



**SCHEDULE VNM-A**

Sheet 1

VIRTUAL NET ENERGY METERING FOR MULTIFAMILY AFFORDABLE HOUSING

APPLICABILITY

Optionally available to Qualified Customers as defined in Special Condition (SC) 4, owning, renting, or leasing in Multi-Family Affordable Housing Accommodations as defined in SC 3, where the Owner of the complex has installed a solar "eligible customer-generator" with generating capacity of 1 megawatt (MW) or less, as defined in Schedule NEM and Public Utilities (PU) Code Section 2827, and contracts with the Utility to have all eligible output from the generator supplied to the Utility for the purpose of providing a credit to the Qualified Customers within the complex. The terms of this rate schedule shall apply to any Qualified Customer that is designated by the Owner on a Solar Generation Credit Allocation Request Form, unless the customer provides written notification to the Utility declining to receive a credit. Virtual Net Energy Metering (VNM) facilitates cost savings for Owners by avoiding the installation of an eligible customer-generator on each individual dwelling unit, and also provides Qualified Customers with the benefits that would otherwise be provided under Net Energy Metering (NEM). Owners that install an eligible customer-generator for the purpose of VNM-A may be eligible for additional up-front incentives (see SC 11).

Accounts not fully utilizing energy allocated to them under this schedule may be eligible for additional compensation at the conclusion of their Relevant Period as described in Special Condition 8.e.

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Service on this rate schedule must be taken in combination with the Qualified Customer's otherwise applicable rate schedule (OAS). This schedule will be available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that total rated generating capacity used by both NEM and VNM-A eligible customer-generators exceeds 5% of SDG&E's aggregate customer peak demand until December 31, 2015 or until all funds available for incentives have been allocated, whichever comes first. VNM-A Customers are not eligible to take service under SDG&E Schedule DR-SES.

TERRITORY

Within the entire territory served by the Utility.

RATES

The Qualified Customer Bill as determined under SC 8c. is applicable, less Customer's Allocated Credit.

SPECIAL CONDITIONS

1. Definitions: The Definitions of terms used in this schedule are found either herein or in Rule 1.
2. Treatment of Generation: Eligible customer-generators that are installed and utilized in providing service under terms of this rate schedule shall be treated as though they were installed and utilized under terms of Schedule NEM, unless otherwise specified herein.
3. Affordable Housing Multi-Family Accommodations: Per PU Code Section 2852, is multi-family housing that meets at least one of following criteria:
  - a) Residential housing financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants, and for which the rents of the occupants who are lower income households, as defined in Section 50079.5 of the Health and Safety Code, do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.
  - b) A residential complex in which at least 20 percent of the total units are sold or rented to lower income households, as defined in Section 50079.5 of the Health and Safety Code, and the housing units targeted for lower income households are subject to a deed restriction or affordability covenant with a public entity that ensures that the units will be available at an affordable housing cost, as

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SPECIAL CONDITIONS (Continued)

3. Affordable Housing Multi-Family Accommodations: (Continued)

defined in Section 50052.5 of the Health and Safety Code, or at an affordable rent, as defined in Section 50053 of the Health and Safety Code for a period of at least 30 years.

For the purpose of VNM-A, this definition also includes New Solar Homes Partnership (NHSP)-eligible Affordable housing as defined in Public Resource Code Section 25401.6.

4. Qualified Customer: Is a customer that is receiving service on a rate schedule that would be applicable to a similar customer receiving service in combination with Schedule NEM and meets one of the following conditions:

- a) is located on the same property as the Owner's eligible customer-generator and is physically connected to the same Service Delivery Point (as defined in Rule 16) as the Owner's eligible customer-generator, or;
- b) is located on the same property as the Owner's eligible customer-generator, and is physically connected to a different Service Delivery Point, where the Owner is a Multifamily Affordable Solar Housing Program participant.

