

Richland Electric Cooperative
Board Policy No. 322

SUBJECT: Interconnected Distributed Generation (DG) for Qualifying Facilities

OBJECTIVE: To provide standard guidelines and procedures for Members/Applicants and Richland Electric Cooperative (“Cooperative”) personnel regarding DG systems and to ensure safety, reliability, and consistent application of the requirements of the “Public Utility Regulatory Policies Act of 1978,” as amended, and all regulations lawfully promulgated thereunder (“PURPA”), along with any other applicable laws and regulations.

POLICY: **I. General Policy**

A. This policy describes the Cooperative’s process and requirements for interconnection with a member-owned DG facility that meets the definition of a Qualifying Facility under PURPA, and prescribes a fair, reasonable and nondiscriminatory procedure through which a Qualifying Facility may interconnect with the Cooperative. The Cooperative may, but is not obligated to, permit interconnection in accordance with this policy for any DG facility that does not meet the requirements for a Qualifying Facility under PURPA.

1. A “Qualifying Facility” is either a cogeneration facility or a small power production facility that meets the requirements of Section 201 of PURPA, and which has received certification from Federal Energy Regulatory Commission (FERC) or which has completed the process established by the FERC for self-certification.

a. A qualifying cogeneration facility is a facility utilizing equipment for the production of electric energy and forms of useful thermal energy, such as heat or steam, that are used for industrial, commercial, heating or cooling purposes, through the sequential use of energy. A qualifying cogeneration facility must meet the criteria specified in 18 C.F.R. § 292.205 and such other applicable rules and regulations promulgated pursuant to PURPA.

b. A qualifying small power production facility is a generating facility where the primary energy source of the facility must be biomass, waste, renewable resources, geothermal resources, or any combination, with 75 percent or more of the total energy input coming from these sources, whose power production capacity (together with the power production capacity of any other small power production facilities that use the same

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energy resource, are owned by the same person(s) or its affiliates, and are located on the same site) does not exceed 80 MW.

2. The Cooperative, consistent with its policy of encouraging innovation in the energy field and with the requirements and objectives of PURPA, asserts its willingness to:
 - a. Interconnect with Qualifying Facilities;
 - b. Operate in parallel with Qualifying Facilities;
 - c. Purchase all energy generated and made available by Qualifying Facilities at the Cooperative's avoided cost rate, and, unless otherwise agreed to by the Cooperative, will also purchase such capacity as made available by Qualifying Facilities at the Cooperative's avoided cost rate only if the Cooperative actually requires additional capacity over its planning horizon;
 - d. Provide retail electric service to all Qualifying Facilities who become members of the Cooperative.
- B. The guidelines and procedures established by this policy are supplemented and further defined by such procedures, rules, and specifications as may be set forth in the Cooperative's Interconnection Application and Interconnection Agreement, as the same may be amended by the Cooperative from time to time.
- C. Sales to Member-Qualifying Facilities shall also be subject to the terms of rate schedules applicable to the class under which those Members receive electrical service from the Cooperative, as the same may be amended by the Cooperative from time to time.
- D. Unless otherwise specified herein, or in the applicable Interconnection Application or Interconnection Agreement, all interconnected DG systems are governed by the same policies and procedures in place for the general membership as established by the Cooperative's Board of Directors, as the same may be amended from time to time.

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II. CONDITIONS FOR INTERCONNECTION

- A. Any individual or entity wishing to interconnect with the Cooperative's electric system shall become a Member of the Cooperative in accordance with the Bylaws of the Cooperative and such other policies established by the Cooperative's Board of Directors.
- B. Any Member wishing to operate generating facilities in parallel with the Cooperative's system shall first complete an Interconnection Application and sign an Interconnection Agreement providing for adherence to the Cooperative's rules and regulations, as they may be modified by the Cooperative from time to time.
- C. Prior to interconnection, the Member shall provide the Cooperative with sufficient information to permit the Cooperative to determine whether the proposed facility meets the requirements for a Qualifying Facility under PURPA. For all Qualifying Facilities larger than 1 MW in size, this shall include furnishing the Cooperative with the Qualifying Facility's current Form 556 on file with the FERC.
- D. If in the Cooperative's opinion, the proposed facility does not meet the requirements of a Qualifying Facility under PURPA, or the requirements specified within this policy, the Interconnection Application, or the Interconnection Agreement, the Cooperative may deny the Member/Applicant's request for interconnection and shall provide the Member/Applicant with a written explanation of the reasons for its position.
- E. If in the opinion of the Cooperative, the Member fails to conform to this Policy, including operating generating facilities in a manner that is non-qualifying under PURPA, the Cooperative will no longer be obligated to purchase any energy or capacity made available by the Qualifying Facility and may require that Member to disconnect the generating facility from the Cooperative's system. In the event the member fails to immediately comply with a disconnect notice received from the Cooperative, the Cooperative reserves the right to make such disconnection and to discontinue electric service to the Member as the Cooperative may deem necessary.

