

MEMBER RELATIONS POLICY NO. 418

1. SUBJECT: INTERCONNECTION & WHEELING OF CUSTOMER GENERATION FACILITIES

2. OBJECTIVE:

2.1. Beartooth Electric Cooperative (BEC) recognizes that their members may want to take advantage of alternative on-site generation sources. This policy outlines the means and requirements for interconnection and wheeling of this generation with the Rural Electric distribution lines. While this policy primarily assesses interconnection options, it is recognized that a member may generate without interconnecting to BEC lines.

3. POLICY

3.1. AVAILABILITY AND REQUIREMENTS

3.1.1. When a member desires to interconnect to BEC's grid the following requirements must be met:

3.1.1.1. An interconnection and operating agreement outlining specific terms and conditions with BEC is required.

3.1.1.2. The member-generation source may be renewable including but not limited to wind, solar, geothermal, hydropower or fuel cells.

3.1.1.3. The generation to be wheeled may be required to 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.

3.1.1.4. A 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.

3.1.1.5. Members desiring to wheel their member-generation that meets PURPA's definition of "qualifying facilities" across BEC's distribution/transmission system shall meet the following guidelines:

3.1.1.5.1. BEC will not purchase power produced by the member.

3.1.1.5.2. The generation may be stand alone or may provide part or all of the member's own electrical requirements at the service.

- 3.1.1.5.3. Metering shall be required that is capable of measuring flow in both directions, with energy and capacity measured consistent with the requirements of the affected systems.
- 3.1.1.5.4. The member-generator will be required to obtain capacity rights from all systems affected and is directly responsible for payment of associated charges.
- 3.1.1.5.5. Charges for power delivered by BEC shall be billed monthly at the appropriate rate.
- 3.1.1.5.6. Payment for energy delivered by the member-generator through BEC's system is not the responsibility of BEC.
- 3.1.1.5.7. Charges from BEC to the member-generator for wheeling shall be based on pro forma tariffs including a rate of return and payment of those charges is the responsibility of the member-generator.
- 3.1.1.5.8. The member-generator will be required to sign an interconnection and operating agreement with BEC.
- 3.1.1.5.9. Interconnection agreements must be consistent with the BEC's all requirements wholesale power contracts.
- 3.1.1.5.10. BEC shall not be held responsible for damages in the event BEC is unable to perform wheeling.
- 3.1.1.5.11. Impacts on BEC purchases of wholesale power shall be addressed including but not limited to:
 - 3.1.1.5.11.1. costs of capacity (demand),
 - 3.1.1.5.11.2. cost of imbalance,
 - 3.1.1.5.11.3. cost of scheduling,
 - 3.1.1.5.11.4. cost of voltage regulation,
 - 3.1.1.5.11.5. cost of other ancillary services if impacted, and
 - 3.1.1.5.11.6. those transmission costs billed on a capacity basis.
- 3.1.1.5.12. An advance payment for engineering assessments will be required.

3.1.1.5.13. The member-generator will be required to pay all reasonable costs incurred by BEC prior to interconnection for upgrades to BEC's system that are needed to maintain the power quality and system integrity.

3.1.1.5.14. All policies and agreements need to be consistent and in coordination with BEC power suppliers with all requirement contract.

4. RESPONSIBILITY:

4.1. The general manager is responsible for compliance with this policy.

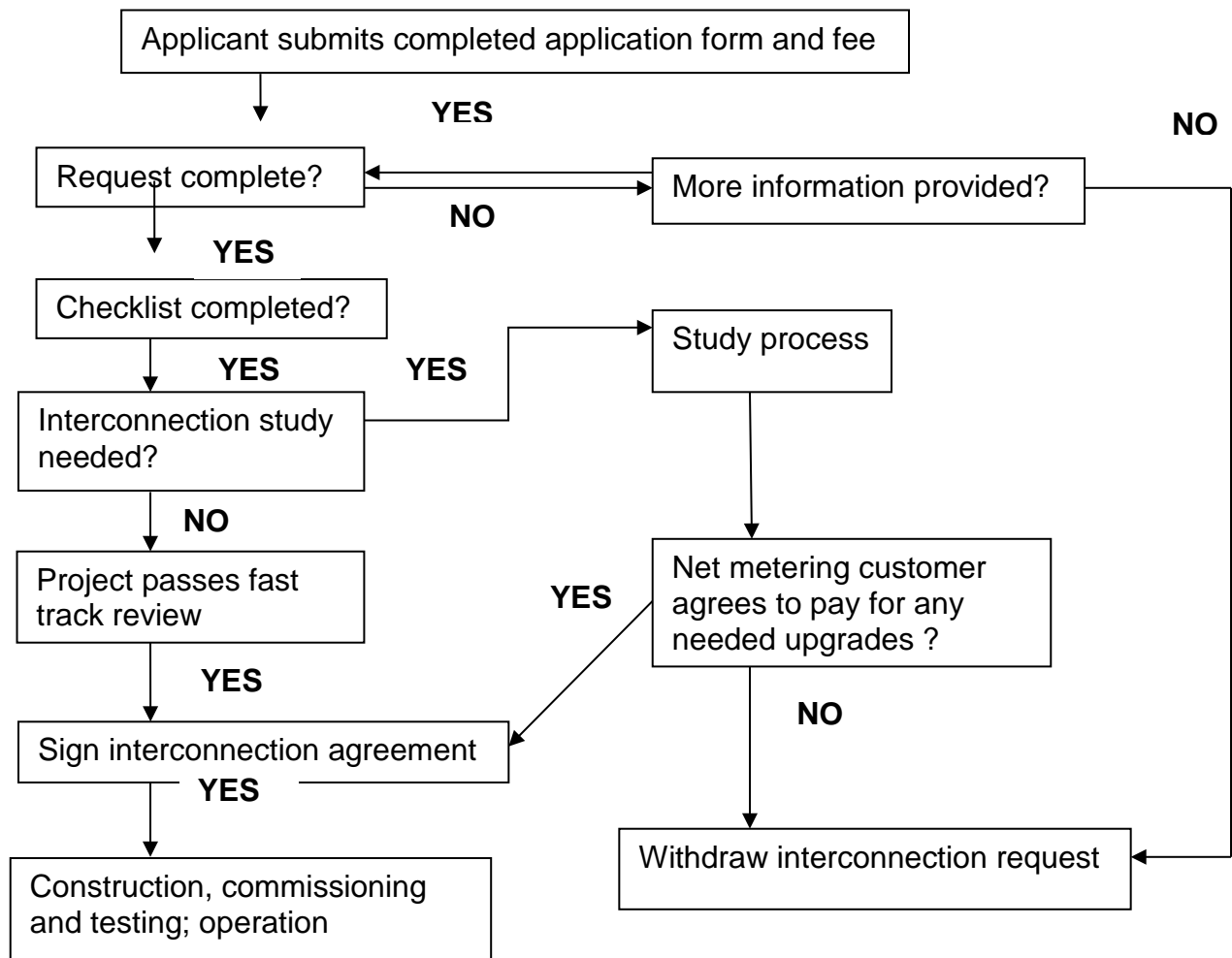
Adopted: 10/28/2014
Revised: 11/19/2014
Reference: BEC Policy VIII-E-3
Review Date: October 2015

Attest:/s/ _____
Board President

Attest:/s/ _____
General Manager

FLOW CHART 1

NET METERING APPLICATION PROCESS



FLOW CHART 2

DG INTERCONNECTION APPLICATION PROCESS

