

FORT LOUDOUN ELECTRIC COOPERATIVE

VONORE , TENNESSEE

Board Policy No. 323

SUBJECT: Distribution Generation Interconnection

OBJECTIVE:

To establish a procedure for participation of its membership in any generation interconnection programs (i.e. Green Power Providers, Renewal Standard Offer, Solar Initiative, or Partners Generation) offered through an agreement between TVA and Fort Loudoun Electric Cooperative.

POLICY:

These procedures describe the steps members must follow in order for their distribution generation (DG) equipment to be evaluated and approved for interconnection to the Fort Loudoun Electric Cooperative (FLEC) distribution system for parallel operation.

To assure that the DG equipment does not cause significant degradation of the safety, power quality, or reliability to FLEC's distribution system, these procedures and standards have been established. The Cooperative reserves the right to refuse or disconnect service to any members requesting interconnection, if the interconnection to the distribution system is adverse to regular operational procedures or standards established.

FLEC has an all requirements contract to purchase its total electric power requirements from the Tennessee Valley Authority (TVA). Therefore, FLEC cannot purchase any portion of the output of DG connected to its distribution system. FLEC can only provide distribution facilities to connect the DG and to transmit the energy to TVA. The owner of the DG must obtain from TVA either 1) a Power Purchase Agreement to buy the electrical energy, or 2) a transmission Service Contract to move the power to another utility.

Each member should submit a completed application and supporting documents to FLEC prior to purchasing any DG equipment. Application submission does not indicate approval by TVA or FLEC.

The Member shall be required to pay the entire cost of interconnection construction prior to obtaining service. Electric service installed to meet requirements of this Program shall pay a charge of one hundred percent (100%) cost of construction, and removal, up front before service is established.

For the purposes of this policy, cost of service shall include material and labor costs for the installation and or removal of any primary, secondary, transformer(s), metering equipment, and other materials and equipment. Cost of service shall be determined using an available estimation method(s), including but not limited to the estimation program(s) available through the accounting and billing software(s), staking software(s), and/or mapping software(s).

These procedures shall set program application fees, participant/system owner transfer fees, monthly customer service charge, clarify site and member (customer) eligibility, installer certification requirements, eligibility of new construction to participate in the Program, and the Cooperative's billing procedures.

1. Program Application Fees and Transfer Fees

- a. Shall include an upfront, non-refundable fee of \$500 for administration and engineering review of the application (subject to increase, if the respective Program Guidelines change or cost of services increases).
- b. Shall include participant/system owner transfer fees, as applicable.

2. Site Specifics and Member Eligibility

- a. The "site" of the qualifying system for this Program shall be owned by the member seeking to participate in the program.
- b. "Site" qualification must be established by the Cooperative staff prior to application.
- c. The "site" must meet the following requirements, in addition to the TVA Participation Agreement and Guidelines of the Program:

the property of the proposed qualifying system must have received its retail electricity distribution service from the Cooperative at the location prior to installation of a qualifying system for a period of no less than two (2) years consecutively

the qualifying system site must always be maintained in accordance with the safety standards and operational procedures of the Cooperative; and, subject to inspection by the Cooperative personnel or any state inspectors at any time to verify such standards are met

- d. Members are eligible to participate in the Program only upon:

completion of an application for interconnection and payment of all fees associated with the Program

agreement to pay the monthly customer service charge assessed

approval from the Cooperative to proceed with application with TVA

approval of TVA's Participation Agreement

payment of all construction costs associated with the project

installation of a qualifying system

interconnection and commissioning of a qualifying system by Cooperative personnel

issuance of an executed "Distributor Acceptance of Qualifying System Form" to TVA

3. Installer Certification Requirements

The Cooperative requires that all installations are in accordance with the interconnection agreement between FLEC, TVA, and the member.

4. Eligibility of New Construction Participation

The Cooperative must approve all new construction project participation. At no time shall the Cooperative give aid of construction in the establishment of a generation interconnection project solely. 100% of construction costs must be paid, if it is determined that the benefactor of new construction is strictly for generation interconnection.

5. Cooperative Billing Procedures

The Cooperative will monthly monitor the usage of Program participants utilizing the existing and specially placed metering devices. The Cooperative will process refunds monthly.

The Cooperative reserves the right to not net bill the generation metering in relation to the usage (revenue) metering, unless administratively approved.

All credits and charges are subject to administrative costs consideration and will be passed on to the members requesting to be part of this program through the assessed customer service charge. Changes in generation connection (i.e. expansion of service or size of generation) can cause increased administrative costs, which may cause increase in customer service charge respectfully.

Members seeking service shall pay construction costs as required, up front before service is established. The cost to be paid as Aid of Construction shall be calculated as previously described and not applicable to Board Policy 308 in regard to this Program.

Where service is established from an existing transformer and upsizing of the existing transformer is required, construction costs shall be charged for the difference in cost between the existing sized transformer and the required size transformer. The costs would be determined by the load.

The Cooperative may periodically publish for use by its Engineering Department the average costs for transformers, to be used to determine applicable construction charges.

All quotes regarding construction costs are effective for 12 months from the time of the quote being completed and will not be honored after the 12 month time period has passed. All jobs started must be completed by the end of the 12 month time period or arrangements must be made

with management to extend this time period in a written request. Failure to act upon a quote or finish work started within the 12 month time period will result in the job/service order being closed and refund as assessed by management (costs of work done will be deducted in most cases to keep the cooperative whole in regard to costs previously covered).

The General Manager/CEO, CFO, or Vice President of Operations & Engineering has the right to bring before the Board recommendations for cost sharing, cost reduction, or cost absorption by the Cooperative in the interest of the community, for cases of industrial and commercial recruitment.

RESPONSIBILITY: **General Manager/CEO**
 CFO
 Vice President of Operations & Engineering
 Economic Development & Engineering Services Manager
 Engineering and Operation Employees

EFFECTIVE DATE: **January 24, 2013**