2001 (UL 1741), shall be accepted by the investor-owned electric utility as meeting the technical interconnection requirements tested by UL 1741.

**(c)** The eligible net metering customer shall provide the investor-owned electric utility proof of qualified installation of the net metering facility. Certification by a licensed electrician shall constitute acceptable proof.

(d) An investor-owned electric utility shall not require an eligible net metering customer, whose net metering facility meets the standards of this rule, to do any of the following:

- (1) Install additional controls.
- (2) Perform or pay for additional tests.
- (3) Pay for inspections by the utility or the utility's representative.

(e) The eligible net metering customer shall install, operate, and maintain the net metering facility in accordance with the manufacturer's suggested practices for safe, efficient, and reliable operation in parallel to the investor-owned electric utility's system.

(f) The investor-owned electric utility may isolate any net metering facility at its own discretion if the investor-owned electric utility believes continued interconnection with the net metering facility creates or contributes to a system emergency. System emergencies causing discontinuance of interconnection shall be subject to verification at the commission's discretion.

(g) The investor-owned electric utility may perform reasonable on-site inspections to verify the proper installation and continuing safe operation of the net metering facility and interconnection facilities, at reasonable times and upon reasonable advance notice to the net metering customer. (*Indiana Utility Regulatory Commission; 170 IAC 4-4.2-5*)

#### 170 IAC 4-4.2-6 Metering

Authority: IC 8-1-1-3

Affected: IC 8-1-2

Sec. 6. (a) One (1) of the following metering options, if not already present, shall be installed on the eligible net metering customer's premises by the utility to properly record the net kilowatt hours (kWh) of a net metering facility:

- (1) One (1) main watt-hour meter capable of measuring net kWh.
- (2) One (1) main watt-hour meter measuring kWh to the eligible net metering customer and a second watt-hour meter measuring kWh to the investor-owned electric utility. The reading of the second meter will be subtracted from the reading of the main meter to obtain net kWh for billing.

(b) An investor-owned electric utility shall not charge the eligible net metering customer any costs or fees for the following:

- (1) Additional metering for single-phase configurations installed by the utility.
- (2) Eligible net metering customer's request to participate in net metering program.
- (3) Initial net metering facility inspection.

(*Indiana Utility Regulatory Commission; 170 IAC 4-4.2-6*)

#### 170 IAC 4-4.2-7 Billing

Authority: IC 8-1-1-3

Affected: IC 8-1-2-34.5; IC 8-1-2-38

Sec. 7. An investor-owned electric utility shall determine an eligible net metering customer's monthly bill as follows:

(1) Bill charges, credits, rates, and adjustments shall be in accordance with the utility's tariff and administrative rules that would apply if the eligible net metering customer did not participate in net metering.

(2) The utility shall measure the difference between the amount of electricity delivered by the utility to the eligible net metering customer and the amount of electricity generated by the eligible net metering customer and delivered to the utility during the billing period, in accordance with normal metering practices. If the kilowatt hours (kWh) delivered by the utility to the eligible net metering customer exceeds the kWh delivered by the eligible net metering customer to the utility during the billing period, the eligible net metering customer shall be billed for the kWh difference at the rate applicable to the eligible net metering customer if it was not an eligible net metering customer. If the kWh generated by the eligible net metering customer and delivered to the utility exceeds the kWh supplied by the utility to the eligible net metering customer during the billing period, the eligible net metering customer shall be credited in the next billing cycle for the kWh difference.

(3) When the eligible net metering customer elects to no longer participate in the net metering tariff, any unused credit shall revert to the utility.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-7)*

#### **170 IAC 4-4.2-8 Liability insurance and indemnity**

**Authority:** IC 8-1-1-3

**Affected:** IC 8-1-2-33; IC 8-1-2-34

**Sec. 8. (a)** An eligible net metering customer operating a net metering facility shall maintain homeowners, commercial, or other insurance providing coverage in the amount of at least one hundred thousand dollars (\$100,000) for the liability of the insured against loss arising out of the use of a net metering facility. Eligible net metering customers shall not be required by the utility to obtain liability insurance with limits higher than that which is stated in this section, nor shall such eligible net metering customers be required by the utility to purchase additional liability insurance, for example, insurance coverage that exceeds one hundred thousand dollars (\$100,000) where the eligible net metering customer's existing insurance policy provides coverage against loss arising out of the use of a net metering facility by virtue of not explicitly excluding coverage for such loss.

**(b)** The utility and the eligible net metering customer shall indemnify and hold the other party harmless from and against all claims, liability, damages, and expenses, including attorney's fees, based on any injury to any person, including loss of life or damage to any property, including loss of use thereof, arising out of, resulting from, or connected with, or that may be alleged to have arisen out of, resulted from, or connected with an act or omission by such other party, its employees, agents, representatives, successors, or assigns in the construction, ownership, operation, or maintenance of such party's facilities used in net metering. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-8)*

#### **170 IAC 4-4.2-9 Tariff and reporting requirements**

**Authority:** IC 8-1-1-3

**Affected:** IC 8-1-2

**Sec. 9. (a)** Within sixty (60) days of the effective date of this rule, all electric utilities shall submit for approval under the commission's thirty (30) day filing process a net metering tariff. The net metering tariff shall include the technical interconnection requirements of the investor-owned electric utility and shall comply with the requirements of this rule.

**(b)** Within sixty (60) days of the effective date of this rule, all investor-owned electric utilities shall submit for approval via the commission's thirty (30) day filing process a generic interconnection agreement applicable to net metering facilities. An interconnection agreement shall include the following:

- (1)** The name of the eligible net metering customer.
- (2)** The location of the proposed net metering facility.
- (3)** Type of the proposed net metering facility.
- (4)** Size or inverter power rating, or both, of the proposed net metering facility.
- (5)** Inverter manufacturer and model number.
- (6)** A description of the electrical installation of the inverter and associated electrical equipment.

**(c)** On or before March 1 of each year, each investor-owned electric utility shall file with the commission a net metering report. The net metering report shall contain the following:

- (1)** The total number of eligible net metering customers and facilities.
- (2)** The number, size, and type (solar, wind, hydro) of net metering facilities.
- (3)** The number of new eligible net metering customers interconnected during the previous calendar year.
- (4)** The number of existing eligible net metering customers that ceased participation in the net metering tariff during the previous calendar year.
- (5)** If available, data on the amount of electricity generated by net metering facilities.

*(Indiana Utility Regulatory Commission; 170 IAC 4-4.2-9)*

#### **170 IAC 4-4.2-10 Customer complaints**

**Authority:** IC 8-1-1-3

**Affected:** IC 8-1-2-34.5

**Sec. 10. In the event an investor-owned electric utility and an eligible net metering customer are unable to agree on matters relating to net metering, either party may raise a customer complaint to the commission in accordance with 170 IAC 4-1-17. (Indiana Utility Regulatory Commission; 170 IAC 4-4.2-10)**

***Notice of Public Hearing***

*Under IC 4-22-2-24, notice is hereby given that on May 20, 2004 at 10:00 a.m., at the Indiana Government Center-South, 302 West Washington Street, Room E306, Indianapolis, Indiana the Indiana Utility Regulatory Commission will hold a public hearing on net metering. Copies of these rules are now on file at the Indiana Government Center-South, 302 West Washington Street, Room E306 and Legislative Services Agency, One North Capitol, Suite 325, Indianapolis, Indiana and are open for public inspection.*

William D. McCarty  
Commission Chairman  
Indiana Utility Regulatory Commission