The Qualified Customer definition shall extend to Owner for the purpose of billing common use areas and unoccupied units.

5. Owner: The Enterprise, or Entity, that owns the Multi-Family Affordable Housing Accommodations.

6. Property: All of the real property and apparatus employed in a single low income housing enterprise on contiguous parcels of land. These parcels may be divided by a dedicated street, highway or public thoroughfare or railway, so long as they are otherwise contiguous, part of the same single low income housing enterprise, and all under the same ownership.

7. Generator Interconnection Responsibility: To be eligible for VNM-A service, the Owner shall have an effective interconnection agreement with the Utility and have submitted a Solar Generation Credit Allocation Request to the Utility. In addition, the Owner shall have paid all costs associated with the Utility installing a Generator Output Meter capable of recording in 15 minute increments, any wiring, trenching, conduit, or other facility costs incurred by the Utility to interconnect with the Owner's eligible customer-generator adjusted based on Rule 2 factors for a one-time payment. The location of the customer's Generator Output Metering equipment shall be approved by the Utility, and will normally be grouped with the service and metering equipment for one, or more, of the tenant or house meters.

If there is any load behind the Generation Output Meter in addition to incidental load related to the operation of the eligible customer-generator, SDG&E reserves the right to require, at the Owner's expense, the purchase and installation of metering equipment necessary to determine the total generation and total usage at the interconnection point. Such usage shall be billed as a common area account to ensure that all eligible generation output is allocated and that netting only occurs after credits have been allocated.

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VIRTUAL NET ENERGY METERING FOR MULTIFAMILY AFFORDABLE HOUSING

SPECIAL CONDITIONS (Continued)

8. Solar Generation Credit Allocation Request Form (Form 142-02768): A form completed by the Owner that designates how the Energy Delivered, as defined in SC 8a., will be allocated among the tenants and common use of the complex. The initial Owner-designated percentage split between common use and tenants shall become effective on the regularly scheduled monthly meter read date closest to the date on which the form is received by the Utility and will remain in effect for a minimum of five years. The designated allocation between tenant units shall remain in effect for a minimum of twelve months. The Owner may submit an updated form to revise these allocations at any time thereafter. These additional adjustments must also remain effective for at least twelve months. Modified Solar Generation Credit Allocation Request Forms shall become effective on the first regularly scheduled monthly meter read date that is at least 15 days following receipt by the Utility.

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The Owner shall bear responsibility for ensuring that the percent allocations for individual Qualified Customers are based on the relative size of the tenant's unit, consistent with the manner in which affordable housing rents are established. Each tenant unit in the complex must receive a percent allocation of the total tenant-designated credit. Credit that is allocated to a particular unit, but not applied to a Qualified Customer's bill due to occupant nonparticipation or unit vacancy (no active account) will be retained by the Utility.

9. Billing Process: The following billing process shall be used.

- a) Energy Delivered: The metered output, delivered to the grid, as recorded by the Generator Output Meter and validated by the appropriate Utility billing processes during the specific billing period.
- b) Allocation of Credit: Monthly allocated Credits for common areas and Qualified Customers are determined by multiplying the monthly Energy Delivered (kWh) by the percentages contained in the Solar Generation Credit Allocation Request Form on file with the Utility, and then converting each kWh credit to dollars using the Qualified Customer's OAS.
- c) Qualified Customer Bill: The OAS for each Qualified Customer, adjusted to conform to the conditions set forth in Schedule NEM. Qualified Customers served under this schedule are responsible for all charges from their OAS including monthly billed minimum charges, customer charges, meter charges, facilities charges, energy and demand charges, excluding any adjustments due to power factor provisions. Applicable demand charges are defined in the OAS.
- d) Virtual Net Energy Metering and Billing: VNM means measuring the difference between the electric energy supplied by the Utility to Qualified Customers and the electric energy generated by an eligible customer-generator, fed to the electric grid, and credited to Qualified Customers over a 12-month period (Relevant Period).

