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Your Touchstone Energy® Cooperative 

POLICY MANUAL

POLICY 601 - Operational Policy for the Interconnection and Operation of Distributed Resources (DR)

PURPOSE:

- A. To provide compliance by the Cooperative with Rural Utilities Service (RUS) regulations, 7 C.F.R. 1730.60 through 1730.65.
- B. To avoid significant degradation of the safety, quality and reliability of Cooperative's electric power system or other electric power systems interconnected to the Cooperative's electric power system caused by the interconnection or operation of DR.
- C. To offer a fair, reasonable and non-discriminatory procedure through which the Cooperative may permit the interconnection and synchronization of certain electric generation facilities owned or operated by manufacturers and similar large commercial and industrial electric power and energy consumers, in parallel operation with the Cooperative's facilities.

PROVISIONS:

The provisions of this policy will extend to all Distributed Resource facilities, including facilities as defined by the Federal Energy Regulatory Commission as qualifying cogeneration facilities or small power production facilities, located within the service territory of the Cooperative.

A. Distributed Resources:

Distributed Resources (DR) are sources of electric power that are not directly connected to a bulk power transmission system, connected to the Cooperative's electric power system through a point of common coupling. DR facilities include both generators and energy storage technologies.

B. Qualifying Cogeneration Facility:

Cogeneration is the combined production of electric energy and useful heat by the sequential use of energy from one fuel source. A Qualifying Cogeneration Facility is one which meets the ownership test as well as the operating and efficiency standards and all other definitional requirements of Sections 201 and 210 of the

Public Utility Regulatory Policies Act of 1978, as amended, and all governmental regulations lawfully promulgated thereunder (PURPA).

C. Qualifying Small Power Production Facility:

A Qualifying Small Power Production Facility is a facility generating not more than 80 megawatts of electric power through the employment of renewable resources such as water power, solar energy, wind energy, geothermal energy, biomass or waste, as a primary fuel and meeting all other definitional requirements of PURPA.

D. Qualifying Facility:

A Qualifying Facility means any Qualifying Cogeneration Facility or Qualifying Small Power Production Facility.

E. Permitted Synchronized Generation Facilities:

Permitted Synchronized Generation Facilities are electric generation facilities other than Qualifying Facilities owned or operated by manufacturers and similar large commercial and industrial electric power and energy consumers in parallel operation with adjacent electric distribution facilities of the Cooperative under circumstances where (1) such generation facilities are operated for the sole purpose of (a) providing back-up generation when it is anticipated that there is a possibility of interruption of generation service provided by the Cooperative, or (b) minimizing or eliminating the consumer's contribution to a PJM 5-CP System Annual Demand, or (c) testing the consumer's electric facilities, and (B) no electric power and energy will be introduced into the electric system of the Cooperative or any other entity.

F. PJM 5-CP System Annual Demand:

PJM 5-CP System Annual Demand shall mean any of the five highest hourly kW coincident demands of all of the members of PJM Interconnection, LLC (or any successor thereto, "PJM"), as measured and determined by PJM for purposes of determining Buckeye's annual PJM capacity charges, or such other hourly kW demands used by PJM to determine Buckeye's responsibility for annual PJM capacity charges, for the applicable PJM planning year (June 1 – May 31), as determined by Buckeye from time to time.

POLICY:

- A. The Cooperative will permit the interconnection and parallel operation of Qualifying Facilities, consistent with Cooperative Policy 602 and Cooperative rules and regulations.

- B. With respect to DR facilities that are not Qualifying Facilities, the Cooperative will permit the interconnection and parallel operation of Permitted Synchronized Generation Facilities where (1) Buckeye has approved the same, (2) such facilities meet all of the Cooperative's Rules and Regulations, and (3) such facilities are equal to or greater than 25 kW but not more than 10 MVA.
- C. DR facilities are otherwise not permitted to interconnect with and operate in parallel with the Cooperative's electric distribution facilities except as approved by the Cooperative's Board of Trustees on a case by case basis.

RESPONSIBILITY:

It shall be the responsibility of the President of the Cooperative to administer the provisions of this policy. The Cooperative shall reconsider, and if necessary update, this policy every five years or more frequently as circumstances warrant.

**APPROVED BY THE BOARD OF TRUSTEES:
JEFFREY E. WILSON, CHAIRMAN**

DATE ADOPTED: 06/28/11

DATE REVIEWED:

DATE REVISED: