

POLICY FOR SNAP (SUSTAINABLE NATURAL ALTERNATIVE POWER) GENERATION WITHIN CHELAN COUNTY PUD’S SERVICE TERRITORY

1. OVERVIEW

The District, pursuant to RCW 19.29A, is required to offer the District’s retail customers a voluntary option to purchase qualified alternative energy resources. These resources may be owned or purchased by the District.

Qualified resources as defined in RCW 19.29A include facilities fueled by wind, solar energy, geothermal energy, landfill gas, wave or tidal action, gas produced by the treatment of wastewater, qualified hydropower, or biomass energy based on solid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol or copper-chrome-arsenic.

The District desires to purchase qualified resources from local producers. To encourage installation of these resources in Chelan County, the District has established a program that allows Chelan County residents to receive a proportionate share of ratepayers’ voluntary contributions to the District’s alternative energy program and, depending on how the system is metered, receive either a payment from the District based on the wholesale price of energy or a credit on their electric bills pursuant to the Net Metering Policy. This program is called SNAP (Sustainable Natural Alternative Power). This program includes customers who purchase the qualified resources (called Purchasers) and customers who produce the qualified resources (called Producers). This Policy pertains to the Producers.

Under this policy, the District will interconnect to the District’s distribution system customer-owned, qualified resource generation with a capacity of 25 KW or less, herein referred to as SNAP generation. The District will purchase the output from SNAP generation.

All costs associated with interconnecting SNAP generation shall be the responsibility of the Producer, unless exempted under this policy or related agreements.

2. STEPS

The steps required for an interconnecting SNAP generation are as follows:

- A. Customer contacts District to determine if the proposed renewable energy system will meet the District’s Interconnection Standards.
- B. Producer must submit to the District’s Customer Relations department a completed Application for Interconnection of SNAP Generation and pay the application fee to District.

- C. The District's engineers will evaluate the proposed interconnection and determine requirements according to the applicable engineering criteria as detailed below.
- D. The Producer must comply with the District engineer's findings.
- E. The District will present a Power Purchase and Interconnection Agreement for SNAP Generation to be executed between the District and the Producer.
- F. Producer obtains electrical permit from local code authority.
- G. Producer (or electrical contractor) installs system. Note that equipment and labor costs to install solar power systems may be exempt from Washington state sales tax.
- H. Producer must install District specified labels on electrical disconnects and meter base.
- I. Producer must obtain final electrical inspection approval from code authority.
- J. Producer will notify District Customer Relations department of completion.
- K. District inspects system and installs appropriate meter(s).

The applicable engineering criteria prescribe the technical interconnection, protection, and metering requirements for any SNAP generation as adopted by District Engineering Services. The requirements are set forth in the District's ***Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less and Net Metering Generation***.

3. CHELAN COUNTY PUD POWER PURCHASING SERVICES FOR SNAP GENERATION

This option is available for any SNAP generation interconnected with the District's electric system according to the District's Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less.

The total generation authorized to be purchased by the District under SNAP and the net metering program combined shall not exceed 5 MW.

A. Concept

Generation output will be absorbed by the District.

Annually, the District will pay the Producer for generation received according to the payment methods provided below in Section 4. The payment is comprised of two components: 1) either a kWh credit resulting from net metering, or a percentage of the corresponding average of the daily Dow Jones Mid-Columbia Firm Index for Light Load Hour (LLH) or mutually accepted subsequent index for the corresponding metering periods, and 2) a portion of the fund comprised of customer purchases of SNAP generation.

SNAP purchases from District customers will be added to a SNAP fund. This fund will be used to pay Producers for their SNAP generation. The SNAP fund will be closed on March 31 of each year and the level of funds as of this date will determine the amount of SNAP funding available for distribution to Producers for the calendar year ending that date.

SNAP fund payments will not exceed \$1.50 per kWh. Any SNAP funds in excess of this level will be held over to the following year and added to the SNAP fund for the next calendar year. This payment method is dependent on the voluntary purchases of other District customers. If there is no money in this fund the Producers will receive no payment from this fund and the District shall not be required to make this payment from any other fund.

The District will charge a monthly meter fee based on Producer type (Solar Producer, Wind Producer, or Other Alternative Power Producer). This fee is subject to change by the Chelan County PUD Board of Commissioners. The fee is for reading the meter, issuing a statement of energy received by the District and for record keeping and related accounting associated with administration of the program. The fee will also include other fixed costs associated with connecting the Producer to the District's distribution system (e.g. a dual meter base adapter).

The fee is based on monthly costs, and will be noted on the monthly statement sent to the Producer. The Producer though is not obligated to pay this fee at the time the statement is issued. The Producer's annual meter fee will be deducted from the annual payment made to the Producer. If the Producer has not generated adequate revenue by December 31 of each year to cover this obligation, the Producer will be sent an invoice by January 31 of each year indicating the amount due to the District. This amount due is subject to payment terms as provided in the District's Utility Service Regulations, Section 10. Producers that fail to meet this payment obligation will be disconnected and not allowed to participate as a SNAP Producer.