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At the end of each Relevant Period following the Qualified Customer's date of SDG&E's written authorization for the eligible customer-generator's parallel Operation with SDG&E's electrical system, the Qualified Customer shall be billed for net electric energy used during that period. If a Qualified Customer terminates service under this rate schedule prior to the end of any Relevant Period, the Utility shall reconcile the customer's consumption of electric energy with any remaining credit, and bill and provide compensation (as described below) to the customer as if it were the end of the normal Relevant Period.

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Sheet 4

VIRTUAL NET METERING FOR MULTIFAMILY AFFORDABLE HOUSING

SPECIAL CONDITIONS (Continued)

9. Billing Process (Continued)

d) Virtual Net Energy Metering and Billing: (Continued)

(1) For an OAS with Baseline Rates:

If the Qualified Customer is a net consumer for the month, the net kWh consumed shall be billed in accordance with the Qualified Customer's OAS. If the Qualified Customer is a net generator, the net kWh generated shall be valued at the applicable baseline rates up to the billing period's baseline allowance, with any excess kWh generated valued at the applicable non-baseline rates.

(2) For an OAS with Time-of-Use Rates:

If the Qualified Customer is a net consumer during any discrete TOU period, the net kWh consumed shall be billed at the applicable TOU rates charged in the OAS. If the Qualified Customer is a net generator, the net kWh generated shall be valued at the applicable TOU rates charged in the OAS.

e) Assembly Bill 920: Pursuant to Assembly Bill (AB) 920 (amending Cal. Pub. Util. Code § 2827), starting January 1, 2011, an eligible NEM customer will be compensated for "net surplus electricity" (electricity produced by an eligible NEM customer in excess of on-site load at the end of the customer's 12-month true-up period), Such net surplus compensation (NSC) is valued pursuant to D.11-06-016. If an NEM customer has not generated excess kWhs at the end of the customer's 12-month true-up period, the customer is not eligible for NSC.

f) Compensation for net surplus energy: Per AB 920, SDG&E will compensate NEM customers with solar generation of less than 1 MW or wind generation less than 50 kW, with excess kWhs at the end of their relevant period, for both the value of the electricity and the value of the renewable attributes. The utility will compensate qualifying NEM customers for net surplus generation by the following formula:

$$NSC = \text{Value of Electricity} + \text{Value of Renewable Energy Credits (if applicable)}$$

(i) Value of the Electricity -

$$\text{Value of Electricity} = \text{Net Surplus kWhs} \times \text{DLAP price}$$

The utility will use the Default Load Aggregation Point (DLAP) price as the basis for the net surplus compensation rate (as adopted in D.11-06-016). DLAP reflects the costs the utility avoids in procuring power during the time period net surplus generators produce excess power.

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**SCHEDULE VNM-A**

Sheet 5

VIRTUAL NET METERING FOR MULTIFAMILY AFFORDABLE HOUSING

SPECIAL CONDITIONS (Continued)

f. Compensation for Net Surplus Energy (Continued)

This rate is the simple rolling average of the utility's DLAP price from 7 a.m. to 5 p.m. corresponding to the customer's 12-month relevant period. The rolling average will be calculated on a monthly basis and be applied to all customers with a relevant period in the following month.

The utility uses a full 12 months of DLAP prices, as published on the CAISO Open Access Same-time Information System (OASIS), ending the twentieth (20<sup>th</sup>) day of each month. The utility then calculates the NSC rate within five days of the first of the month to allow the CAISO to finalize the day-ahead DLAP prices. This rate is applied to all eligible net surplus generators, irrespective of their rate class. This rate will be updated monthly and is available at: <http://www.sdge.com/nem/>.

