

Title 23. Public Utilities and Regulated Industries
Chapter XVI. Arkansas Public Service Commission
Subchapter A. Generally
Part 457. Net-metering Rules

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Effective: 12/31/2023"

"NET-METERING RULES ADMINISTRATIVE HISTORY

Docket	Date	Order No.	Subject Matter of Docket/ Order
02-046-R	07/26/02	4	Adopted rules relating to the terms and conditions of – Net-Metering.
06-105-U	11/27/07	8	Amended definitions; Rules 1.02, 2.01, and 2.04; Section 1 of the Standard Interconnection Agreement, Appendix A; and X.1.1, X.2.3, and X.2.4 of the Net-Metering Tariff, Appendix B.
	11/29/07	10	Amended Rule 4.02 to delete reference to Docket No. 86-033-A.
	11/30/07	11	Amended the Standard Interconnection Agreement, Appendix A to add e-mail address lines to the signature block.
	12/19/27	12	Errata order correcting clerical errors in the amendments adopted in Order No. 8.
12-001-R	06/15/12	6	Amended Section 7 of the Standard Interconnection Agreement, Appendix A to exempt state governmental agencies and entities, local governmental entities, and

			federal entities from the indemnity requirement.
12-060-R	09/03/13	7	Amended Rule 2.04 to provide for meter aggregation, incorporated the provisions of Act 1221 of 2013 concerning the carryover of net-metering credits, and added a definition of Net-Metering Customer to track the definition in Ark. Code Ann. § 23-18-603.
	10/11/13	10	Updated the Net-Metering Tariff to reflect the amendments adopted in Order No. 7.
16-027-R	03/08/17	10	Revised Rules to comply with Act 827 of 2015.
	08/16/17	14	Errata Order.
	06/01/20	10	Revised Rules to comply with Act 464 of 2019.
23-021-R	09/29/23	7	Revised Rules to comply with Act 278 of 2023"

Subpart 1. General Provisions

23 CAR § 457-101. Purpose.

The purpose of this part is to establish rules for net energy metering and interconnection.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 1.02 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-102. Statutory provisions.

(a) This part is developed pursuant to the Arkansas Cost-Shifting Prevention Act of 2023, Arkansas Code § 23-18-601 et seq., as amended.

(b) This part is promulgated pursuant to the Arkansas Public Service Commission’s authority under Arkansas Code §§ 23-2-301, 23-2-304(a)(3), 23-2-305, and 23-18-604(b)(1).

(c) Nothing in this part shall govern, limit, or restrict the Arkansas Public Service Commission’s authority under Arkansas Code § 23-18-604.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 1.03 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-103. Definitions.

The following definitions shall apply throughout this part, and any references to this part shall include these definitions except as required by context or by Arkansas Code § 23-18-604(c)(11)(A) as interpreted by the Arkansas Public Service Commission in Docket No. 23-021-R:

(1)(A) “Additional meter” means a meter associated with the net-metering customer’s account to which the net-metering customer may request an electric utility apply credit with net excess generation or net-metering surplus from the net-metering customer’s generation meter.

(B) Additional meter or meters:

(i) Shall be under common ownership within a single electric utility’s service area;

(ii) Shall be used to measure the net-metering customer’s requirements for electricity;

(iii) May be in a different class of service than the generation meter;

(iv) Shall be assigned to one (1), and only one (1), generation meter;

(v) Shall not be a generation meter; and

(vi) Shall not be associated with unmetered service;

(2) "Annual billing cycle" means the normal annual fiscal accounting period used by the electric utility;

(3) "Avoided cost" means as defined in Arkansas Code § 23-18-603(1);

(4) "Billing period". The billing period for net-metering will be the same as the billing period under the net-metering customer's applicable standard rate schedule;

(5)(A) "Biomass resource" means a resource that may use one (1) or more organic fuel sources that can either be processed into synthetic fuels or burned directly to produce steam or electricity, provided that the:

(i) Resources are renewable and environmentally sustainable in their production and use; and

(ii) Process of conversion to electricity results in a net environmental benefit.

(B) This includes, but is not limited to:

(i) Dedicated energy crops and trees;

(ii) Agricultural food and feed crops;

(iii) Agricultural crop wastes and residues;

(iv) Wood wastes and residues;

(v) Aquatic plants;

(vi) Animal wastes; and

(vii) Other accepted organic, renewable waste materials;

(6) "Commission" means the Arkansas Public Service Commission;

(7) "Distribution cooperative" means a member-owned electric utility organized pursuant to the Electric Cooperative Corporation Act, Arkansas Code § 23-18-301 et seq., that purchases the wholesale electricity it distributes to its members from Arkansas Electric Cooperative Corporation;

(8)(A) "Electric utility" means as defined in Arkansas Code § 23-18-603(3).

(B) Pursuant to Arkansas Code § 23-18-604(e), a person who acts as a lessor or service provider as described in Arkansas Code § 23-18-603(8)(A)(ii) or § 23-18-603(8)(A)(iii) shall not be considered an electric utility;

(9) "Energy storage device" means a device that:

(A) Captures energy produced at one (1) time;

(B) Stores that energy for a period of time; and

(C) Delivers that energy as electricity for use at a future time;

(10) "Facilities Agreement" means an agreement that provides the net-metering customer a good-faith estimate, based on the results of a facilities study, for the net-metering customer's appropriate portion of the make-ready costs and associated expenses required to enable the net-metering customer's use of the electric utility's facilities and to cover the direct costs of interconnection and any grid upgrades required to connect the net-metering facility pursuant to Arkansas Code § 23-18-604(c)(9)(B)(i) and (ii), including applicable costs of constructing the electric utility facilities necessary to interconnect a net-metering facility as referred to in Arkansas Code § 23-18-604(c)(11)(A)(ii);

(11)(A) "Facilities study" means a comprehensive engineering study conducted by an electric utility detailing the electric system infrastructure and the impacts to the transmission and/or distribution systems that would result if a proposed interconnection request were connected without project modifications or electric system modifications.

(B) The purpose of a facilities study is to determine the required modifications to the electric utility's transmission and/or distribution system to mitigate any potential adverse system impacts, including the appropriate portion of the estimated make-ready costs and the approximate time required to build and install such modifications as necessary to accommodate an interconnection request;

(12) "Fuel cell resource" means a resource that converts the chemical energy of a fuel directly to direct current electricity without intermediate combustion or thermal cycles;

(13) "Generation meter" means the meter associated with the net-metering customer's account to which the net-metering facility is physically attached;

(14)(A) "Geothermal resource" means a resource in which the prime mover is a steam turbine.

(B) The steam is generated in the earth by heat from the earth's magma;

(15)(A) "Hydroelectric resource" means a resource in which the prime mover is a water wheel.

(B) The water wheel is driven by falling water;

(16)(A) "Locational Marginal Price" means a market-based pricing mechanism used in electricity markets to determine the cost of electricity at a specific location on the power grid.

(B) It reflects the cost of supplying electricity at a particular point, taking into account the cost of generation, transmission losses, and congestion on the power grid;

(17) "Micro turbine resource" means a resource that uses a small combustion turbine to produce electricity;

(18) "Monthly grid charge" means as defined in Arkansas Code § 23-18-603(4);

(19) "Net excess generation" means as defined in Arkansas Code § 23-18-603(6);

(20) "Net-metering" means as defined in Arkansas Code § 23-18-603(7);

(21)(A) "Net-metering customer" means as defined in Arkansas Code § 23-18-603(8).

(B) "Legacy net-metering customer" means a customer who submitted a Standard Interconnection Agreement for Net-metering Facilities for a particular net-metering facility prior to March 13, 2023.

(C) "Legacy-transitional net-metering customer" means a customer who submitted a Standard Interconnection Agreement for Net-metering Facilities for a particular net-metering facility on or after March 13, 2023, but whose net-metering facility qualifies to remain under the rate structure, terms, and conditions in effect before December 31, 2022, until June 1, 2040, pursuant to Arkansas Code § 23-18-604(c)(11)(A).

(D) "Non-legacy net-metering customer" means a net-metering customer whose net-metering facility does not qualify to remain under the rate structure, terms, and conditions in effect before December 31, 2022, until June 1, 2040, pursuant to Arkansas Code § 23-18-604(c)(11)(A);

(22) "Net-metering facility" means as defined in Arkansas Code § 23-18-603(9);

(23) "Net-metering surplus" means as defined in Arkansas Code § 23-18-603(10);

(24) "Parallel operation".

(A) "Parallel operation with an electric utility's distribution facilities" means the operation of a net-metering facility in compliance with applicable safety standards and power generation limits under this part while the net-metering facility is connected to the electric utility's distribution system.

(B) "Parallel operation with an electric utility's transmission facilities" means the operation of a net-metering facility in compliance with applicable safety standards and power generation limits under this part if an electric utility owns transmission facilities that will be impacted by a net-metering facility;

(25) "Renewable energy credit" means as defined in Arkansas Code § 23-18-603(11);

(26) "Residential use" means service provided under an electric utility's standard rate schedules applicable to residential service;

(27) "Solar resource" means a resource in which electricity is generated through the collection, transfer, and/or storage of the sun's heat or light; and

(28) "Wind resource" means a resource in which an electric generator is powered by a wind-driven turbine.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 1.01 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-104. Other provisions.

(a) This part applies to all electric utilities, as defined in this part, that are jurisdictional to the Arkansas Public Service Commission.

(b) This part is not intended to and does not affect or replace any Arkansas Public Service Commission-approved general service policy, procedure, rule, or service application of any utility that addresses items other than those covered in this part.

(c) Net-metering customers taking service under the provisions of the net-metering tariff may not simultaneously take service under the provisions of any other alternative source generation, cogeneration, or interruptible service tariffs except as provided in:

(1) Arkansas Code § 23-18-603(8)(B)(i) and (ii); and

(2) Arkansas Code § 23-18-604(c)(11)(A).

(d)(1) When calculating a net-metering customer's highest monthly usage pursuant to Arkansas Code § 23-18-603(9), an electric utility shall base its calculation upon the net-metering customer's energy usage in kilowatt hours (kWh) and shall establish the corresponding net-metering facility size limitation as the facility's estimated average output that would meet the customer's usage in that same month of the year.

(2) The lesser of the limit based upon highest monthly usage or the statutory nameplate generating capacity will then apply.

(e) Electric utilities shall not require legacy net-metering customers who submitted a Standard Interconnection Agreement for Net-metering Facilities for a particular net-metering facility prior to March 13, 2023, to reduce the generating capacity of the individual net-metering facility to meet the new generating capacity limits in Arkansas Code § 23-18-603(9) that became effective on March 13, 2023.

(f) Electric utilities shall not require legacy net-metering customers who submitted a Standard Interconnection Agreement for Net-metering Facilities for a particular net-metering facility prior to March 13, 2023, to relocate any of their net-metering facilities to meet the new limitations in Arkansas Code § 23-18-603(9) on co-locating that became effective on March 13, 2023.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 1.04 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

Subpart 2. Net-metering Requirements

23 CAR § 457-201. Electric utility requirements.

(a)(1) An electric utility shall allow net-metering facilities of legacy net-metering customers and legacy-transitional net-metering customers to be interconnected using a standard meter capable of registering the flow of electricity in two (2) directions.

(2) An electric utility shall not require legacy net-metering customers or legacy-transitional net-metering customers to purchase or install a two-channel digital meter as a condition of continued net-metering service until June 1, 2040.

(b) An electric utility shall allow net-metering facilities of non-legacy net-metering customers to be interconnected using, at a minimum, a single standard two-channel digital meter capable of registering the flow of electricity in two (2) directions that separately measures the electric energy in kilowatt hours (kWh) that is:

- (1) Supplied by an electric utility to the net-metering customer; and
- (2) Generated by the net-metering customer's net-metering facility and fed back to an electric utility.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 2.01 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-202. Metering requirements.

(a)(1) Metering equipment shall be installed to both accurately measure the electricity supplied by the electric utility to each net-metering customer and also to

accurately measure the electricity generated by each net-metering customer that is fed back to the electric utility over the applicable billing period.

(2) If nonstandard metering equipment is required, the customer is responsible for the cost differential between the required metering equipment and the utility's standard two-channel digital metering equipment for the customer's current rate schedule, as applicable pursuant to 23 CAR § 457-201.

(b)(1) Accuracy requirements for a meter operating in both forward and reverse registration modes shall be as defined in the Arkansas Public Service Commission's Special Rules — Electric, 23 CAR pt. 463.

(2) A test to determine compliance with this accuracy requirement shall be made by the electric utility either before or at the time the net-metering facility is placed in operation in accordance with this part.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 2.02 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-203. Cost recovery and new or additional charges.

(a) Any new or additional charge that would increase a net-metering customer's costs beyond those of other customers in the rate class shall be filed by the electric utility with the Arkansas Public Service Commission for approval in its net-metering tariffs, including but not limited to the following:

(1) A charge to recover any cost of the standard two-channel digital meter that is not otherwise included in the rates paid by the net-metering customer; and

(2) A standard one-time fee to recover administrative and related interconnection review costs.

(b) An electric utility may recover any net-metering surplus or the dollar value of any net excess generation applied to the bills of net-metering customers in the same manner that the electric utility recovers the cost of fuel and purchased energy.

(c) Each electric utility shall follow its net-metering tariff or other applicable rate schedules as approved by the Arkansas Public Service Commission to ensure that each net-metering customer pays either the entire costs of an electric utility's facilities and associated expenses or the appropriate portion of the costs and associated expenses required to:

- (1) Provide service to the net-metering customer; and
- (2) Enable the net-metering customer's use of the electric utility facilities.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 2.03 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-204. Billing for net-metering.

(a) Each electric utility shall elect in its standard net-metering tariff one (1) of the rate structures outlined under Arkansas Code § 23-18-606.

(b) Each electric utility shall bill net-metering customers under either of two (2) different net-metering tariffs as outlined in the Appendix B standard net-metering tariffs:

(1) For a net-metering facility of a net-metering customer that qualifies to remain under the rate structure, terms, and conditions in effect before December 31, 2022, until June 1, 2040, pursuant to Arkansas Code § 23-18-604(c)(11)(A), electric utilities shall:

(A) Credit a net-metering customer with the amount of any accumulated net excess generation in the next applicable billing period; and

(B) Base the bill of the net-metering customer on the net amount of electricity as measured in kilowatt hours that the net-metering customer has received from or fed back to the electric utility during the billing period; or

(2) For a net-metering facility of a net-metering customer that does not qualify to remain under the rate structure, terms, and conditions in effect before December 31,

2022, until June 1, 2040, pursuant to Arkansas Code § 23-18-604(c)(11)(A), electric utilities shall bill a net-metering customer under the alternative rate structure elected by the electric utility pursuant to Arkansas Code § 23-18-606.

(c) If the net-metering customer has any accumulated net-metering surplus or net excess generation during the applicable billing period:

(1) The net-metering surplus or net excess generation shall first be credited to the net-metering customer's generation meter;

(2) After application of subdivision (c)(1) of this section and upon request of the net-metering customer pursuant to subsection (d) of this section, any remaining net-metering surplus or net excess generation shall be credited to one (1) or more of the net-metering customer's additional meters in the rank order provided by the net-metering customer; and

(3)(A) The net-metering surplus or net excess generation shall be credited as described in subdivisions (c)(1) and (2) of this section during subsequent billing periods.

(B) The amount of net excess generation credits remaining in a net-metering customer's account at the close of a billing period:

(i) Shall not expire; and

(ii) Shall be carried forward to subsequent billing periods indefinitely.

(C) For net excess generation credits older than twenty-four (24) months, a legacy or legacy-transitional net-metering customer may elect to have the electric utility purchase the net excess generation credits in the legacy or legacy-transitional net-metering customer's account at the electric utility's avoided cost if the sum to be paid to the legacy or legacy-transitional net-metering customer is at least one hundred dollars (\$100).

(D) An electric utility shall purchase at the electric utility's avoided cost any net excess generation or net-metering surplus credits remaining in a net-metering customer's account when the net-metering customer:

(i) Ceases to be a customer of the electric utility;

(ii) Ceases to operate the net-metering facility; or

(iii) Transfers the net-metering facility to another person.

(d) Upon request from a net-metering customer, an electric utility must apply net-metering surplus or net excess generation to the net-metering customer's additional meters provided that:

(1) The net-metering customer gives at least thirty (30) days' notice to the electric utility of its request to apply net-metering surplus or net excess generation to the additional meter or meters;

(2) The additional meter or meters must be identified at the time of the request;

(3)(A) In the event that more than one (1) of the net-metering customer's additional meters is identified, the net-metering customer must designate the rank order for the additional meters to which net-metering surplus or net excess generation is to be applied.

(B) The net-metering customer cannot designate the rank order more than once during the annual billing cycle;

(4) At the time an electric utility processes a request for applying any remaining net-metering surplus or net excess generation as a credit to one (1) or more of a net-metering customer's meters in the rank order provided by the net-metering customer pursuant to Arkansas Code § 23-18-604(d), the electric utility shall synchronize the billing cycles of each additional meter with the net-metering customer's generation meter; and

(5) Billing and crediting for the net-metering facilities and additional meters of non-legacy net-metering customers shall comply with the requirements of Arkansas Code § 23-18-604(d)(2)(A).

(e) Any renewable energy credit may be retained, retired, or sold for the sole benefit of the net-metering customer.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 2.04 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-205. Meter aggregation.

(a) Except as provided in subsections (b) and (c) of this section, an electric utility shall separately meter, bill, and credit each net-metering facility even if one (1) or more net-metering facilities are under common ownership.

(b) Pursuant to Arkansas Code § 23-18-604(d), at the net-metering customer's discretion, an electric utility shall apply net-metering credits for net-metering customers who are billed under Arkansas Code § 23-18-606(a)(2)(A) – (G) or the net-metering surplus for all other customers from a net-metering customer's net-metering facility to the bill for another meter location of the net-metering customer if the net-metering facility and the separate meter location are under common ownership of the same net-metering customer within a single electric utility's allocated service territory, subject to the limitations and exceptions provided in Arkansas Code § 23-18-604(d) except as required by Arkansas Code § 23-18-604(c)(11)(A), that does not impose those limitations on the net-metering facilities of customers who meet its requirements, i.e., legacy and legacy-transitional net-metering customers.

(c)(1) A net-metering customer seeking to aggregate multiple accounts under common ownership shall submit a request to the electric utility identifying the accounts that are under common ownership.

(2) The request shall include the following documents:

(A) Standard application form and affidavit as approved by the Arkansas Public Service Commission; and

(B)(i) Sworn affidavit.

(ii) The net-metering customer shall submit a sworn affidavit by a person with personal knowledge affirming that the net-metering customer is in fact the legal owner or authorized representative responsible for paying the bill for all accounts listed in the application form.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 2.05 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-206. Legacy status for net-metering facilities.

(a) A net-metering facility of a net-metering customer shall remain under the rate structure terms and conditions in effect before December 31, 2022, until June 1, 2040, if the net-metering customer has qualified under Arkansas Code § 23-18-604(c)(11)(A) by having done one (1) of the following:

(1) Submitted a Standard Interconnection Agreement for Net-metering Facilities to the electric utility before September 30, 2024;

(2) Submitted a Facilities Agreement or equivalent document to establish an account with an electric utility and paid all estimated make-ready costs of constructing the electric utility facilities necessary to interconnect the net-metering facility before September 30, 2024; or

(3) Filed a complaint with the Arkansas Public Service Commission addressing a disputed Facilities Agreement or equivalent document to establish an account with an electric utility after the presentation by the electric utility to the net-metering customer of the Facilities Agreement and the required costs of constructing the facilities necessary to interconnect the net-metering facility before September 30, 2024.

(b)(1) For the purpose of a net-metering facility qualifying for legacy-transitional status under subdivision (a)(2) of this section, a net-metering customer will be deemed to have paid all costs of constructing electric utility facilities necessary to interconnect the net-metering facility before September 30, 2024, if prior to September 30, 2024, the net-metering customer has paid all estimated make-ready costs as designated in the Facilities Agreement presented to the net-metering customer by an electric utility.

(2) If the electric utility adjusts the make-ready cost estimate for the Facilities Agreement based on actual make-ready costs incurred and requests the net-metering customer to pay those additional costs subsequent to the initial presentation of the

Facilities Agreement, such subsequent cost adjustment shall be paid by the net-metering customer but shall not defeat the net-metering customer's qualification for legacy status under subsection (a) of this section.

(c)(1) A net-metering facility may be upgraded by adding a material increase in nameplate generating capacity and retain legacy-transitional status so long as the net-metering facility still meets the:

(A) Statutory definition under Arkansas Code § 23-18-603(9); and

(B) Requirements of Arkansas Code § 23-18-604(c)(11)(A).

(2) If a net-metering facility adds a material increase in generating capacity after March 13, 2023, that does not meet the requirements of Arkansas Code §§ 23-18-603(9) and 23-18-604(c)(11)(A), the new and additional capacity will not qualify for legacy-transitional status and thus shall be billed pursuant to one (1) of the rate structures established in Arkansas Code § 23-18-606.

(3) However, the addition of non-legacy generating capacity to a legacy-transitional net-metering facility will not result in the revocation of legacy net-metering status for any portion of the net-metering facility previously qualified for such status.

(d) For the date of eligibility for legacy status to be established under subsection (a) of this section and Arkansas Code § 23-18-604(c)(11)(A):

(1) The electric utility need not have approved and signed the Standard Interconnection Agreement for Net-metering Facilities or Facilities Agreement; and

(2) Section 5., Certification, of the Standard Interconnection Agreement for Net-metering Facilities need not be completed.

(e) The legacy status period shall attach to the net-metering facility on the premises rather than the net-metering customer.

(f) If the net-metering customer sells a premises with a net-metering facility, the:

(A) Standard Interconnection Agreement for Net-metering Facilities and Facilities Agreement may be transferred to the new net-metering customer; and

(B) Legacy status period shall continue until June 1, 2040.

(g) A net-metering customer may not transfer a net-metering facility to a new premises or location and continue to operate under the legacy status period.

(h) Maintenance and repair of existing net-metering facilities, including replacement of system parts with newer technology after September 30, 2024, shall not be a triggering event that ends the legacy status period, even if the modifications marginally increase system output due to increases in efficiency and new technology, so long as such maintenance and repair does not materially increase the generating capacity of the net-metering facility.

(i) A net-metering facility qualifying for legacy status under this section remains subject to any other change or modification in rates, terms, or conditions approved by the Arkansas Public Service Commission.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 2.06 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-207. Leases and safe harbor for service agreements.

(a) A net-metering customer entering into a lease for a net-metering facility shall provide to the electric utility a standard notice and affidavit approved by the Arkansas Public Service Commission to the electric utility certifying that the lease is in compliance with:

- (1) All Arkansas Public Service Commission rules; and
- (2) Arkansas Code § 23-18-603(9)(A)(ii).

(b) A net-metering customer entering into a service agreement for a net-metering facility who is relying on Arkansas Code § 23-18-603(9)(A) to qualify for net-metering shall submit a standard notice and affidavit approved by the Arkansas Public Service Commission to the electric utility certifying that the:

- (1) Customer qualifies for safe-harbor protection as provided by Arkansas Code § 23-18-603(9)(A)(iii)(a) and 26 U.S.C. § 7701(e)(3)(A); and
- (2) Service agreement is in compliance with all Arkansas Public Service Commission rules.

(c)(1)(A) Disputes over compliance with subsection (a) or (b) of this section shall be submitted to staff for review and attempted resolution.

(B) Thereafter, a net-metering customer or electric utility that disagrees with staff's resolution may petition the Arkansas Public Service Commission to resolve the dispute.

(2) Electric utilities shall presume that any person who submits a completed notice and affidavit form is in compliance with the Arkansas Public Service Commission's rules and the provisions under Arkansas Code § 23-18-603(9) until the Arkansas Public Service Commission makes a finding otherwise.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 2.07 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-208. Annual avoided-cost redetermination.

(a) If an electric utility elects to use the rate structure outlined in Arkansas Code § 23-18-606(a)(1), the electric utility shall file any needed revisions to its net-metering tariff on or before February 1 of each calendar year, to become effective on March 1 of the same year, updating the avoided cost to reflect the twelve-month average for the prior calendar year of the applicable Locational Marginal Price associated with the electric utility's load zone in the Midcontinent Independent System Operator (MISO) or Southwest Power Pool (SPP) Independent System Operator Market.

(b)(1) The electric utility shall use the historic hourly average real-time Locational Marginal Price for the prior calendar year for the purpose of calculating the annual avoided-cost rate updates in its net-metering tariff.

