

# POLICY NO. 436.0

## ALTERNATIVE ENERGY PRODUCTION

### POLICY \_\_\_\_\_

It is the policy of Northwestern Rural Electric Cooperative Association, Inc. (“the Cooperative”) to permit Distributed Generation (DG)/Qualifying Facility (QF) Owners to operate facilities while safely and reliably interconnecting them with the Cooperative's electric distribution system. The term DG shall be used throughout this document to define any form of generation that is not owned and operated by the Cooperative; and is interconnected to the Cooperative. Qualifying Facilities are defined under the Public Utility Regulatory Policies Act of 1978 (PURPA). Compensation for delivered excess energy shall be based on Allegheny Electric Cooperative’s (AEC) avoided cost. The interconnection of a DG and the Cooperative's distribution system is subject to the following conditions indicated in the procedures below.

### RESPONSIBILITY \_\_\_\_\_

President & CEO, COO, Engineering Manager

### PROCEDURE \_\_\_\_\_

#### A. Interconnection guidelines and forms

Prior to interconnection, the DG owner must apply through the Cooperative’s Distributed Generation Interconnection Agreement and receive written approval for design and drawings. Any new or proposed DG must undergo an operational, safety, and technical review to determine potential disturbance to the Cooperative’s electric system. If requested by the Cooperative, the DG Owner shall provide the Cooperative with a Certificate of Completion when the unit is ready to be energized, an engineering inspection will be done before energization regardless.

The DG Owner shall be responsible for payment of any incremental costs incurred by the Cooperative or AEC to interconnect with, synchronize, or accept output from the DG.

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Revised: 02/17/17  
Revised: 06/22/18  
Revised: 07/23/21  
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All DG designs must be in compliance with the National Electrical Code (NEC) and all other applicable codes and ordinances and must be approved by an electrical inspection agency acceptable to the Cooperative.

## **B. Net Billing Eligibility**

DG systems having a nameplate AC rating under 25 kW can be interconnected and net-metered under the following terms and requirements. The excess generation will be paid at Allegheny Electric Cooperative's avoided cost rate, consumption will be paid at Northwestern REC's current retail rate.

DG systems having a nameplate AC rating above 25 kW can be interconnected with the Cooperatives interconnection agreement but will be required to follow Allegheny Electric Cooperative's wholesale power agreement. Northwestern REC will not reimburse for any generation from a facility with an output larger than 25 kW.

## **C. Rates**

The purpose of net metering is to allow electric members to offset the energy consumption of their individual loads. The energy generated and delivered by the DG system to the Cooperative system and energy supplied by Northwestern REC for use by the member shall offset each other on a kWh for kWh basis.

The interconnection and net metering of DG systems should be cost-neutral for all members. Accordingly, for all qualifying DG systems, the maximum allowable net metered amount shall be no more than 100% of the monthly electric energy consumption. Any electric generation in excess of 100% of the electric consumption shall be purchased monthly by Northwestern REC at the AEC avoided cost rate.

The avoided cost rate is the wholesale market value of energy on a per kilowatt-hour basis and is provided to Northwestern REC by AEC. This rate will be applied to any purchase by Northwestern REC of electric generation in excess of consumption, calculated on a monthly basis and paid out monthly.

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The rates for sales and purchase of electricity may change over time due to Northwestern REC-approved rate changes. Sales and purchases shall be made under the rates in effect for the month in which such energy is sold or generated.

#### **D. Engineering Fees**

Any engineering fees incurred by Northwestern REC related to the connection of a DG system shall be paid for by the DG system member/applicant before any work will be done by the Cooperative. Northwestern REC reserves the right to request an engineering study whenever it determines, in its sole discretion, that the connection of a DG system may affect the integrity or operation of Northwestern REC's distribution system. The system member/applicant will be notified in advance for the need of such an engineering study.

#### **E. Metering Requirements**

The DG system member/applicant is responsible for the installation of all metering facilities and any required safety disconnects or other equipment as called for in the Distributed Generation Interconnection Agreement.

#### **F. Governance**

All interconnected DG systems are governed by the same policies and procedures in place for the general membership as set forth by Northwestern REC's Board of Directors.

#### **G. Distribution Facilities Expansion/Construction**

The member/applicant is required to pay 100% of the cost incurred by Northwestern REC to construct new facilities or upgrade present facilities to facilitate the installation of a DG system.

#### **H. Insurance Coverage**

The DG system member/applicant shall maintain liability insurance coverage as required by Northwestern REC's Distributed Generation Interconnection Agreement.

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# ATTACHMENT \_\_\_\_\_

## Safety & Interconnection Requirements for Alternate Energy Production

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