

GREENVILLE UTILITIES COMMISSION

ELECTRIC RIDER RR-1

QUALIFIED CUSTOMER GENERATION POLICY

I. AVAILABILITY

Qualified Customer Generation as set forth in this policy may be used in conjunction with the Commission's Electric Rate Schedules as an option to reduce coincident peak demand in order to achieve those benefits, if any, afforded under such rate schedules or riders, if such generation meets the criteria outlined under this policy. The amount of generation for each customer shall be available on a first-come, first-served basis only and shall be limited in an aggregate amount for all customers to the Commission's Total Load-Side Generation Allocation under North Carolina Eastern Municipal Power Agency (NCEMPA) policy.

Qualified Customer Generation to be newly installed or to be added to existing capacity on a customer premises after December 1, 1993 shall be sized and operated to maximize the utilization of noticed generator capacity. The total noticed capacity of all generators serving a customer's premises shall not exceed 65% of the customer's highest monthly peak billing demand as recorded during the twelve (12) month period immediately prior to being placed in-service unless otherwise agreed to by the Commission. No individual customer shall be permitted to notice greater than 10% of the Commission's Total Load-Side Generation Allocation prior to January 1, 1995.

Nothing in this policy shall be construed as to limit or restrict a Customer's rights with regard to the installation and operation of qualifying cogeneration systems in accordance with Federal Energy Regulatory Commission (FERC) Regulations under the Public Utilities Regulatory Policies Act (PURPA), CFR Title 18, Chapter 1, Part 292, Subpart titled Qualifying Cogeneration and Small Power Production Facilities.

II. ELIGIBILITY REQUIREMENTS AND RESTRICTIONS

Each request to participate as Qualified Customer Generation shall be subject to review and approval by the Commission under the terms set forth by NCEMPA, and no customer shall install or operate such generation until approved by the Commission. Information on the nameplate KW rating, load served, installation, protective relays, and operation of generator(s) shall be included with the request to determine eligibility as outlined in this policy.

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Customers shall provide the following notice requirements based on nameplate capacity rating of the individual generator:

- Those generators in existence and operation prior to December 1, 1993; Customer shall be required to submit an application on a form supplied by the Commission, without a notice period.
- Less than 95 KW; Customer shall be required to submit an application on a form supplied by the Commission, prior to the operation of such generation, without a notice period.
- Greater than 95 KW, but less than or equal to 2,500 KW; Customer shall be required to submit a seven (7) month notice to the Commission prior to the scheduled operation date of such generation.
- Greater than 2,500 KW; Customer shall be required to submit a thirteen (13) month notice to the Commission prior to the scheduled operation date of such generation.

Customers with individual generator units greater than 2,500 KW shall be charged for reserve capacity at the per KW rate set forth, from time to time, in the NCEMPA policy.

Within ninety (90) days of the approval of notice by the Commission, Customers shall be required to provide to the Commission suitable proof and/or documentation as to the Customer's intent to install Qualified Customer Generation in accordance with the noticing requirements of this policy. Such proof shall be as specified by the Commission but as a minimum shall include copies of executed contracts or agreements between the Customer and the supplier of generation equipment for the Customer's premises or other physical evidence as to the intent of the Customer to follow through with installation of noticed Qualified Customer Generation.

In the event that a Customer is unable to provide acceptable proof as to its intent to install Qualified Customer Generation in accordance with noticing requirements, at the Commission's discretion, the Customer's notice shall be considered invalidated and the Customer shall be liable for any and all costs incurred by the Commission as a direct result of such failure, including payment for reserve capacity were applicable.

Operation of Un-Noticed Customer Generation at any time by a customer is expressly prohibited. No credits will be provided for such operation and the customer shall be liable to the Commission for any and all costs incurred due to such unauthorized operation. The Commission reserves the right to terminate service to the customer's premises upon a thirty (30) day written notice to any

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customer found to be operating on the Un-Noticed Customer Generation unless operation of such generation is discontinued.

III. OPERATING STANDARDS

Generators shall meet the safety and operating standards of the Commission. All power generated must be fully utilized within the Customer's premises; no flow of electricity (backfeed) into the Commission's electric distribution system shall be permitted. Parallel operation shall be allowed only with the appropriate protective devices. Protective device information shall be provided upon request. In the event of an emergency on the Combined System, each generating unit may be called on by Carolina Power & Light Company, as stated in NCEMPA policy, under its General Load Reduction Plan.

IV. CUSTOMER GENERATION CREDITS

All noticed generation is subject to metering by the Commission.

For customers subject to billing for electric service under the Commission's Rate Schedule EG-1, Small General Service or Rate Schedule EG-2, Medium General Service, credit for the operation of Qualified Customer Generation at the time of the Commission's Monthly Coincident Peak (CP) shall be provided. Credit shall be computed on total noticed generator basis in accordance with the following formula:

**Customer Generation Credit** = MGS-CP Demand Rate x Generator Credit Factor x CP Generated Output - Customer Avoided Costs

Where,

**MGS-CP Demand Rate** - equals Coincident Peak Demand Rate set in Rate Schedule EG-3, Medium General Service-CP. This charge shall be automatically adjusted to track changes in the rates charged the Commission by NCEMPA.

**Generator Credit Factor (GCF)** - equals the ratio of the average generated output during the Monthly Coincident Peak Hour to the cumulative nameplate rating of all noticed generators on the customer's premises. Regardless of output of the generator(s) at the time of the Coincident Peak, the GCF shall not be less than 0.30 nor greater than 0.85. For Customers participating in generator load management prior to December 1, 1993, the minimum GCF shall not be less than 0.50, provided that such generation capacity as it existed on December 1, 1993 is not increased over current noticed levels.

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**CP Generated Output** - equals the average generated output of Noticed Customer Generation at the time of the Commission's Monthly Coincident Peak.

**Customer Avoided Costs** - where the curtailment of customer demand at the Commission's request had the additional effect of reducing the customer's monthly billing demand, a deduction equal to such avoided costs shall be applied to the Customer Generation Credit. This deduction where applied shall not exceed the gross value of the credit. Such additional effect would normally be interpreted where the total power that would have been used during a requested curtailment period exceeds the customer's monthly billing demand.

For Customers subject to billing for service under the Commission's Electric Rate Schedule EG-3, Medium General Service-CP and Electric Rate Schedule EG-4, Large General Service-CP, customer generation credits shall not be provided for the operation of Qualified Customer Generation at the time of the Commission's Monthly Peak.

V. GENERAL

Customers desiring to install and operate Qualified Customer Generation shall be required to enter into separate agreements covering their participation under this policy. The term of such agreements shall be as mutually agreed upon, but not less than one (1) year.