(2) Any electric utility whose load zone encompasses both MISO and SPP shall use a blended rate to calculate the avoided cost.

(3) A distribution cooperative shall use the avoided-cost rate based on the load zones applicable to the wholesale power it purchases as calculated by Arkansas Electric Cooperative Corporation.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 2.08 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

Subpart 3. Interconnection of Net-metering Facilities to Existing Electric Power Systems

23 CAR § 457-301. Requirements for initial interconnection of a net-metering facility.

(a) A net-metering customer and owner of the net-metering facility, if different, shall execute a Standard Interconnection Agreement for Net-metering Facilities, Appendix A, prior to interconnection with the electric utility's facilities.

(b)(1) A net-metering facility shall be capable of operating in parallel and safely commencing the delivery of power into the utility system at a single point of interconnection.

(2) To prevent a net-metering facility from back-feeding a de-energized line, a net-metering facility shall have a visibly open, lockable, manual disconnect switch that is accessible by the electric utility and clearly labeled.

(c)(1) The net-metering customer and owner of the net-metering facility, if different, shall submit a Standard Interconnection Agreement for Net-metering Facilities to the electric utility at least thirty (30) days prior to the date the net-metering customer intends to interconnect the net-metering facilities to the electric utility's facilities.

(2) Part I, Standard Information, Sections 1 through 5 of the Standard Interconnection Agreement for Net-metering Facilities must be completed by the net-

metering customer and owner, if different from customer, for the notification to be valid.

(3) The net-metering customer shall have all equipment necessary to complete the interconnection prior to such notification.

(4) If mailed, the date of notification shall be the third day following the mailing of the Standard Interconnection Agreement for Net-metering Facilities.

(5) The electric utility shall provide a copy of the Standard Interconnection Agreement to the net-metering customer upon request.

(d)(1) Following notification by the net-metering customer or owner as specified in subsection (c) of this section, the electric utility shall review the plans for the facility and provide the results of its review to the net-metering customer, in writing, within thirty (30) calendar days.

(2) Any items that would prevent parallel operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

(e) The net-metering facility, at the net-metering customer's expense, shall meet safety and performance standards established by local and national electrical codes including:

- (1) The National Electrical Code;
- (2) The Institute of Electrical and Electronics Engineers;
- (3) The National Electrical Safety Code; and
- (4) Underwriters Laboratories.

(f) The net-metering facility, at the net-metering customer's expense, shall meet all safety and performance standards adopted by the electric utility and filed with and approved by the Arkansas Public Service Commission pursuant to this part that are necessary to ensure safe and reliable operation of the net-metering facility to the electric utility's system.

(g) If the electric utility's existing facilities are not adequate to interconnect with the net-metering facility, the net-metering customer shall pay the cost of additional or reconfigured facilities prior to the installation or reconfiguration of the facilities.

(h) Pursuant to Arkansas Code § 23-18-603(9)(D), if an electric utility owns transmission facilities that will be impacted by a net-metering facility, a net-metering customer must obtain an electric utility's permission to operate its facilities in parallel with the electric utility's transmission facilities.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 3.01 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-302. Requirements for modifications or changes to a net-metering facility.

(a)(1) Prior to being made, the net-metering customer or owner of the net-metering facility shall notify the electric utility of, and the electric utility shall evaluate, any modifications or changes to the net-metering facility described in Part I, Standard Information, Section 2 of the Standard Interconnection Agreement for Net-metering Facilities.

(2) The notice provided by the net-metering customer or owner of the net-metering facility shall provide detailed information describing the modifications or changes to the electric utility in writing, including a revised Standard Interconnection Agreement for Net-metering Facilities that clearly identifies the changes to be made.

(3) The utility shall review the proposed changes to the facility and provide the results of its evaluation to the customer, in writing, within thirty (30) days of receipt of the customer's proposal.

(4) Any items that would prevent parallel operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

(b) If the net-metering customer or owner of the net-metering facility makes such modification without the electric utility's prior written authorization and the execution of a new Standard Interconnection Agreement for Net-metering Facilities, the electric

utility shall have the right to suspend net-metering service pursuant to the procedures in Subpart 6 of the Arkansas Public Service Commission's General Service Rules, 23 CAR pt. 455.

(c) A net-metering facility shall not be modified or changed to generate electrical energy in excess of the amount necessary to offset all of the net-metering customer requirements for electricity.

(d) If a net-metering customer proposes a modification or upgrade to a net-metering facility that has previously qualified for legacy or legacy-transitional status, an electric utility may only require the net-metering customer to submit a new Standard Interconnection Agreement for Net-metering Facilities for the modification or upgrade if the customer is proposing a material increase in nameplate generating capacity.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 3.02 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-303. Requirements for Preliminary Interconnection Site Review Request.

(a)(1) For the purpose of requesting that the electric utility conduct a preliminary interconnection site review for a proposed net-metering facility to determine the net-metering facility's impact to the electric utility's grid through technical review and if additional site screening may be required to determine the applicable interconnection costs prior to interconnection of the net-metering facility, the net-metering customer may notify the electric utility by submitting a completed Preliminary Interconnection Site Review Request.

