



SCHEDULE NEM

NET ENERGY METERING

APPLICABILITY

Pursuant to California Public Utilities Code (PU Code) Section 2827, this schedule is applicable to a residential, small commercial (as defined in subdivision (h) of Section 331 of the PU Code), commercial, industrial, or agricultural customer who uses a solar or wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than 1,000 kilowatts (kW) that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with the Utility's transmission and distribution systems, and is intended primarily to offset part or all of the customer's own electrical requirements (hereinafter "eligible customer-generator" or "customer"). Certain incremental billing and metering costs set forth in this schedule that are related to net energy metering are applicable to Energy Service Providers (ESPs) serving eligible customer-generators.

This service is not applicable to a Direct Access (DA) customer where the customer's ESP does not offer a net energy metering tariff. In addition, if an eligible customer-generator participates in direct transactions with an electric provider that does not provide distribution service for the direct transactions, the electric provider, and not the Utility, is obligated to provide net energy metering to the customer (also see Special Condition 3.e).

Pursuant to Decision 08-02-002 and notwithstanding all applicable terms and conditions contained herein, to the extent a Community Choice Aggregator offers a net energy metering tariff, Utility shall provide applicable NEM services under this schedule to an eligible CCA customer-generator consistent with services provided to its bundled service eligible customer-generators. As a condition of receiving service under this schedule, the CCA shall be responsible for timely providing the applicable generation-related bill charges or credits for each CCA customer-generator to the utility. Each eligible CCA customer-generator shall look to its CCA for NEM services related to the electric generation charges and credits that result from receiving services under this schedule. The CCA shall also be responsible for the applicable generation-related bill credit structure associated with this service option and providing the CCA customer-generator with the applicable generation-related bill credit.

This schedule shall be available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by both NEM and VNM-A eligible customer-generators exceeds 2.5% of SDG&E's aggregate customer peak demand.

Schedule NEM applies also to specified Net Energy Metering eligible (NEM-eligible) generators in a Generating Facility comprised of multiple NEM- and non-NEM-eligible generators, served through the same Point of Common Coupling (PCC), where the NEM-eligible generating capacity is not more than 1 MW. Such facilities will be referred to as Multiple Tariff Facilities, and any group of generators within such a facility that are subject to the same tariff provisions for billing and metering purposes will be referred to as a Constituent Generator Group. In order to be eligible for this rate schedule in a Multiple Tariff Facility, the customer-generator must meet all the requirements of Special Condition 7 for the schedule NEM-eligible generator, and must also meet any other applicable tariffs. Customer-generator must also complete a Generating Facility Interconnection Agreement (Multiple Tariff) (Form 117-2160).

Due to the complexity of Multiple Tariff Facilities NEM-eligible generators interconnecting under the provisions of Special Condition 7 may require additional review and/or interconnection facilities and other equipment, and may incur interconnection costs, as provided for in electric Rule 21.

As of January 1, 2010, a Customer who owns, rents or leases a premises that includes solar and/or wind turbine electrical generating facilities, or a hybrid of both with a capacity of 30kW or less, that were previously approved by SDG&E for NEM interconnection prior to the Customer moving in and/or taking electric service with SDG&E (Change of party Customer) will take service on this tariff as long as the requirements of this section are met.

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APPLICABILITY (Continued)

To be eligible, the Change of party Customer must: 1) ensure that the generating facility is compliant with all applicable safety and performance standards as delineated in SDG&E's Electric Rule 21 and other applicable tariffs; 2) keep in force the amount of property, commercial general liability and/or personal liability insurance the Change of party Customer has in place at the time they initiate service on this tariff; 3) understand that SDG&E may from time to time release to the California Energy Commission and/or the California Public Utilities Commission, information regarding the Change of party Customer's facility, including Change of party Customer's name and Generating Facility location, capacity and operational characteristics.

Change of party Customers making any modification to previously approved SDG&E NEM solar and/or wind turbine electrical generating facilities are not eligible for this provision and must complete the interconnection process in Special Condition 4 of this tariff.

Change of party Customers also must agree to comply with all rules and requirements of SDG&E's Net Energy Metering tariffs.

When the builder/developer of a subdivision sells a new home during the NEM application process, after the builder/developer completes the Net Energy Metering Application and Interconnection Agreement for Customers with Solar and/or Wind Generating Facilities of 30kW or Less (Form 142-02765) and otherwise meets all of SDG&E's requirements for the NEM interconnection, but prior to SDG&E providing final written approval for Parallel Operation on Schedule NEM, SDG&E may treat the new home owner/Customer as a Change of party Customer, as defined above.

