

Hutchinson Utilities Commission
Distributed Generation (Over 40 kW) Policy

Amended: July 29, 2015

1. Effective In

All territories served by Hutchinson Utilities Commission (HUC or Utility).

2. Availability

Available to single-phase and three-phase customers when:

(1) a part or all of the electrical requirements of the customer are supplied by the customer's generating facility that satisfies the requirements of qualifying facilities under the federal Public Utility Regulatory Policies Act (Customer QF);

(2) the Customer QF has a total generating capability of greater than 40 kW; and

(3) the Customer QF is connected in parallel with HUC.

3. Approval Process

The customer shall provide information to HUC, as early as practicable, concerning the proposed Customer QF, including, but not limited to:

- 1) The name plate capacity of the QF _____(kW)
- 2) The pre-incentive installed cost of the QF _____
- 3) The energy source of the QF _____(Solar, Wind, etc.)
- 4) Location of the QF _____(the "Location")
- 5) Sufficient technical information to evaluate the proposed interconnection of the QF and how the QF will satisfy the HUC interconnection criteria;
- 6) Any additional information to evaluate the design, safety, financial factors, and supporting detail for the proposed QF;
- 7) Other information reasonably requested by HUC.

HUC shall consider the customer's application. HUC shall require a contract specifying reasonable technical connection and operating aspects for the Customer QF. The Customer QF shall not interconnect with HUC unless and until HUC has issued its approval, and the Customer QF has obtained all applicable governmental approvals.

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4. Separate Contract Required

A separate contract is required between HUC and the customer concerning the Customer QF. The contract shall specify safety, system protection, and power quality rules that generators must comply with, as well as rate and financial provisions. The contract shall otherwise comply with the requirements of this Policy.

5. Financial Provisions

The separate contract shall address the appropriate payment terms for the purchase of any electrical output supplied by the Customer QF to HUC, as well as the customer's purchase of power and energy, standby services, and other services from HUC. At a minimum, the customer rate shall encompass the HUC distribution rate components, the actual costs incurred by HUC under its wholesale supplier rate(s), and applicable transmission rate(s), all of which will be applied under the rates as they then exist, and shall be automatically updated in the event of any changes. The contract shall consider all applicable costs of HUC. The contract may include a minimum rate for delivery of power and energy to the customer. The budget payment plan will not be available to customers with distributed generation.

6. Other Customer Obligations

a. Metering Facilities

The customer shall furnish, install, and wire, at customer's sole expense, the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by HUC to properly meter usage and sales to HUC.

b. Interconnection Costs

The Customer QF shall be required to pay all interconnection costs, including actual costs incurred by HUC. The Customer QF shall pay said costs prior to the final service connection to the Utility's electrical system.

c. Power Factor

The customer shall operate on a net power factor of not less than 94 percent. A power factor penalty will apply if the power factor drops below 94 percent.

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d. Insurance Hold Harmless and Government Approvals

The customer shall keep in force a policy of liability insurance, of at least \$2 Million per occurrence, against personal or property damage to HUC's system, equipment, and personnel arising from the installation, interconnection, and operation of the Customer QF. The customer shall provide proof of insurance to HUC on an annual basis with said policy specifically naming HUC as an additional insured.

The customer shall indemnify, defend, and hold HUC harmless from all claims and loss whatsoever arising directly or indirectly from the Customer QF.

The customer is responsible for obtaining and maintaining all governmental permits and approvals for the construction and operation of the QF, at customer's sole expense.

e. Interconnection and Operational (Safety and Power Quality) Requirements

- 1) HUC may, in its discretion, disconnect electric service to a Customer QF, for reasons of safety, system emergency, prudent utility practices, or failure to comply with HUC policies, regulations, and service rules.
- 2) Interconnection of a Customer QF with the HUC system shall not be permitted until application has been made to and approval received from HUC. HUC may withhold approval for good cause, including, but not limited to failure to comply with applicable HUC or governmental rules or laws, or failure to enter a separate agreement concerning the Customer QF. HUC shall require a contract specifying reasonable technical connection and operating aspects for the Customer QF.
- 3) HUC may require that for each Customer QF there is provided, between the generator/s and the Utility system, a lockable load-break disconnect switch. For installations interconnected at greater than 600 volts, a fused cutout switch may be substituted, where practicable. The switches shall be accessible to HUC for the purpose of isolating the parallel generating facility from the HUC system when necessary.
- 4) HUC shall require a separate distribution transformer, where necessary, for reasons of public and employee safety or where the potential exists for the Customer QF causing problems with the service of other customers.

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- 5) HUC shall require that each Customer QF have a system for automatically isolating the generator from HUC's system upon loss of the HUC supply, unless HUC desires that the local generation be continued to supply isolated load.
- 6) HUC shall require that the customer discontinue QF operations when HUC so requests and HUC may isolate the generating installation from its system at times. During such times, HUC shall not be liable for any revenue lost by the customer. The Customer QF may be disconnected:
 - a) When considered necessary to facilitate maintenance or repair of HUC's facilities.
 - b) When considered necessary during system emergencies.
 - c) When considered necessary during such times as the QF is operating in a hazardous manner, or is operating such that it adversely affects service to other customers or to nearby communication systems or circuits.
- 6) The Customer QF shall be required to make the equipment available and permit entry upon the property by electric and communication utility personnel at reasonable times for the purpose of testing isolation and protective equipment, evaluating the quality of power delivered to HUC's system, and testing to determine whether the Customer QF is the source of any electric service or communication systems problems.
- 7) The power output of the Customer QF shall be maintained such that the frequency and voltage are compatible with normal HUC service and do not cause that HUC service to fall outside the prescribed limits of Commission rules and other standard limitations.
- 8) The Customer QF shall be operated so that variations from acceptable voltage levels and other service impairing disturbances do not result in adverse effects on the service or equipment of other customers, and in a manner that does not produce undesirable levels of harmonics in the HUC power supply. The customer agrees to disconnect the QF from HUC's distribution system or reimburse HUC for the cost of necessary system modifications if QF operation causes radio, television, internet, or electrical service interference to other customers, or interference with the operation of HUC's electrical system.

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- 9) The Customer QF shall be responsible for providing protection for its equipment and for adhering to all applicable national, state, and local codes.
- 10) Customer agrees to locate the QF so as to not interfere with HUC's distribution system. Customer agrees that the installation shall be in compliance with all applicable electric codes and the QF shall be operated only after the installation has been inspected and approved by appropriate authorities. Customer agrees to obtain, at customer's sole cost, all required permits, as well as abide by all building and zoning requirements, and applicable inspections.
- 11) The customer agrees to reimburse HUC for any addition, modification, or replacement of distribution components made necessary by the Customer's QF.
- 12) Customer agrees to effectively install grounding and provide surge arrester protection to prevent lightning damage to HUC's distribution system.
- 13) Customer shall provide HUC reasonable access to the customer's property and the Customer QF for purposes of inspection, testing, and disconnection.

7. Utility Obligation

a. Metering Facilities

HUC shall own and install an appropriate meter in order to record all flows of energy necessary to bill in accordance with the separate contract.

b. Notice to Communication Firms

HUC shall notify telephone utility and cable television firms in the area when it knows that a Customer QF is to be interconnected with its system. This notification shall be as early as practicable to permit coordinated analysis and testing in advance of interconnection.

8. Right to Appeal

The customer interconnected, or proposed to be interconnected, with HUC's system may appeal to the Commission should any requirement of HUC's service rules or the required contract be considered to be excessive or unreasonable. Such appeal shall be reviewed and the customer notified of the Commission's determination.