

# SAWNEE ELECTRIC MEMBERSHIP CORPORATION

## POLICY NO. 412

### SUBJECT: DISTRIBUTED GENERATION FACILITIES

#### I. OBJECTIVE

A. To establish for Distributed Generation Facilities:

1. The terms and conditions for interconnection.
2. The terms for the disposition of supplied and generated energy including Net Billing, Net Metering, and Power Purchase Arrangements.

#### II. CONTENT

##### A. **Definitions**

The following words and terms shall have the following meanings, unless the context clearly indicates otherwise:

1. **“Billing Period”** means, as to a particular Member, the time period between the dates on which Sawnee EMC (the “Cooperative”) normally establishes as the service period for billing purposes.
2. **“Bi-directional Meter”** is a meter capable of measuring (but not necessarily displaying) electricity flow in both directions.
3. **“Bi-directional Metering”** means measuring the amount of electricity supplied by the Cooperative and the amount of electricity fed back to the Cooperative’s distribution system by the Member’s Distributed Generation Facility using a Bi-directional Meter.
4. **“Capacity and Energy Purchase Rates”** means the rates used for i) Net Billing applications in determining the Energy Payment, or ii) negotiated rate applications. Such rates will be determined solely by the Cooperative.
5. **“Customer Generator”** means either 1.) the lessee or 2.) the owner and operator of a Distributed Generation Facility which are a member of the Cooperative.
6. **“Distributed Generation Facility”** means a facility either 1.) leased by or 2.) owned and operated by a member of the Cooperative for the production of electrical energy that:
  - a. Operates in parallel with the Cooperative’s distribution facilities;
  - b. Is connected to the member’s side of the Cooperative’s retail service meter; and

- c. Distributed Generation Facilities are categorized according to the following capacity in Alternating Current (“AC”) ratings of the resource:
  - 1) “**Micro**” - means a generation resource with a capacity rating of 2 kW or less. In all cases, this equipment shall be single phase in nature.
  - 2) “**Small**” - means a generation resource with a capacity rating of greater than 2 kW and not greater than 10 kW for residential Members and no greater than 100 kW for commercial Members. In all cases, equipment for residential applications shall be single phase in nature.
  - 3) “**Medium**” - means a generation resource with a capacity rating of greater than 10 kW for residential Members and greater than 100 kW for commercial Members, and not greater than 2 MW.
  - 4) “**Large**” - means a generation resource with a capacity rating of greater than 2 MW and not greater than 10 MW.
7. “**Energy Payment**” is a term used exclusively for Customer Generators on a Net Billing arrangement. The term means Excess Net Energy multiplied by the applicable rate.
8. “**Excess Net Energy**” is a term used exclusively for Customer Generators that qualify and are approved for Net Metering. The terms means the difference between the electricity generated by the Member’s Distributed Generation Facility and the electricity supplied by the Cooperative during the Billing Period.
9. “**Net Billing**” means the difference, over the Billing Period, between the Energy Payment and the Retail Billing Amount.
10. “**Net Metering Customer**” means a member receiving Net Metering service that 1.) leases or 2.) owns and operates a Distributed Generation Facility that:
  - a. Has peak generating capacity, rated in AC, of generally not more than 10 kW for residential applications, or has peak generating capacity in, rated in AC, of generally not more than 100 kW for commercial applications, or as may be allowed under the applicable Distributed Generation Interconnection Procedure document;
  - b. Is located on, or near, the member’s premises;
  - c. Uses a solar photovoltaic system, fuel cell, or wind turbine; and
  - d. Is intended primarily to offset part, or all, of the Member’s requirements for electricity.

11. **“Net Metering”** means the difference, over the Billing Period, between electricity supplied to a Net Metering Customer from the distribution system and the electricity generated and fed into the distribution system by the Net Metering Customer, which is measured using a single Bi-directional Meter.
12. **“Qualifying Facility” or “QF”** – means a generating facility which meets the requirements set forth in Federal Energy Regulatory Rules promulgated under Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA) and has been granted status as meeting such requirements. In general, a QF must either produce useful thermal energy and electricity through sequential use of energy or have a renewable resource (e.g. biomass, waste, geothermal) as its primary energy source.
13. **“Renewable Energy Credits” or “RECs”** – means a renewable energy credit as defined in the Green-e Energy National Standard and shall include all the renewable attributes associated with the applicable level of corresponding energy production.
14. **“Retail Billing Amount”** means the dollar amount calculated by applying the electricity supplied to a Customer Generator from the distribution system under the applicable retail rate of the Cooperative, plus all other applicable costs under the applicable retail rate schedule.

**B. Interconnection Requirements**

1. A prospective Customer Generator, that intends to install a Distributed Generation Facility, must complete all the requirements outlined in the applicable Distributed Generation Interconnection Procedure document prior to interconnecting.

**C. Conditions for Interconnection**

1. A prospective Customer Generator may begin operation of his or her Distributed Generation Facility on an interconnected basis when:
  - a. All conditions outlined in the applicable Distributed Generation Interconnection Procedure document have been satisfied.
  - b. The Member has executed a written Distributed Generation Facility Interconnection Agreement with the Cooperative and is in compliance with all requirements set forth therein.

**D. Obligations to Purchase Energy**

1. The Cooperative may purchase energy from the Customer Generator under any of the following types of arrangements; i) Net Metering, ii) Net Billing, or iii) Purchase Power Agreement (“PPA”) and this will be determined solely by the Cooperative in accordance with prevailing law and the policies of the Cooperative.

2. Unless a Distributed Generation Facility meets the requirements for Net Metering and is approved for Net Metering by the Cooperative, the Cooperative is not obligated to purchase any energy produced by the Distributed Generation Facility but may do so if such purchase is in the best interest of the Cooperative.
3. Any purchases by the Cooperative from a Customer Generator that has formal status as a QF shall be in accordance with the provisions of the Cooperative's Qualifying Facilities Rate For Power Purchase retail rate (Schedule "QFPP").
4. Unless otherwise agreed to in writing, authorized and executed by the parties, the Cooperative shall not purchase energy from an eligible Customer Generator under the Net Metering service arrangements, described herein, if doing so will cause the total rated generating AC capacity of all distributed generation facilities to exceed 0.2% of the Cooperative's annual peak demand for the previous year.
5. In any case where a prospective Customer Generator has submitted a notification or an application form for Net Metering and that Customer Generator's interconnection, along with other action taken by the Cooperative and its other members, cause the total rated generating AC capacity of all distributed generation facilities to exceed 0.2% of the Cooperative's annual peak demand for the previous year and if the application is to be denied by the Cooperative for such reasons, the Cooperative shall send a written notification of such denial to the prospective Net Metering Member.
6. For other Customer Generators that are not subject to either i) Net Metering, or ii) Net Billing as described above, any purchases of electricity delivered onto the Cooperative's system will be conducted pursuant to a purchase power agreement ("PPA").

**E. Metering**

1. Distributed Generation Facilities with Net Metering;
  - a. The Cooperative will use Bi-directional Metering for the Distributed Generation Facilities interconnected on the Net Metering Customer's side of the retail service meter.
2. Distributed Generation Facilities without Net Metering
  - a. For Distributed Generation Facilities 10kW and larger for residential and 100 kW and up to 10 MW for commercial, the Cooperative may elect to install one or more Bi-directional Meters or single direction meters.

## F. **Energy Purchases**

All service rules, regulations and restrictions outlined under the Cooperative's service rules and regulations, rate schedules for the purchase and sale of electricity and other requirements will apply, in addition to the following provisions.

### 1. Net Metering

- a. When the electricity generated by the Net Metering Member's Distributed Generation Facility during the Billing Period exceeds the electricity consumed by the Net Metering Customer, the Net Metering Customer shall receive a credit for the Excess Net Energy pursuant to the Cooperative's applicable net energy metering rider.
- b. The Net Metering Customer shall be charged for all other applicable cost under the then applicable retail rate schedule that would otherwise be applicable if the Member was not a Net Metering Member.

### 2. Net Billing

- a. When the Energy Payment exceeds the Retail Billing Amount during the Billing Period, the Customer Generator shall receive a credit to the member's account for the next month's billing cycle consistent with the appropriate retail rate schedule.
- b. If the Retail Billing Amount exceeds the Energy Payment, then the Customer Generator shall be billed for the difference in accordance with normal billing practices.

### 3. Purchase Power Agreement

- a. When applicable, all electricity generated by the Member's Distributed Generation Facility and delivered onto the Cooperative's distribution system shall be purchased at the applicable Capacity and Energy Purchase Rates.

## G. **Charges for Interconnection And Net Metering**

1. The Customer Generator shall be responsible for all costs of installing, operating and maintaining protective equipment and/or electrical facilities required to interconnect with the Cooperative's distribution system.
2. The Customer Generator shall be charged for the direct and indirect costs incurred by the Cooperative as a result of the interconnection and for providing Net Metering service.
3. Said charges will be determined in accordance with the Cooperative's Distributed Generation Interconnection Procedure document.

#### **H. Notice of Additional Safety, Power Quality, and Interconnection Requirements**

1. The Distributed Generation Facility shall include, at the Customer Generator's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements as stated in the applicable Distributed Generation Interconnection Procedure document.
2. The Cooperative may adopt additional safety, power quality, and interconnection requirements in support of prudent utility practices.

#### **I. Renewable Energy Credits**

1. The Cooperative shall retain ownership of any and all RECs produced by the Distributed Generation Facility, associated with Excess Net Energy purchased by the Cooperative through its Energy Payment under Rate Schedule NEM, unless there are specific provisions in the Interconnection Agreement with the Cooperative for their sale and/ or purchase.
2. The Cooperative shall be responsible for the measurement, verification, and all record-keeping associated with the RECs it purchases through its Energy Payment of Excess Net Energy under Rate Schedule NEM.
3. The Net Metering Customer shall be responsible for the measurement, verification, and all record-keeping associated with the production of RECs for which he consumes or uses.
4. The Net Metering Member is responsible for obtaining certification from the Center for Resource Solution's Green-e Energy program to demonstrate that RECs were produced and exist, if required by the Cooperative.
5. The Net Metering Customer agrees that the Cooperative shall, for all Excess Net Energy purchased by the Cooperative through its Energy Payment under Rate Schedule NEM, also receive the RECs associated with said Excess Net Energy.

#### **J. Enforcement**

1. Violation of any provision of this Policy, applicable Distributed Generation Interconnection Procedures, or any Interconnection or other Agreement between Sawnee EMC and the Customer Generator, or the determination by Sawnee EMC that any Distributed Generation Facility is causing an unreasonable, adverse impact upon safety, system reliability or power quality, may result in any action appropriate to address the issue, including, without limitation, disconnection of the Distributed Generator Facility from the Cooperative's distribution system and termination of electric service.
2. Action to terminate service of a member under this provision by the Chief Executive Officer or his/her designee shall be reported to the Board as soon as practical."

### **III. RESPONSIBILITY**

- A. It shall be the responsibility of the President and Chief Executive Officer, as directed by the Board of Directors, to administer this policy, to develop appropriate controls for its overall enforcement and to report his findings to the Board of Directors.
- B. The Board does hereby authorize the staff to amend the Distributed Generation Interconnection Requirements document as needed.

### **IV. GENERAL**

The Corporation reserves the right to modify or change any of the provisions of this policy at any time without notice. This policy is intended as a general reference guideline; however, the Corporation may at any time depart from the guidelines set forth herein, when it deems such departure to be warranted by the circumstances. Nothing contained in this policy is or shall be construed to be a part of any agreement or contract.

ADOPTED: July 19, 2001  
March 18, 2004  
August 16, 2007  
April 17, 2008  
March 18, 2010  
February 20, 2014  
June 18, 2015  
January 21, 2016

EFFECTIVE: July 20, 2001  
May 1, 2004  
August 16, 2007  
May 2, 2008  
May 4, 2010  
February 20, 2014  
July 1, 2015  
May 2, 2016