TERRITORY

Within the entire territory served by the Utility.

RATES

All rates charged on this schedule will be in accordance with the eligible customer-generator's otherwise applicable metered rate schedule (OAS). An eligible customer-generator served under this schedule is responsible for all charges from its OAS including monthly billed minimum charges, customer charges, meter charges, facilities charges, energy and demand charges, and excluding any adjustments due to power factor provisions. Applicable demand charges are defined in the OAS.

Customers eligible for service under this schedule are not required to take service under Schedule S, Standby Service, or Schedule S-I, Standby Service-Interruptible, for the qualifying generators. Multiple Tariff Facilities that are interconnected under the terms of Special Condition 7 may be subject to the requirements of Schedule S or S-I. To the extent that charges for transmission and distribution services are recovered through demand charges in any billing period, no standby charges shall apply in that monthly billing cycle, except Multiple Tariff Facilities interconnected under the terms of Special Condition 7 may be subject to the requirements of Schedules S or S-I.

The charges and credits for Multiple Tariff Facilities taking service on this rate schedule under the provisions of Special Condition 7 will be calculated using the OAS identified by the eligible NEM customer-generator in its application for interconnection and its interconnection agreement with SDG&E or as subsequently changed by the eligible NEM customer-generator in accordance with SDG&E's Electric Rule 12.

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RATES (Continued)

Customer-generators with Multiple Tariff Facilities with existing NEM, NEM-BIO and/or NEM-FC eligible generators interconnecting additional generators, will receive a bill true-up prior to taking service under Special Condition 7. This ensures that all NEM accounts have the same Relevant Period, as defined in Special Condition 3, going forward.

All NEM-eligible customer-generators are responsible for Public Purpose Program (PPP) charges based on the net energy delivered by the Utility.

SPECIAL CONDITIONS

1. Definitions: The definitions of terms used in this schedule are either found herein or in Rule 1, Rule 21, or the customer's OAS.
 - a. Wind Energy Co-Metering Facility: Any wind energy generating facility greater than 50 kW, but not exceeding 1,000 kW, where, as determined by the rates set forth in the customer's OAS, only the monthly value of the generation component of the electric energy supplied through the electric grid may be offset by the monthly value of the generation component of the electric energy generated by an eligible customer-generator and fed back to the electric grid over a 12-month period.
 - b. Otherwise Applicable Schedule: The NEM-eligible customer-generator's regularly filed rate schedule under which service is rendered.
2. Metering Equipment: Eligible Wind Energy Co-Metering customer-generators, see Special Condition 6. Multiple Tariff Facilities will be metered under one of the options in Special Condition 7. All other Net Energy Metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. If the eligible customer-generator's existing electrical meter is not capable of registering the flow of electricity in two directions, the eligible customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to register electricity flow in two directions. An additional meter or meters, installed in a dual meter socket ("dual metering"), to monitor the flow of electricity in each direction, may be installed with the consent of the eligible customer-generator, at the expense of the Utility, and the dual metering shall be used only to provide the information necessary to accurately bill or credit the customer according to the Utility's OAS or to collect solar or wind, or a hybrid system of both, electric generating system performance information for research purposes. The Utility shall determine whether dual metering is required under this provision. If dual metering is installed, the net energy metering calculation (see below) shall yield a result identical to that of a single meter capable of registering the flow of electricity in two directions. The Utility shall not require dual metering except where necessary for billing accuracy. If none of the normal metering options available at the Utility's disposal, which are necessary to render accurate billing, are acceptable to the eligible customer-generator, the Utility shall have the right to refuse interconnection.

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SCHEDULE NEM

NET ENERGY METERING

SPECIAL CONDITIONS (Continued)

- 3. Net Energy Metering and Billing: Eligible Wind Energy Co-Metering customer-generators, see also Special Condition 6 and facilities qualifying under multiple tariffs, see also Special Condition 7. Net energy is defined as measuring the difference between the electric energy supplied by the Utility through the electric grid to the eligible customer-generator and the electric energy generated by an eligible customer generator and fed back into the electric grid over a 12-month period (Relevant Period). At the end of each Relevant Period following the date the eligible customer-generator was first eligible for Schedule NEM, or the date of written authorization for Parallel Operation, whichever is later, and at each anniversary date thereafter, the eligible customer-generator shall be billed for net electric energy used during that period. If an eligible customer-generator terminates service under this rate schedule, or experiences a change in electric service provider prior to the end of any Relevant Period, the Utility shall reconcile the customer's consumption and production of electric energy and bill the customer as described below, as if it were the end of the normal Relevant Period.