The District may charge an Account Service Charge for establishing the Producer's SNAP account. The amount of the charge will be in accordance with District Utility Service Regulations but is not subject to the exceptions noted in the Utility Service Regulations (Section 13, subsection A, paragraph 1).

All Producers will pay an additional \$100 application fee which is due prior to connecting to the distribution system.

Producers will be responsible for all costs associated with a line extension or additional secondary wire, required to connect their SNAP generation to the distribution system.

B. Producer Operational Responsibilities

The Producer shall:

Provide to the District the names and telephone numbers of individuals who may be contacted on operational and emergency matters for each specific generating project.

Be responsible for all maintenance of Producer-owned generation equipment and must ensure that the operation of this equipment does not create any disturbances on the District's distribution system.

Notify and receive approval by the District prior to increasing generation capacity.

Not interconnect any non-qualified power generating equipment to the Producer's side of the meter used to measure SNAP generation or to the District's distribution system.

C. District's Operational Responsibilities

The District shall:

Provide the Producer names and telephone numbers of District individuals who may be contacted on operational and emergency matters respecting the generating project.

Provide to the Producer a specific project number, which shall be used exclusively in communications respecting the generation from that project.

If practical, provide reasonable notice to the Producer of planned outages that will affect the Producer.

Read the utility meter monthly provided reasonable access and send the Producer a statement indicating the amount of power received by the District.

Annually in April of each year, make wholesale power payments to Producer.

Collect SNAP purchases from retail customers and annually in April of each year, distribute SNAP purchases to Producers.

D. Payment Methodology for Received Generation

Producers that are not net-metered will receive payments from two sources for the power they generate. One source is directly from the District and is based on the wholesale price of power as described below. The other funding source is from the SNAP fund comprised of Chelan County PUD retail customer purchases of SNAP generation as described in Section 3 above.

Producers that are net-metered will receive a kWh credit for their production according to District's Net Metering Policy and receive a payment from the SNAP fund comprised of District retail customer purchases of SNAP generation as described in Section 3 above.

Producers will receive a payment from the SNAP fund in proportion to their percentage of the total SNAP generation (in kilowatt-hours) delivered to the District. For example, a Producer that delivers 10 percent of the total SNAP generation is entitled to 10 percent of the SNAP funds. Payments from the SNAP fund are limited to \$1.50 per kWh. This source of funds is dependent on voluntary purchases by District customers. The District makes no guarantee on funding available from this source.

Payments to the Producers from both sources will be once a year, on or before April 21. Both payment methodologies are discussed below in Sections E and F.

E. Wholesale Power Payments

This methodology provides for a payment for energy received from Producer generation. The energy received by the District will be purchased from the Producers at 75 percent of the corresponding average of the daily DowJones Mid-Columbia Firm Index for Light Load Hour (LLH) or mutually accepted subsequent index, for the corresponding metering period. (The sales price for monthly sales will be 75 percent of the DowJones Mid-Columbia Off Peak index for the respective hours, covered by the indices for Monday through Saturday, and the Sunday and NERC Holiday Index for all hours on Sundays and NERC holidays.)

1. Factors for wholesale power payment methodology:

$\$_{LLHm}$ – Average of daily DowJones Mid-Columbia Firm Index for Light Load Hour (LLH) for a given metering period, not to exceed \$250 per MWh

$LLHp$ – Percentage of monthly average of daily DowJones Mid-Columbia Firm Index for Light Load Hour (LLH) to be paid to Producers (currently 75%)

G_m – Individual Producer generation for a given metering period (kWh)

2. Payment Calculation:

$$\text{District Energy Payment} = \sum (\$_{LLHm} \times LLHp \times G_m) / 1000$$

F. SNAP Payments

The District solicits voluntary purchases from its customers to purchase power from SNAP generation. The District passes 100 percent of these purchases to the participating Producers, based on the following methodology:

1. Factors for SNAP payment methodology:

i) $\sum G_m$ – Total Annual Producer generation per generator (kWh)

ii) $\sum G_a$ – Total Annual Producer generation for All Producers (kWh)

iii) $SNAP_p$ - Total balance in the SNAP fund (\$) (Annual SNAP purchases plus any carryover from the previous year)

2. Payment Calculation:

$$\text{SNAP Energy Payment} = (SNAP_p \times \sum G_m) / \sum G_a \text{ not to exceed } \$1.50 \text{ per kWh}$$

3. SNAP payments are limited to \$1.50 per kWh and to the availability of SNAP funds. If the \$1.50 per kWh price cap results in money remaining in the SNAP fund after payments are made to the producers, this money will

be rolled back into the fund and used for payments in the following year. If there is no money in the fund, then no SNAP fund payments will be made.