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III. INTERCONNECTION REQUIREMENTS

- A. Prior to the interconnection of a Qualifying Facility, the Member/Applicant shall submit plans to the Cooperative for its review to assure compliance with all applicable policies, rules, laws, regulations, and other requirements for interconnection. This review shall not be construed as permission to interconnect with the Cooperative's system. Written authorization to interconnect shall only be granted by the Cooperative after demonstration of such compliance has been made to the Cooperative's satisfaction. This authorization shall not relieve the Member/Applicant from legal responsibility for installing, operating and maintaining facilities in a satisfactory, safe, and legally-compliant manner.
- B. The Member shall furnish, install and maintain all additional wiring and equipment required for the installation of the Qualifying Facility and the appropriate service metering equipment except such meter as may be furnished and installed by the Cooperative at the expense of the member, to be determined by the Cooperative as part of its review of the Interconnection Application.
- C. Prior to interconnection, the Member shall provide written certification from a contractor or electrical inspector possessing licensure satisfactory to the Cooperative that the facility is compliant with the latest edition of the National Electric Code (NEC), the National Electric Safety Code (NESC), all State and local ordinances and all building codes.
- D. The Member shall reimburse the Cooperative for its incremental cost resulting from interconnecting with the Qualifying Facility. The incremental interconnection cost shall include all reasonable costs of connection, switching, metering, transmission, distribution, safety provisions and administrative costs incurred by the Cooperative directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with the Qualifying Facility, to the extent such costs are in excess of the corresponding costs which the Cooperative would have incurred had it not interconnected.

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- E. Employees and authorized representatives of the Cooperative have the right to enter upon Member's property at any reasonable time to ensure the generating facility's continued compliance with applicable policies, rules, laws and regulations and the accuracy of its meters. Such inspection by the Cooperative shall not relieve the Member from the responsibility of installing, operating, and maintaining the facilities in a satisfactory and safe manner.

- F. In order to provide adequate safety to the Cooperative's employees when performing operation and maintenance on the Cooperative's system, it is essential that a means be available to positively disconnect the DG facility from the system such that there is no possibility that the facility could backfeed through the service transformer and energize the primary system. Consequently, the Member shall furnish and install an Underwriter's Laboratory (UL) listed disconnect switch which shall be located between the DG facility's automatic disconnect device and the Cooperative's system. The location of the switch shall be approved by the Cooperative and shall be housed in an approved enclosure which can be secured with a padlock or locking device. Where feasible, the Cooperative may permit the use of the service transformer disconnect, in place of the Member furnished disconnect switch.

- G. The Cooperative reserves the right to open the disconnect switch (i.e., isolating the DG facility) without prior notice to the Member for any of the following reasons with written notification of disconnection as soon thereafter as practical:
 - 1. System emergency and/or maintenance operations require such action.
 - 2. A potentially hazardous condition relating to the facility is discovered.
 - 3. The operation of the facility interferes with the quality of service provided to other Members and/or the operation of the Cooperative's system.

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IV. ELECTRICAL REQUIREMENTS

- A. Operation of the Qualifying Facility must not cause any reduction in the quality of service provided to other consumers nor interfere with the operation of the Cooperative's system. The Member shall be responsible for taking whatever corrective action might be required and/or reimbursing the Cooperative for the cost of corrective action which the Cooperative deems necessary to correct such negative effects on quality of service or operation of the Cooperative's system.
- B. The Member shall provide an automatic disconnecting device and/or method to disconnect the Qualifying Facility from the Cooperative's system in the event that there are outages or faults on the Cooperative's distribution system or within the Qualifying Facility. No less than every 3 years, the Member shall be responsible for having the disconnecting means tested by a certified electrician possessing licensure satisfactory to the Cooperative and shall provide the Cooperative with a certified copy of the test records. The Cooperative reserves the right to inspect or perform tests on the disconnecting means to assure proper operation. Such inspection by the Cooperative shall not relieve the Member from the responsibility of installing, operating, and maintaining the facilities in a satisfactory, safe, and legally-compliant manner.
- C. The Cooperative does not assume any responsibility for the safety and electrical protection of the Member's facilities irrespective of the condition of the Cooperative's facilities. The Cooperative shall not be liable to the Member for any damage to the Member's facility, including damage caused by disconnection of the Member's facility from the Cooperative's system by automatic devices or pursuant to the Cooperative's policies and procedures.
- D. The rated nameplate capacity of the Qualifying Facility (to be connected in parallel with a low voltage service) shall be no greater than 10 kilowatts (kW) for single phase installations, unless authorized in writing by the Cooperative. Unless an exception is authorized in writing by the Cooperative, all Qualifying Facilities with a rated nameplate capacity exceeding 10 kW shall require three-phase installations.

