



# Net Energy Metering State Legislation

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- System Capacity – the sum of net capabilities, based on specified summer generating conditions, of all the electric generating units of the LSE, with adjustments for firm capacity commitments and decreased by the amount of the limitations imposed by the transmission facilities or any other limitations.
- Standby Charges – are those additional costs for the provision of generating, transmission, or distribution capacity to supply backup power to a customer site when requested by the customer. These charges are paid by the NEM Owner to the local utility.
- Net Excess Generation – if a customer generates more electricity than they consume over a period of time, they are typically paid for that net excess generation (NEG) at the utility's avoided cost, or the wholesale rate.
- Net Excess Generation Limit – where applicable by state law or regulation, is the amount permitted in excess of a NEM facility's station load identified by state regulations. The NEM Resource is required to maintain and limit excess generation below this value.

- Program Capacity – is a limit a state will allow a utility to cap NEM in the utility’s territory. i.e., If PA had a 5% program cap, PPL wouldn’t have to allow in a kW of installed NEM capacity that is above 5% of their peak demand.
- Community Aggregation – allows aggregation for multiple meters on a customer’s property and to dissolve conventional geographical boundaries.
- Renewable Energy Credit Ownership – The owner and user of a REC is the only party that can claim the environmental benefits of that REC and claim to be using renewable energy because of that REC. Naturally, issues of REC ownership, validity of certain claims and avoiding double counting are central to a robust voluntary renewable energy market.
- Installed Technology - typically refers to the metering technology employed or required on a NEM site. Most electricity meters accurately record in both directions, allowing a nominal cost method of effectively banking excess electricity production for future credit. However, the Installed Technology rules can vary by state where net metering is available.