LOWER YELLOWSTONE
RURAL ELECTRIC COOPERATIVE
Your Touchstone Energy® Cooperative

Date Adopted: 10/28/08
Date Revised: 2/21/17
Date Reviewed: 2/21/17

POLICY BULLETIN NO. 113B

SUBJECT:

QUALIFYING FACILITIES* Interconnection: Output purchased by Lower Yellowstone REC.

OBJECTIVE:

Policy for cooperative interconnection for small power producers and co-generators (qualifying facilities) 150 kW and smaller in compliance with the Public Utility Regulatory Policies Act (PURPA) of 1978. 150 kW and larger shall be dealt with on an individual basis.

AVAILABILITY AND REQUIREMENTS:

When a member desires to generate electricity and interconnect to the cooperative's grid the following requirements must be met:

1. Complete and sign applications and interconnection agreement with the cooperative that outlines specific terms, agreements and issues such as safety, insurance, responsibilities, charges, power quality and other pertinent issues.
2. Generation source may be renewable including but not limited to wind, solar, geothermal, hydro or fuel cells (if powered from a renewable source).
3. The generation must meet the definition of "Qualifying Facility" (QF) as defined in the Public Utilities Regulatory Policy Act of 1978 (PURPA) and provided PURPA continues to be enforceable under federal law.

POLICY:

Members wishing to sell all or part of the production of their qualifying facilities generation to the cooperative through interconnection shall meet the following guidelines:

- Name plate generating capacity shall not exceed 150 kW.
- The generation may be stand-alone or may provide part or all of the member's own electrical requirements at the service.
- Metering is required that is appropriate to measure power flow in both directions and is capable of meeting requirements established by the engineering study.
- Charges for power delivered by the cooperative to the member shall be billed monthly at the appropriate retail rate. Energy (kWh) sold to the cooperative by the member generator will be purchased at the cooperative's avoided cost.
- The generator may be paid for capacity (kW) in addition to energy at the cooperative's avoided cost if sufficient metering technologies are utilized. If capacity provided by the generator can be quantified and it offsets capacity the cooperative purchases from its traditional wholesale power supplier, the following factors may result in increases or decreases in the actual avoided costs:
    - Costs of capacity (demand)
    - Cost of imbalance

   - Cost of scheduling if impacted
   - Cost of voltage regulation
   - Cost of other ancillary services if impacted
   - Those transmission costs billed on a capacity basis

- Monthly facilities charges will be assessed for distribution and transmission services as outlined in the interconnection agreement.
- Interconnection agreements must be consistent with the cooperative's All Requirements Wholesale Power Contracts and Policies.
- An advance payment by the generator for engineering studies may be required, at the discretion of the cooperative. Any engineering studies must be accepted by the cooperative prior to interconnection.
- The generator will be required to pay all costs incurred by the cooperative prior to interconnection for necessary upgrades to the cooperatives system.

*A qualifying facility "QF" is generally defined as generation utilizing a renewable source or from cogeneration when energy that would otherwise be wasted is harnessed to generate electricity. QF is specifically defined by FERC Orders No. 70-70E. Order 499-499-A, Orders No. 575-575A and Order No. 593.

RESPONSIBILITY:

The General Manager shall be responsible for carrying out the provisions of this Policy, and may delegate certain responsibilities to staff members or consultants of the cooperative.