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Your Touchstone Energy® Cooperative 

POLICY MANUAL

POLICY 603 - Amended and Restated Operational Policy for Qualifying Cogeneration and Small Power Production Facilities

PURPOSE:

- A. To provide compliance by the Cooperative with the 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).
- B. To encourage the development of cogeneration and small power production facilities which will conserve oil, gas, coal and other nonrenewable resources in accordance with the requirements of PURPA.
- C. To offer a fair, reasonable and nondiscriminatory procedure through which the Cooperative may interconnect with qualifying cogeneration and small power production facilities in accordance with the requirements of PURPA.

PROCEDURE:

The provisions of this policy will extend to all 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. 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 PURPA.

B. Qualifying Small Power Production Facility:

A 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.

C. Qualifying Facility:

A qualifying facility means any qualifying cogeneration facility or qualifying small power production facility.

POLICY:

- A. The Cooperative will interconnect with and operate in parallel with any qualifying facility which meets all of the Cooperative's rules and regulations.
- B. The Cooperative will net meter the energy of each of its non-residential consumer's qualifying facilities having a design capacity of 100 kilowatts or less, and each of its residential consumer's qualifying facilities having a design capacity of 25 kilowatts or less, in circumstances where the output of such facility is not reasonably anticipated to exceed the annual electric energy requirements of the consumer and provided that the total aggregate electric generating capacity of all qualifying facilities interconnected to the electric distribution systems of the members of Buckeye Power, Inc. (Buckeye) and net metered does not exceed 1% of Buckeye's aggregate peak electric demand of all of the Buckeye members, at rates and upon terms and conditions as set forth in the rules, regulations, policies and applicable rate schedules of the Cooperative.
- C. Buckeye will purchase the energy and associated capacity of each qualifying facility, at rates and upon terms and conditions as set forth in the rules, regulations, policies and applicable rate schedules of Buckeye, in the following circumstances:
 - (1) When the output of a non-residential consumer's qualifying facility is greater than 100 kilowatts but not more than 10 MVA; or
 - (2) When the output of a residential consumer's qualifying facility is greater than 25 kilowatts but not more than 10 MVA; or
 - (3) When the output of a qualifying facility up to 100 kilowatts, in the case of a non-residential consumer's facility, or up to 25 kilowatts, in the case of a residential consumer's facility, is reasonably anticipated to exceed the annual electric energy requirements of the consumer; or
 - (4) When the total aggregate electric generating capacity of all qualifying facilities interconnected to the electric distribution systems of the Buckeye members and net metered exceeds 1% of Buckeye's aggregate peak electric demand of all of the Buckeye members; or
 - (5) When the output of the qualifying facility is greater than 10 MVA and Buckeye, the Cooperative, and the consumer have agreed on the terms and conditions for service;

- D. Purchases of electric energy and the associated capacity from a qualifying facility having a design capacity of greater than 10 MVA shall be at rates and upon terms and conditions to be determined on a case by case basis and provided by contract between Buckeye and the qualifying facility owner. The purchase of electric energy and the associated capacity from such a qualifying facility will be at a rate which reflects at least Buckeye's actual avoided costs, taking into account all relevant factors.
- E. The Cooperative will sell electric energy and the associated capacity to any net metered qualifying facility at rates and upon terms and conditions as specified in the Cooperative's applicable rules, regulations, policies and rate schedules.
- F. The Cooperative will sell back-up and supplementary energy and the associated capacity to any qualifying facility whose output is purchased directly by Buckeye, at rates and upon terms and conditions as specified in the Cooperative's applicable rules, regulations, policies and rate schedules.
- G. The owner or operator of a qualifying facility who desires to interconnect the facility with the electric system of the Cooperative shall pay all costs associated with the interconnection.
- H. The Cooperative shall develop and administer rules, regulations and one or more rate schedules in cooperation with Buckeye covering interconnections with and purchases from qualifying facilities which have a design capacity of not more than 10 MVA.
- I. The Cooperative shall cooperate with Buckeye in developing on a case by case basis, agreements covering interconnection with any qualifying facility having a design capacity of more than 10 MVA.

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: