1) NEM 2.0 Rate Change – Overview

What is changing for NEM 2.0 customers?

NEM 2.0 customers will move to a new rate structure that includes:

- *A lower customer charge (from $65 to $30)*
- *A new demand charge based on highest power usage ($8.19 per kW in the summer and $5.19 per kW in the winter)*
- *Energy and customer charges aligned with standard residential rates*

Why are rates changing for NEM 2.0 customers?

NEM 2.0 customers use the grid differently than non-solar customers, especially during peak demand, and these updates help fairly allocate system costs. To better align cost-causation with rate design a demand charge was implemented.

2) Solar & NEM Agreement Impacts

Is MID changing my solar (NEM 2.0) agreement?

No. Your NEM 2.0 interconnection agreement remains in place. The changes only affect billing, not system ownership, operation, or eligibility.

Will solar credits change under the new rates?

No. NEM 2.0 customers will still receive credits for excess energy sent to the grid. Credits apply to energy charges but do not offset demand charges.

3) Demand Charges

What is a demand charge?

A demand charge measures the maximum amount of electricity MID provides to you during any 15-minute interval during the billing period. It is based on your highest usage level, not total energy used over the month. Higher peaks in electricity use result in a higher demand charge.

Why is MID adding a demand charge for NEM 2.0 customers?

Even with solar, customers rely on the grid during certain times. Demand charges reflect the maximum power MID must be ready to deliver and help cover the cost of maintaining electric infrastructure. MID procures generation capacity and transmission capacity to

meet this max demand, but it is generally a fixed cost and is separate from energy cost and energy consumption.

How is the demand charge calculated?

It is based on the customer's highest measured power usage (kW) during the month. Higher maximum power use results in higher demand charges.

When does demand typically increase?

Demand is usually highest when:

- *Multiple high-energy appliances run simultaneously*
- *Electricity use in the evening after solar production has decreased*
- *Heating or cooling systems run heavily during extreme weather*
  Solar reduces overall energy use, but demand charges are based on peak usage.

How can customers reduce or manage demand charges?

Customers can:

- *Run major appliances or charge EVs during solar producing daylight hours*
- *Avoid operating multiple high-energy appliances at the same time*
- *Spread electricity use throughout the day*
- *Avoid overlapping EV charging with other major appliance use*

Why do I have a demand charge if I don't use much electricity?

Demand is about your highest spike in power consumption provided by MID, not total monthly use. Even low use homes can have a high peak if several large appliances run at once, particularly when there is little to no solar production.

4) Comparison & Bill Impacts

How do NEM 2.0 rates compare to standard residential rates?

Energy and customer charges now match standard residential rates. The additional demand charge reflects grid usage patterns specific to NEM 2.0 customers, and that NEM 2.0 customers do not have a Tier 2 Energy rate.

Will all NEM 2.0 customers see higher bills?

Not necessarily. Some customers may benefit from the lower customer charge, while others may see changes depending on their peak electricity usage and how they manage

demand. Based on historical demand and energy usage of NEM 2.0 customers, roughly 40% of customers will see a reduction in average bills, and an additional 50% of customers will see less than a $20/month increase in bills.

Are you "double charging" me—energy + demand?

No, each bill component reflects MID's various costs to provide service: energy measures consumption of power over time (kWh); while demand (kW) is the maximum at one time. Many utilities use both to reflect different cost components and to align rates with cost causation.