(ii) Value of Renewable Energy Credits

The utility will include a Renewable Attribute Adder (RAA) with the NSC rate after the California Energy Commission (CEC) determines the eligibility of net energy metering customer facilities for the Renewable Portfolio Standard and an ownership verification and tracking system for Renewable Energy Credits (RECs) created by net surplus generators. The renewable attribute adder will be calculated using the most recent Western Electricity Coordinating Council (WECC) average renewable premium, based on United States Department of Energy (DOE) published data. The renewable attribute adder will only be paid to those net surplus generators who provide RECs to the utility.

Until the CEC makes its determination and the utility receives approval on a tariff revision addressing this, the RAA will not be included in the calculation of NSC (section (i) above).

D.11-06-016 requires NEM customers who elect to receive NSC to notify the utility that they are a Qualifying Facility exempt from certification filing at the Federal Energy Regulatory Commission (FERC). Since all NEM customer-generators have certified to SDG&E that they are generating facilities with net power production capacities of 1 MW or less, and thus currently meet the requirements for a qualifying facility exempt from certification filing at FERC by being under 1 MW (under FERC Order 732), SDG&E requires no additional documentation at this time.

Eligible customers have the option to carry over NSC to future 12-month periods (as a bill credit) or can elect a monetary payment, if the amount is greater than one dollar (\$1). Payments for NSC will be reduced by any amount the customer owes to the utility

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**SCHEDULE VNM-A**

VIRTUAL NET METERING FOR MULTIFAMILY AFFORDABLE HOUSING

SPECIAL CONDITIONS (Continued)

10. Monthly Billing: The Utility shall provide Qualified Customers with eligible customer-generator production and individual consumption information with each regular monthly bill. The information shall include the current monetary balance owed to the Utility for the net energy consumed in the current Relevant Period. Qualified Customers shall pay any balance due for net energy consumed monthly. Any remaining credit over a monthly billing cycle shall be carried over to the following monthly billing period, until the end of the Relevant Period.

Qualified Customers shall not be eligible for the Level Pay Plan option set forth in Rule 9.

11. Generator Limitation: No generator shall be included behind the above described Generator Output Meter other than a Solar Generator.

12. Multifamily Affordable Solar Housing (MASH) Installation Incentives: D.08-10-036 established a \$108 million solar incentive program for MASH. Under the approved incentive structure, an Owner may obtain an up-front rebate for the installation of a qualifying solar energy system, based on an estimate of system performance using the Expected Based Buydown (EPBB) methodology. Pursuant to D.11-07-031, owners will receive \$1.90 per watt for systems offsetting common use and \$2.80 per watt for systems offsetting tenant load. An installation may receive both incentive levels if it will offset both common area and tenant load. These incentives will be apportioned in accordance with the Owner's initial five-year allocation.

13. Pursuant to Public Utilities Code Section.2827(c)(2), any customer with an existing electrical generating facility and meter who enters into a new net energy metering contract (for example, form 142-02760.5 Interconnection Agreement For Virtual Net Energy Metering for Multifamily Affordable Housing (VNM-A) Solar Electric Generating Facilities ) shall complete and submit a copy of form 142-02763 – NEM/VNMA Inspection Report to SDG&E, unless the electrical generating facility and meter have been installed or inspected within the previous three years. The NEM/VNM-A Inspection Report (Form 142-02763) shall be prepared by a California licensed contractor who is not the owner or operator of the facility and meter. A California licensed electrician shall perform the inspection of the electrical portion of the facility and meter and sign the NEM / VNM-A Inspection Report (Form 142-02763). If an inspection is required, the customer shall submit the fully completed NEM/VNM-A Inspection Report (Form 142-02763) to SDG&E within 90 days of the of the customer becoming the customer of record at this account, or else the customer agrees to disconnect their Generating Facility and inform SDG&E it no longer will take service under schedule NEM or VNM-A. By signing the Interconnection Agreement, the NEM/VNM-A Inspection Report (Form 142-02763) shall be incorporated into the Interconnection Agreement.

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Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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