



LES
POWERING
50
YEARS

Virtual Net Metering

Scott Benson
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Methodology

Customers purchase a portion of community solar project's output for remaining life of the contract, initially about 20 years.

Billing system reflects output as an energy credit (kWh) against consumption, *virtually* representing them as a traditional net-metering customer.

Customers use the program as a hedge against potentially rising electricity rates, the same as traditional net-metering customers.

Program eligible to all non-demand rate classes; Residential, General Service and Heating Service. Related energy credit doesn't provide enough value to form viable hedge for demand customers.



Enrollment Fee = Customer Panels x Program Rate

Customer Panels

Total number of virtual panels subscribed by customer.

Program Rate

Price per panel, derived from the present value of LES' PPA for the Community Solar Project plus administrative costs of the program.

Original SunShares contributions count towards enrollment fee until July 1, 2017.

2.25
\$/watt

2017	\$685
2018	\$665
2019	\$640
2020	\$620
2021	\$595
2022	\$570
2023	\$540
2024	\$510
2025	\$480
2026	\$450

2027	\$420
2028	\$385
2029	\$350
2030	\$310
2031	\$270
2032	N/A
2033	N/A
2034	N/A
2035	N/A
2036	N/A

Enrollment not allowed late in term.

$$\text{Enrollment Limit} = \frac{\text{Customer Usage} \times 80\%}{\text{Projected Annual Production}} \quad (\text{up to Program Max})$$

Enrollment Limit

Maximum number of virtual panels that can be enrolled by a customer, rounded down to the nearest whole number.

Customer Usage

Net energy consumption (kWh_{AC}) in the previous year; using net energy ensures limit factors in both virtual net metering and traditional net metering generation.

Projected Annual Production

Projected annual energy output (kWh_{AC}) per virtual panel.

Program Max

100 virtual panels; roughly equivalent to 25 kW_{AC} production capacity limit under traditional net metering program.



Projected Annual Production = Projected Physical Panel Output

Projected Annual Production

Projected annual energy output (kWh_{AC}) per virtual panel, equivalent to the projected annual energy output of one physical panel (305 W_{DC} nameplate).

**Projected
0.5% annual
degradation.**

2017	515 kWh	2027	490 kWh
2018	513 kWh	2028	488 kWh
2019	510 kWh	2029	485 kWh
2020	508 kWh	2030	483 kWh
2021	505 kWh	2031	480 kWh
2022	502 kWh	2032	478 kWh
2023	500 kWh	2033	476 kWh
2024	497 kWh	2034	473 kWh
2025	495 kWh	2035	471 kWh
2026	493 kWh	2036	468 kWh

$$\text{Energy Credit} = \text{Retail Rate} \times \text{Customer Panels} \times \frac{\text{Total kWh}}{\text{Total Panels}}$$

Retail Rate

Applicable retail rate for the customer.

Customer Panels

Total number of virtual panels subscribed by the customer.

Total kWh

Total energy produced by the LES Community Solar Project in the previous calendar month.

Total Panels

15,333 physical panels in the LES Community Solar Project.

Notes:

- Excess Energy Credits remaining at the end of each year will be paid by check.
- Renewable Energy Credits (REC) will be retired on behalf of participants.



Cancellation Compensation = Enrollment Fee x 75% *

Enrollment Fee

Active program enrollment fee (per virtual panel) at the time of cancellation.

Cancellation Compensation

2017	\$515	2027	\$315
2018	\$500	2028	\$290
2019	\$480	2029	\$265
2020	\$465	2030	\$235
2021	\$445	2031	\$205
2022	\$430	2032	\$100
2023	\$405	2033	\$75
2024	\$385	2034	\$50
2025	\$360	2035	\$25
2026	\$340	2036	\$0

* Disincentive to leave program late in term.

Revised Bill Mockup

Residential- Acct. # 123456789			
Meter #	Previous	Recent	Usage
	<u>8/17/2016</u>	<u>9/14/2016</u>	
123456			1300 kWh
123456	-	-	(454 kWh)
VNM 6 panels			(300 kWh)
Current Energy Charges			
Energy Charge 1300 kWh		\$	124.28
Customer Charge			5.00
Facilities Level 2 Charge			14.50
Your Energy Sales to LES (454 kWh)			(43.40)
Your VNM Energy Sales to LES (300 kWh)			<u>(28.68)</u>
Total Current Energy Charges		\$	71.70
Taxes & Other Charges/ Credits			
City Dividend		\$	2.25
Sales Tax			7.44
Lincoln Cares			1.00
SunShares			<u>3.00</u>
Total Taxes & Other Charges/ Credits		\$	13.69
Previous Balance			99.52
Payments			(99.52)
Total Amount Due		\$	85.39

Energy consumption

Traditional net metering energy production

Virtual net metering energy production

Energy charge

Traditional net metering credit

Virtual net metering credit

Original SunShares program contribution

LES/Participant Economic Position

LES View	Traditional Net-Metering	Virtual Net-Metering
Year 1 Displaced LES Sales (per virtual panel)	\$38	\$38
Upfront Payments	Solar Installer <i>initial construction</i> \$3.00/watt *	LES <i>20-year enrollment</i> \$2.25/watt

* After LES capacity payment



LES/Participant Economic Position

Participant View	Traditional Net-Metering	Virtual Net-Metering
Year 1 Displaced LES Sales (per virtual panel)	\$38	\$38
Upfront Payments	Solar Installer initial construction \$3.00/watt *	LES 20-year enrollment \$2.25/watt

* After LES capacity payment

Simple payback of ~ 18 years.

Virtual Net Metering Program Summary

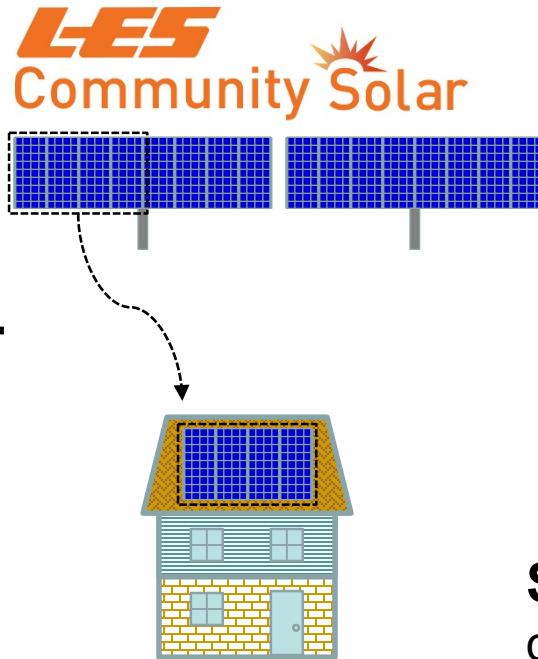
Enrollment opens...
on December 1, 2016.

Enrollment limited to...
80% of net energy usage in
previous year, up to max of
100 virtual panels.

Customer pays...
one-time fee.
Year 1: \$685/panel

Customer receives...
energy credit over
remaining life of LES
solar contract.
Year 1: \$38/panel

First bill credits...
starting January 1, 2017.



Cancellation allowed...
and LES will initially return
75% of current price.

SunShares contributions...
count towards enrollment until
July 1, 2017.

Learn more at les.com/solar