(2) The net-metering customer shall submit a separate Preliminary Interconnection Site Review Request for each point of interconnection if information about multiple points of interconnection is requested.

(3) Each Preliminary Interconnection Site Review Request will be considered separately and in the order in which received.

(4) Part I, Standard Information, Sections 1 through 4 of the Preliminary Interconnection Site Review Request must be completed for the notification to be valid.

(5) If mailed, the date of notification shall be the third day following the mailing of the Preliminary Interconnection Site Review Request.

(6) The electric utility shall provide a copy of the Preliminary Interconnection Site Review Request to the net-metering customer upon request.

(b)(1) Following notification by the net-metering customer as specified in subsection (a) of this section, the electric utility shall review the plans of the facility interconnection and provide the results of its review to the net-metering customer in writing within thirty (30) calendar days.

(2) If the net-metering customer requests that multiple interconnection site reviews be conducted, the electric utility shall make reasonable efforts to provide the net-metering customer with the results of the review within thirty (30) calendar days.

(3) If the electric utility cannot meet the deadline, it shall provide the net-metering customer with an estimated date by which it will complete the review.

(4) The net-metering customer may request parallel processing of multiple reviews but must pay actual costs of conducting the review and any subsequent costs associated with site screening that may be required under subsection (c) of this section.

(5) In such event, the electric utility shall respond to the request and shall process and present the results of the multiple reviews within a reasonable time, not to exceed ninety (90) days.

(6) Any items that would prevent parallel operation due to violation of safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

(c)(1) The preliminary interconnection site review is nonbinding and need only include existing data and does not require the electric utility to conduct a study or other analysis of the proposed interconnection site in the event that data is not readily available.

(2) The electric utility shall notify the net-metering customer if additional site screening may be required prior to interconnection of the facility.

(3) The net-metering customer shall be responsible for:

(A) The actual costs of conducting the preliminary interconnection site review; and

(B) Any subsequent costs associated with site screening that may be required.

(d)(1) The preliminary interconnection site review does not relieve the net-metering customer of the requirement to execute a Standard Interconnection Agreement for Net-metering Facilities prior to interconnection of the facility.

(2) The preliminary interconnection site review process is optional for a net-metering customer and may be used to determine the net-metering facility's impact to the electric utility's grid through technical review and if additional site screening may be required to determine the appropriate portion of the costs and associated expenses required to provide service to the net-metering customer and enable the net-metering customer's use of the electric utility's facilities prior to installing a net-metering facility.

(3) A net-metering customer may choose to proceed with installing a net-metering facility and submitting a Standard Interconnection Agreement for Net-metering Facilities without going through the preliminary interconnection site review process.

(4) Regardless of whether a net-metering customer submits a Preliminary Interconnection Site Review Request, the net-metering customer is responsible for their appropriate portion of any required interconnection costs.

(e) An electric utility may charge a net-metering customer an Arkansas Public Service Commission-approved standard one-time fee for each Preliminary Interconnection Site Review Request submitted or at the time of interconnection after executing a Standard Interconnection Agreement for Net-metering Facilities to recover administrative and related interconnection review costs pursuant to Arkansas Code § 23-18-604(9)(A), as filed in its net-metering tariff.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 3.03 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-304. Requirements for facilities study and Facilities Agreement.

(a)(1) A net-metering customer may request that the electric utility conduct a facilities study for the purpose of determining any applicable costs of constructing electric utility facilities necessary to mitigate any potential adverse system impacts and interconnect a net-metering facility pursuant to Arkansas Code § 23-18-604(c)(11)(A)(ii).

(2) The facilities study request should be made in writing but does not have to be made on any particular form unless the electric utility has an approved request form approved as part of its net-metering tariff.

(b)(1) The facilities study shall specify and estimate the cost of the equipment, engineering, procurement, construction work including protection, and any additional requirements needed to implement system upgrades and interconnection facilities necessary to safely interconnect a net-metering facility to the electric utility's system pursuant to Arkansas Code § 23-18-604(c)(9)(B)(i) and (ii).

(2) The Facilities Agreement shall reflect that estimate as part of its terms when presented to the net-metering customer.

(c)(1) An electric utility may charge a net-metering customer a deposit for each facilities study to recover estimated interconnection study costs pursuant to Arkansas Code § 23-18-604(c)(9)(B), as filed in its standard net-metering tariff.

(2) Any portion of the deposit not actually incurred by the electric utility as a result of the study shall be:

(A) Promptly returned to the net-metering customer; or

(B) Credited towards the facility costs established by the Facilities

Agreement for the net-metering facility.

(d) Each electric utility shall file with its net-metering tariff for Arkansas Public Service Commission approval its standard Facilities Agreement.

(e) Following the completion of a facilities study, if a net-metering customer elects to proceed with interconnection, the net-metering customer shall execute a standard Facilities Agreement in the form filed with the electric utility's net-metering tariff and approved by the Arkansas Public Service Commission.

