I. OBJECTIVE:

Missoula Electric Cooperative, Inc. ("Missoula" or "the Cooperative") recognizes that their Members as well as Non-Members (Third Party Generators") may want to take advantage of alternative on-site generation sources. This Policy outlines the means and requirements for interconnection of this generation with it's rural electric distribution lines. While this Policy primarily assesses interconnection options, it is recognized that a Third Party Generator may generate without interconnecting to the Cooperative lines by displacing their native load with equipment approved by and inspected by Missoula that will prevent such interconnection.

II. POLICY:

A. AVAILABILITY AND REQUIREMENTS:

When a Third Party Generator desires to interconnect to the Cooperative's grid, the following requirements must be met:

1. an interconnection agreement outlining specific terms and conditions with the Cooperative is required;

2. the generation source may be renewable including but not limited to wind, solar, geothermal, hydro or fuel cells; and

3. with the exception of the net metering option, the generation must meet the definition of "Qualifying Facility" (QF) as defined in 18 CFR 292.

B. OPTIONS:

The Third Party Generator generation source may be interconnected utilizing one of the following three options, depending on the generation source and facility size:

1. Net Metering;

2. QF interconnection:

a. Output Purchase,

b. Output Wheeled if mutually agreeable between the QF and Missoula Electric.

C. NET METERING PROGRAM:

Net Metering is defined as the interconnection of Third Party Generator generation from a renewable source to Cooperative facilities, in which the generation output of energy not used at the service is netted against the energy delivered by the Cooperative within the following guidelines:

1. the Cooperative will not purchase energy produced by the Member;

2. name-plate generating capacity shall not exceed 10 kW;

3. Member generation is intended primarily to offset part or all of the Member's own electrical requirements at the service;

4. a standard non-detent meter may be allowed to turn the direction the power flows. Two detented meters may be required if needed for automated meter reading systems;

5. charges for energy delivered by the Cooperative in excess of the energy flowed back onto the system shall be billed monthly at a retail rate. kWh's may not be banked beyond the monthly billing period (banking is a method of accounting, within a monthly billing period, for energy produced for export into the distribution system for later use at that customer's service);

6. monthly net metering facilities charges will be assessed for Cooperative costs and expenses including distribution and transmission costs and expenses; and

7. the generator will be required to sign and complete all the necessary documentation provided for in the **MEC Small Generator Interconnections Agreement (SGIA)** and all applicable sections of the **MEC Small Generator Interconnection Procedures (SGIP)** as defined and required by the MEC Manager of Engineering.

D. QUALIFYING FACILITIES PROGRAM:

Generation, meeting PURPA's definition of "qualifying facilities" and produced for sale to the Cooperative is the interconnection of a Third Party Generator from a renewable or other QF source specifically defined by 18 CFR 292.

1. Output Purchase:

Purchase interconnections shall be within the following guidelines:

a. the generation may be stand alone or may provide part or all of the Member's own electrical requirements at the service;

b. metering is required that is appropriate to measure power flow in both directions and is capable of meeting requirements established by the engineering study;

c. charges for power delivered by the Cooperative shall be billed monthly at the appropriate retail rate. Power sold to the Cooperative by the Member generator will be purchased at the Cooperative's avoided cost as determined by the Cooperative and published in it's qualifying facilities tariff;

d. monthly facilities charges will be assessed for distribution and transmission services;

e. the generator will be required to sign and complete all the necessary documentation provided for in the **MEC Small Generator Interconnections Agreement (SGIA)** and all applicable sections of the **MEC Small Generator Interconnection Procedures (SGIP)** as defined and required by the MEC Manager of Engineering;

f. interconnection agreements must be consistent with the Cooperative's all requirements wholesale power contracts and policies;

g. an advance payment by the generator for engineering studies may be required, at the discretion of the Cooperative. Any engineering studies must be accepted by the Cooperative prior to interconnection;

h. the generator will be required to pay all costs incurred by the Cooperative prior to interconnection for upgrades to the Cooperatives system.

2. Output Wheeled:

Third Party Generators desiring to wheel their generation that meets definition of "qualifying facilities" across the Cooperative's distribution/transmission system shall meet the following guidelines:

a. the Cooperative will not purchase power produced by the Member;

b. the generation may be stand alone or may provide part or all of the Member's own electrical requirements at the service;

c. metering shall be required that is capable of measuring flow in both directions, with energy and capacity measured consistent with the requirements of the affected systems;

d. the generator will be required to obtain capacity rights from all systems affected and is directly responsible for payment of associated charges;

e. charges for power delivered by the Cooperative shall be billed monthly at the appropriate rate;

f. payment for energy delivered by the Member generator through the Cooperative system is not the responsibility of Cooperative;

g. charges from the Cooperative to the generator for wheeling shall be based on pro forma tariffs including a rate of return and payment of those charges is the responsibility of the generator;

h. the generator will be required to sign and complete all the necessary documentation provided for in the **MEC Small Generator Interconnections Agreement (SGIA)** and all applicable sections of the **MEC Small Generator Interconnection Procedures (SGIP)** as defined and required by the MEC Manager of Engineering;

i. interconnection agreements must be consistent with the Cooperative's all requirements wholesale power contracts;

j. the Cooperative shall not be held responsible for damages in the event the Cooperative is unable to perform wheeling;

k. an advance payment for engineering assessments will be required;

l. the generator will be required to pay all reasonable costs incurred by the Cooperative prior to interconnection for upgrades to the Cooperative's system that are needed to maintain the power quality and system integrity; and

m. all policies and agreements need to be consistent and in coordination with the distribution cooperative's power suppliers with all requirement contracts.

III. RESPONSIBILITY:

It shall be the responsibility of the General Manager to administer this Policy.

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