G. Meter Fees

The monthly meter fee is for reading the meter, issuing a statement of energy received by the District and for record keeping and related accounting associated with administration of the program. The fee also includes other fixed costs associated with connecting the Producer to the District's distribution system. Although this fee will appear on the monthly statement, the Producer is not required to pay the fee at the time statement is issued. The monthly fees will be deducted from the annual payment made to the Producer.

If the Producer has not generated adequate revenue by December 31 of each year to cover this obligation, the Producer will be sent an invoice by January 31 of each year indicating the amount due to the District. This amount due is subject to payment terms as provided in the District's [Utility Service Regulations, Section 10](#). Producers who fail to meet this payment obligation will have the SNAP meter disconnected and will not be allowed to participate as SNAP Producers until the account is current.

1. Factors for monthly meter fees
 - i) $\sum M - \sum \text{Monthly meter fees}$

Total Annual Payment to Producer equals the sum of the Wholesale Power Payment and the SNAP Payment less the Meter Fees

4. TESTING AND INSPECTIONS

The District will require that each system be tested and inspected for safety requirements as included in the District's ***Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less***.

Further tests may be required on individual systems. The Producer will be responsible for the costs of testing inverters and power generating equipment that does not meet UL 1741. The Producer must allow the District the necessary access to perform the test.

5. TRANSFERRING TO THE DISTRICT'S NET METERING PROGRAM

The District will transfer Producers to the District's Net Metering Program within 30 days after receiving a written request from the Producer. The final reading will be used to calculate the Producer's annual payment as described in Section 3.

Producers will be responsible for all costs associated with changes to their facilities that will allow participation in the Net Metering Program. To transfer back to the SNAP program, the Producer will be required to pay applicable service connection fees as described in Section 3.

6. EQUIPMENT AND INTERCONNECTION REQUIREMENTS

The Producer must install all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electrical Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers (IEEE), and Underwriters Laboratories (UL) and the District's [Utility Service Regulations](#). This includes but is not limited to IEEE 929 and UL 1741.

7. INSURANCE REQUIREMENTS

Producers with SNAP generation will not be required to carry liability insurance with the District as a named insured if their system and equipment meets the requirements provided in Section 6.

8. DAMAGE TO DISTRICT FACILITIES

If Producer's generating facilities cause damage to the District's electric system and/or facilities, Producer shall be responsible for all costs associated with the repair and/or replacement of such facilities or equipment. If Producer's facilities in any way cause a loss or damage to the District's other customer, retail or wholesale, Producer shall be responsible for such damages, claims and losses.

If Producer's generating facilities cause damage to or interfere with District or its customer's facilities, the District will disconnect the Producer's facilities from the District's system until the cause of the damage or interference is remedied.

9. DISTRICT UTILITY SERVICE REGULATIONS

Service under this policy is subject to the rules and regulations as defined in the District's [Utility Service Regulations](#).

10. DISCONNECTION OF PRODUCER'S GENERATION

If at the District's sole discretion the Producer is found to be in violation of any part of this policy, the District will disconnect the Producer's generation by locking out the disconnect switch until the violation is corrected. If the District has reason to believe the Producer has connected non-qualified generation, the District will disconnect the Producer's generation by locking out the disconnect switch until the District is satisfied that there is no non-qualified generation connected to the District's system.

If at the District's sole discretion it is determined that the Producer has connected non-qualified generation to the SNAP generation system and is delivering power to the District through the SNAP production meter, the District will remove the SNAP production meter and the Producer will no longer be eligible to participate in the SNAP program.

11. SNAP GENERATION FEES

A. AVAILABILITY:

These fees apply to Producers within the District's service territory that connect approved SNAP generation resources to the District's distribution system. Qualifying resources include wind, solar, geothermal, qualified hydro, biomass and any other District approved generation.

B. CHARACTER OF SERVICE:

Service to be furnished under this Policy is subject to the Policy for Providing Incentives to Support Renewable Energy Under RCW 82.16.110 Et. Seq., Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less, Net Metering Generation and execution of a Power Purchase and Interconnection Agreement For SNAP Generation.

C. METERING:

Metering of energy delivered to the District is through a separate meter supplied by the District.

Meter Fee: \$3.85 per month per meter

D. NET METERING

A Producer requesting Net Metering will be subject to the fees and charges as specified in the District's [Fees and Charges](#) Schedule.

E. TAX ADJUSTMENT:

The amount of tax levied by any city or town in accordance with R.C.W. 54.28.070, of the Laws of the State of Washington, will be added to the above charges if applicable.

Effective: **JANUARY 1, 2008**

Amended: **JANUARY 1, 2013**

Language added referring to the SNAP Application and Net Metering fees being added to Fees and Charges.