In the event the monthly valued energy exported by the eligible customer-generator exceeds the monthly valued energy consumed by eligible customer-generator during the Relevant Period, based on the eligible customer-generator's OAS as set forth below, no payment shall be made for the excess energy delivered to the grid. If the Utility is the electric service provider, this condition may be modified where the customer has signed a contract to sell electric energy to the Utility.

In the event that the monthly valued energy supplied by the Utility during the Relevant Period exceeds the monthly valued energy exported by the eligible customer-generator during the Relevant Period, the eligible customer-generator is a net consumer and the Utility shall bill the eligible customer-generator for the net consumption during the Relevant Period based on the eligible customer-generator's OAS, as set forth below.

Pursuant to PU Code Section 2827(h)(3), once the true-up is completed at the end of the Relevant Period, any credit for excess energy (kWh) will be retained by the Utility and the net producer will not be owed any compensation for this excess energy. Production and consumption during the twelfth month is already considered in the true-up.

Except as provided in Special Condition 6, the eligible customer-generator's OAS shall apply to the value of any net monthly consumption or production as follows:

- a) Baseline Rates: If the customer is a net consumer over a billing period, the net kWh consumed shall be billed at the applicable baseline rates up to the billing period's baseline allowance, with any excess kWh consumed billed at the applicable non-baseline rates charged other customers in the rate class.

If the customer is a net generator over a billing period, 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 charged other customers in the rate class.

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SCHEDULE NEM

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SPECIAL CONDITIONS (Continued)

b) Time-of-Use: If the customer is a net generator during any discrete time-of-use (TOU) period, the net kWh produced shall be valued at the appropriate TOU rates charged other customers under the same OAS. If the customer is a net consumer during any discrete TOU period, the net kWh consumed shall be billed at the appropriate TOU rates charged other customers under the same OAS.

c) Annual and Monthly Billing: If the Utility supplies the eligible customer-generator with electric energy, the Utility shall provide the eligible customer-generator with net energy consumption information with each regular bill. That information shall include the current monetary balance owed to the Utility for the net energy consumed since the last Relevant period ended. Eligible residential and small commercial customer-generators may pay monthly or annually for the net energy consumed. For all other commercial, industrial, and agricultural customers, the net balance of all moneys owed must be paid monthly. The net value of energy exported over a monthly billing cycle shall be carried over to the following billing period and appear as a credit on the eligible customer-generator's account, until the end of the Relevant Period.

For CCA, at the end of each relevant period, the Utility and CCA shall complete an annual true up of all charges and credits calculated monthly, consistent with the provisions set forth under this schedule. Credits and charges related to the CCA's generation services shall be based on the information provided by the CCA to the Utility. Credits and charges related to services provided by the Utility shall be based on the Utility's rates. Any net balance related to generation charges that are collected from an eligible NEM CCA customer-generator will be paid annually by the Utility to the CCA as set forth in Rule 27, Section Q, which describes the payment and collection terms between the Utility and a CCA customer. The charges or credits resulting from a CCA's generation services shall not be co-mingled with charges or credits resulting from services provided by the Utility.

A customer receiving service on this rate schedule shall not be eligible for the Level Pay Plan option set forth in Rule 9.

d) Cost Responsibility Surcharge (CRS): Pursuant to D.03-04-030, eligible customer-generators shall pay the DWR charges and CTC (collectively CRS) on the net energy delivered by the Utility, as set forth in Schedule CGDL-CRS.

e) ESP Charges: The charges for all energy components for eligible customer-generators shall be based exclusively on the eligible customer-generator's net energy consumption over a Relevant Period, without regard to the eligible customer-generator's choice of ESP. If the eligible customer-generator switches its ESP during a Relevant Period, the prior ESP shall reconcile the customer generator's consumption and export of electricity for the applicable part of the current Relevant Period and the new Relevant Period will begin with respect to service provided by the eligible customer-generator's new ESP. The Utility will recover the incremental metering and billing service costs associated with Net Energy Metering from the customer's ESP.

f) CCA Charges: If the eligible customer-generator switches its commodity provider during the Relevant Period, the previous commodity provider shall reconcile the customer generator's consumption and a new relevant period will begin with respect to service provided by the eligible customer-generator's new commodity provider, if applicable.