(f) The Facilities Agreement shall specify the net-metering customer's appropriate portion of the estimated costs required to provide interconnection service to the net-metering facility pursuant to Arkansas Code § 23-18-604(c)(9)(B), including the net-metering customer's appropriate portion of any costs of constructing the electric utility facilities necessary to interconnect a net-metering facility, as determined by the facilities study.

(g) Deadlines for electric utilities.

(1) An electric utility shall use reasonable efforts to complete a facilities study within one hundred twenty (120) days.

(2) If a facilities study will take more than one hundred twenty (120) days, an electric utility shall:

(A) Notify the customer in writing that the review cannot be completed in one hundred twenty (120) days; and

(B) Provide an alternate schedule.

(3) An electric utility shall not unreasonably delay providing the results of a facilities study and corresponding Facilities Agreement.

(h)(1) In the event that an electric utility is not able to provide final interconnection costs within the deadlines outlined in subsection (g) of this section, the electric utility shall provide a good-faith estimate of the appropriate portion of the costs and associated expenses required to provide service to the net-metering customer and enable the net-metering customer's use of the electric utility's facilities, including any applicable costs of constructing the electric utility facilities necessary to interconnect a net-metering facility pursuant to Arkansas Code § 23-18-604(c)(11)(A)(ii).

(2) If the net-metering customer and electric utility proceed with executing the Facilities Agreement based on a good-faith estimate, the electric utility shall credit or charge the net-metering customer for any difference between the estimate and actual costs once the final appropriate costs are determined.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 3.04 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

Subpart 4. Standard Interconnection Agreement for Net-metering Facilities, Preliminary Interconnection Site Review Request, Facilities Agreement, and Standard Net-metering Tariffs for Net-metering Facilities

23 CAR § 457-401. Standard Interconnection Agreement for Net-metering Facilities, Preliminary Interconnection Site Review Request, Facilities Agreement, and standard net-metering tariffs.

(a)(1) Each electric utility shall file, for approval by the Arkansas Public Service Commission, the Standard Interconnection Agreement for Net-metering Facilities (Appendix A), the Preliminary Interconnection Site Review Request (Appendix A-1), its standard Facilities Agreement (Appendix A-2), and two (2) net-metering tariffs, legacy and non-legacy, in standard tariff format (Appendix B).

(2) **Facilities Agreement.** Each electric utility shall file with its net-metering tariff as Appendix A-2 its standard Facilities Agreement.

(3) **Standard net-metering tariffs.** Each electric utility shall file the following net-metering tariffs:

(A) A legacy net-metering tariff applicable to the net-metering facilities of net-metering customers who qualify for legacy status pursuant to 23 CAR § 457-206; and

(B) A non-legacy non-metering tariff applicable to the net-metering facilities of net-metering customers who do not qualify for legacy status pursuant to 23 CAR § 457-206.

(b)(1) When filing its net-metering tariffs for Arkansas Public Service Commission approval, an electric utility may propose deviations to the standard net-metering tariffs, including appendices, for the Arkansas Public Service Commission's consideration.

(2) Any electric utility that requests a deviation from the standard net-metering tariffs shall specifically identify the requested deviation or deviations and file supporting testimony pursuant to the Arkansas Public Service Commission's Rules of Practice and Procedure, 23 CAR pt. 462, demonstrating good cause and public interest for the proposed deviation.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 4.01 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-402. Additional filing and reporting requirements.

(a) Each electric utility shall file in Docket No. 06-105-U by March 15 of each year a report individually listing each net-metering facility, the type of resource (solar, wind, storage, etc.), its use by specific rate class or classes, generator capacity rating, inverter capacity rating, and if the net-metering facility is associated with additional meters (yes or no) as of the end of the previous calendar year.

(b) The annual report shall be provided in spreadsheet format.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 4.02 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

Subpart 5. Rules to Guard Against Gaming

23 CAR § 457-501. Gaming defined.

(a) "Gaming" means manipulating, misrepresenting, or otherwise configuring a net-metering facility or facilities in a manner that is intended to result in, or that actually results in, the avoidance of statutory or Arkansas Public Service Commission limits or rules.

(b) Gaming of this part includes, but is not limited to, the following actions:

- (1) Adding additional capacity to an existing net-metering facility without complying with 23 CAR § 457-302; and
- (2) Unauthorized interconnections.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 5.01 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-502. Gaming prohibited.

Gaming of this part is prohibited.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 5.02 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

23 CAR § 457-503. Penalties for gaming.

Any net-metering customer found to be engaged in activity considered to be gaming under this part may have their qualification as a net-metering customer suspended or terminated by the Arkansas Public Service Commission following notice and opportunity for hearing.

Authority. Arkansas Code §§ 23-18-604, 23-2-304, 23-2-305.

Codification Notes. This section was promulgated as Rule 5.03 of the Net-metering Rules prior to codification into the Code of Arkansas Rules.

Appendix A. Standard Interconnection Agreement for Net-Metering Facilities

Link:

<https://CodeOfARRules.arkansas.gov/docs/CARCodeAppendices/Appendices/210/23CARpt.457AppendixA.pdf>