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- E. The electrical characteristics of the Qualifying Facility shall conform to the standards established by the Cooperative. The standards may include voltage, current, frequency, harmonics, and automatic synchronization, etc. Wherever possible the Cooperative will base its standards on industry wide standards.

- F. The Member shall endeavor to operate the Qualifying Facility as near unity power factor as possible. The Cooperative reserves the right to require the Member to install power factor correction equipment or reimburse the Cooperative for its cost of installing power factor correction equipment. The Member shall be responsible for any penalties or surcharges related to power factor set forth in the Cooperative's rate schedule applicable to the class under which the Members receives electrical service.

V. RATES AND METERING

- A. For all Qualifying Facilities with a rated nameplate capacity exceeding 20 kW, Cooperative will purchase energy and such capacity as the Cooperative actually requires over its planning horizon at the Cooperative's avoided cost rate. As an all-requirements wholesale customer of Dairyland Power Cooperative, the Cooperative's avoided cost rate is the same as the rate set by Dairyland.

- B. For Qualifying Facilities with rated nameplate capacity greater than 100 kW, the rates paid by the Cooperative for capacity and energy delivered to it from the Qualifying Facility shall be negotiated by the Member and Cooperative, but Cooperative is not obligated to pay a rate that exceeds its avoided costs. For all Qualifying Facilities with a rated nameplate capacity of 100 kW or less, the Cooperative will make available to requesting Members/Applicants the Cooperative's standard rates for purchases of energy and capacity, to be revised from time to time as determined by the Cooperative's Board of Directors. Unless otherwise determined by the Cooperative's Board of Directors, such standard rates for purchases shall not exceed the Cooperative's avoided costs.

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- C. Qualifying Facilities with a rated nameplate capacity of 20 kW or less may be eligible for net metering, subject to the other rules and conditions of Cooperative membership, including but not limited to the provisions of this policy. The Cooperative may purchase such excess energy produced by the Member's DG system at the rates and under the terms and conditions set forth in the Cooperative's standard rate schedules for purchase, appropriate for that Member's class of service. The Cooperative will sell to the Member whatever energy and capacity is requested including backup, supplemental, maintenance and interruptible power. All energy and capacity supplied to the Member by the Cooperative shall be paid for by the Member at the rates set forth in the Cooperative's standard retail rate schedule applicable to the class of service provided.
- D. The Cooperative will not provide "wheeling" for Qualifying Facilities with a rated nameplate capacity of 100 kW or less. For Qualifying Facilities with rated nameplate capacity exceeding 100 kW, the Cooperative may negotiate "wheeling" arrangements for which it may charge the Member a just, reasonable, and non-discriminatory transmission fee.
- E. The Cooperative will provide metering devices at the Member's expense, necessary to accurately record purchases of energy and capacity commensurate with the agreement between the Member and the Cooperative.
- F. The meter(s) shall be read at the same time and in the same manner as for other Members of the Cooperative in the same consumer classification or as mutually agreed between the Cooperative and Member. Metering records shall be available for inspection at all reasonable times.
- G. The Cooperative may credit payment for purchases against the Member's current bill for electric service or any past due amount owed the Cooperative by the Member.

VI. OTHER REQUIREMENTS

- A. Cooperative and the Members shall agree to protect, indemnify and hold harmless each other and their respective officers, agents and employees from any and all claims, demands, suits, liability and expense (including attorney's fees) brought by third parties and arising from negligent, reckless, and/or intentional acts or omissions of the indemnifying party, its employees or agents.

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- B. The Member shall procure and maintain general and contractual liability insurance in the amount of \$500,000 per occurrence or greater and shall name the Cooperative as an additional insured under the policy. The Member shall annually provide the Cooperative with proof of insurance and shall notify the Cooperative within 30 days of any termination or modification of the insurance coverage.

RESPONSIBILITY: CEO & General Manager

BOARD ADOPTED
OR AMENDED ON:
11/29/2016