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SPECIAL CONDITIONS (Continued)

- g) Commencement of Service: The Utility shall start a customer on Schedule NEM effective with the first meter read date prior to the later of (1) customer notice to the Utility of a request for service on Schedule NEM or (2) SDG&E's written authorization for parallel operation of the customer's eligible generating facility.
- 4. Interconnection: Prior to Parallel Operation, the eligible customer-generator must execute and comply with the applicable Utility Interconnection Agreement For Net Energy Metering Solar Or Wind Electric Generating Facilities (Form 142-02760) or the Net Energy Metering Application and Interconnection Agreement for Customers with Solar and/or Wind Generating Facilities of 30 kW or Less (Form 142-02765) or for NEM / non-NEM Generating Facility export, Form 117-2160. The eligible customer-generator shall meet all applicable safety and performance standards established by the National Electric Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories and, where applicable, rules of the CPUC regarding safety and reliability
- 5. Customer-Generators Installed on or Before September 30, 2003: Pursuant to Section 2827.7 of the PU Code, eligible customer-generators who have all local and state permits required to commence construction of their generating facilities on or before December 31, 2002, and have completed construction on or before September 30, 2003, are entitled to the Net Energy Metering terms in effect on the date the local and state permits were acquired, for the life of the generating facility, regardless of any change in customer or ownership of the generating facility.
- 6. Wind-Energy Co-Metering: In accordance with Section 2827.8 of the PU Code, any generating facility comprising eligible wind energy generators greater than 50 kW capacity but not exceeding 1,000 kW taking service under this tariff is required to comply with this section. A generating facility that includes both non-NEM-eligible generators and a wind generator eligible under this schedule is considered a Multiple Tariff Facility and will be interconnected subject to Special Condition 7.

Wind Energy Co-Metering customer-generators are required to take service on a TOU OAS and utilize a TOU meter, or multiple TOU meters, capable of separately measuring the electric energy flowing in both directions, that is the electric energy supplied by the Utility to the customer and the electric energy generated by the customer and fed back to the electric grid. If the customer's existing meter is not a TOU meter or is not capable of separately measuring the flow of electric energy in both directions, the eligible customer-generator is responsible for all expenses involved in purchasing and installing a meter that is both TOU and able to separately measure electric energy flow in both directions.

At the end of each Relevant Period (as described in Special Condition 3), if the value of the generation component of the electric energy fed back to the electric grid by the eligible customer-generator exceeds the value of the generation component of the electric energy supplied to the eligible customer-generator by the Utility, the eligible customer-generator is a Wind Energy Co-Metering producer; (otherwise the eligible customer-generator is a Wind Energy Co-Metering consumer.)

An eligible customer-generator's consumption of electricity, from the Utility for wind energy co-metering, shall be priced in accordance with the eligible customer-generator's OAS in concurrence with the rate structure to which the customer would be assigned if the customer did not use an eligible wind electrical generating facility. The generation of electricity provided to the electric service provider shall result in a credit to the eligible customer-generator and shall be priced in accordance with the generation component of the eligible customer-generator's OAS, excluding surcharges to cover the purchase of power by the Department of Water Resources, to which the customer would be assigned if the customer did not use an eligible wind electrical generating facility.

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SPECIAL CONDITIONS (Continued)

7. Multiple Tariff Facilities:

Multiple Tariff Facilities have the following additional provisions:

- a) When Net Generation Output Metering (NGOM) is required, such NGOM must conform to the requirements set forth in Electric Rule 21, Section F.
- b) An NEM-eligible Constituent Generator Group is defined as a constituent generator group that is eligible for service under the provisions of either schedule NEM, NEM-BIO or NEM-FC.
- c) A non-NEM-eligible Constituent Generator Group is defined as a constituent generator group that does not take service under the provisions of schedules NEM, NEM-BIO or NEM-FC, but interconnects under the provisions of Electric Rule 21.
- d) All metering for Multiple Tariff Facilities called for in this Special Condition must meet the requirements needed to bill under the customer-generator's OAS. All metering, equipment and nonexport relays necessary to implement the provisions in this section will be provided at the customer-generator's expense.
- e) Any generator(s) eligible for service under Schedule NEM-BIO with aggregated load accounts and any generator(s) eligible for service under Schedule NEM for large wind generators (over 50 kW up to 1000 kW/Energy Co-metering) will be treated as a separate Constituent Generator Group.
- f) Billing Credits:
 - 1) For customer-generators with one NEM-eligible Constituent Generator Group and one or more non-NEM-Eligible Generators without non-export relay, and energy (kWh) is exported to the grid at the PCC, the billing credit will be calculated for each billing period as follows:
 - a) NEM-eligible Export is the lesser of either all exported energy (kWh) as measured at the PCC or the NEM-eligible Constituent Generator Group's production as measured at the NGOM(s)
 - b) Multiply the NEM-eligible export determined in (a) above with the customer-generator's rate per OAS and applicable NEM schedule.
 - 2) For customer-generators with multiple NEM-eligible Constituent Generator Groups and with or without one or more non-Eligible Generator's without non-export relay, and energy (kWh) is exported to the grid at the PCC, the billing credit for each NEM-eligible Constituent Generator Group will be calculated for each billing period as follows:
 - a) Sum all NEM-eligible Constituent Generator Groups' production (kWh) as measured at the NGOMs.
 - b) Determine the proportion of energy production (kWh) attributable to each NEM-eligible Constituent Generator Group by dividing the NGOM reading of each by the sum from (a) above.

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SPECIAL CONDITIONS (Continued)

- c) NEM-eligible Export for each NEM-eligible Constituent Generator Group is the lesser of either its proportion of attributable energy production determined in (b) above multiplied by the total exported energy (kWh) as measured at the PCC or its energy production (kWh) measured at its NGOM.
- d) Multiply each NEM-eligible Constituent Generator Group's Export determined in (c) above by the customer-generator's rate per OAS and applicable NEM schedule.

If interval meters are used, this allocation of bill credit will be done on the aggregated intervals over a billing period. If the OAS is a time-of-use (TOU) rate schedule, the allocation will be performed for each aggregated TOU period separately.

Generating facilities including only small wind (50 kW or less) and solar generators are not Multiple Tariff Facilities and the customer will be billed as provided in Special Condition 2 of this tariff.

- 3) Billing credit will be applied consistent with the appropriate NEM tariff as follows:
 - a) First, apply NEM-BIO Generation Rate Component credits (if any) to Generation Rate Component charges on any aggregated accounts served by the Generating Facility.
 - b) Second, apply remaining NEM-BIO credits from (a) above and Generation Rate Component credits from NEM-FC, and NEM of large wind (>50 kW) generators (if any) as appropriate, to the remainder of generation component charges on the account served by the generating facility (Host Account).
 - c) Third, apply NEM solar and small wind (<50 kW) energy (generation and non-generation rate component) credits to energy charges of the accounts served by the generating facility.

g) Multiple Tariff Facility Configurations and Metering.

- 1) For two or more of NEM-eligible Constituent Generator Groups and no non-NEM eligible Constituent Generator Groups, the customer-generator must install NGOM on each Constituent Generator Group. In addition, metering is required at the PCC.
- 2) For both NEM-eligible and non-NEM-eligible Constituent Generator Groups, the customer must select one of the following options:
 - a) Non Export Relay Option: A customer-generator must install a Non-Export relay on their non-NEM Constituent Generator Groups and install metering as follows: 1) If there is only one type of NEM-eligible Constituent Generator Group then metering at the PCC is all that is required and the terms of the appropriate NEM tariff for that group shall apply; 2) If there are two or more types of NEM-eligible Constituent Generator Groups, then metering at the PCC and NGOM metering of each NEM-eligible Constituent Generator Group is required.
 - b) NGOM Option: The customer-generator must install NGOM on each NEM-eligible Constituent Generator Group and metering at the PCC.

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SPECIAL CONDITIONS (Continued)

For any of the above configurations, if the customer-generator has no Constituent Generator Group eligible for Schedule NEM-BIO with aggregated accounts, but has a Constituent Generator Group eligible for Schedule NEM for small wind (50 kW or less) and/or solar generators, the customer-generator may elect to take service for such under either Schedule NEM for large wind generators or Schedule NEM-BIO or NEM-FC as appropriate to one of the other Constituent Generator Groups.

For the purpose of tariff administration, other metering configurations may be allowed at SDG&E's discretion.

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