

QF-24

Standard Rate for Qualifying Facilities Under 18 CFR 292.304(c)

Overview

This QF-24 Standard Rate (QF-24) is available to Qualifying Facilities with a design capacity of 100 kW or less that elect to sell energy, capacity, or both to SRP. This rate is designed to implement the Public Utility Regulatory Policies Act (PURPA), 16 U.S.C. § 824a-3(f) and related FERC Regulations, 18 C.F.R. § 292.304(c).

Availability

QF-24 is available to Qualifying Facilities as defined in 18 C.F.R. §§ 292.101 to 292.207, that provide as-available energy and, as applicable, energy or capacity that has been committed to SRP through SRP's Standard Rate Contract for QFs of 100 kW or less. Consistent with 18 C.F.R. § 292.204(b), the primary energy source of the Qualifying Facility, including any energy storage system, must be biomass, waste, renewable resources, geothermal resources, or any combination thereof, and 75 percent or more of the total energy input must be from these sources.

Compensation for Purchases from a Qualifying Facility

SRP's rates for purchases from Qualifying Facilities are based on SRP's avoided costs and available as follows:

Compensation for As-Available Energy

A Qualifying Facility may provide energy to SRP's system as and when it becomes available, in which case the rates paid are based on SRP's avoided cost for energy calculated at the time of delivery.

Energy sold to SRP will be compensated at the market price at the time energy is delivered, equal to the locational marginal price specified for the CAISO-administered Western Energy Imbalance Market External Load Aggregation Point hourly price for SRP ("ELAP") or the hourly market price for SRP's load aggregation point for the market in which SRP is a participant. The rate for energy sold to SRP is the product of the hourly energy delivered to SRP in a billing cycle, and the hourly ELAP price, determined as of the date on which the market price is initially made public, stated in dollars per kW-hour and adjusted for an avoided loss factor of 5.76%. Monthly compensation will be reduced to reflect negative credits when the ELAP is a negative value, although monthly compensation will not be less than \$0.

Compensation for Energy or Capacity Pursuant to a Legally Enforceable Obligation

Alternatively, a Qualifying Facility may provide energy or capacity pursuant to a legally enforceable obligation for a five year term, in which case the rates paid for energy will be based on SRP's avoided costs for energy calculated at the time of delivery, and the rates paid for capacity, as applicable, will be based on SRP's avoided costs of capacity calculated at either the time of delivery or at the time the legally enforceable obligation is incurred.

Energy sold to SRP will be compensated at the market price at the time energy is delivered, equal to the locational marginal price specified for the CAISO-administered Western Energy Imbalance Market External Load Aggregation Point real time hourly price for SRP ("ELAP") or the hourly market price for SRP's load aggregation point for the market in which SRP is a participant. The rate for energy sold to SRP is the product of the hourly energy delivered to SRP in a billing cycle, and the hourly ELAP price, determined as of the date on which the market price is initially made public, stated in dollars per kW-hour and adjusted for an avoided loss factor of 5.76%. Monthly compensation will be reduced to reflect negative credits when the ELAP is a negative value, although monthly compensation will not be less than \$0.

Any Qualifying Facility that elects to sell capacity to SRP, in addition to meeting the requirements, terms, and conditions stated herein, must also execute the Standard Rate Contract and commit to make a set amount of energy available to SRP during the hours of SRP's capacity need in accordance with the terms of the Standard Rate Contract. To the extent a

Qualifying Facility provides capacity to SRP as specified herein, the Qualifying Facility will be paid a Capacity Credit based on SRP's avoided costs for capacity. Specifically, the Standard Rate Contract will provide that the Qualifying Facility will be paid a Capacity Credit.

Capacity Credit

A Capacity Credit will be paid to a Qualifying Facility that delivers capacity for at least two (2) continuous hours when SRP has identified a capacity need and during SRP's Capacity Need Hours for the duration of the legally enforceable obligation. Currently, the Capacity Need Hours are the hours of 5 p.m. – 10 p.m. During such periods, the Qualifying Facility may receive a Capacity Credit as follows:

The Capacity Credit is the product of the Capacity Cost Adjuster and the lesser of the amount of kilowatt hours the Qualifying Facility delivers capacity to SRP or the amount of kilowatt hours the Qualifying Facility specifies in the Standard Rate Contract.

The Capacity Cost Adjuster is the cost of the total incremental capacity resources selected, acquired, built or to be built to meet SRP's capacity need during the term of the Standard Rate Contract, divided by the total anticipated or actual output in kilowatts (kW) of those incremental capacity resources, adjusted for capacity contribution during hours when SRP has identified an incremental capacity need. The applicable Capacity Cost Adjuster shall be stated in dollars per kW-month. The Capacity Cost Adjuster may vary by season.

Please contact SRP at DER@srpnet.com for more information about QF-24 and the Standard Rate Contract.

Terms, Conditions and Additional Provisions

1. Any equipment necessary for sales to SRP must meet all SRP standards and will be installed according to SRP's Distributed Generation Interconnection Handbook and at the Qualifying Facility's expense.
2. Qualifying Facilities may be subject to charges for the cost incurred by SRP for scheduling, system control, dispatch and administrative services.
3. SRP will increase or decrease billings under this Standard Rate in proportion to any taxes, fees, or charges (excluding federal or state income taxes) levied or imposed by any governmental authority and payable by SRP for any services, power, or energy provided under this Standard Rate.
4. The provisions of this QF-24 Standard Rate are subject to change upon approval by the SRP District Board.
5. SRP's obligation for payment to the Qualifying Facility for energy and capacity delivered to SRP shall not commence until the Qualifying Facility provides written notification to SRP of its intent to operate under this QF Standard Rate and has satisfied the terms and conditions stated herein.
6. To the extent that the Qualifying Facility is compensated by SRP for energy or capacity under another SRP program, the Qualifying Facility is not eligible for compensation for the same energy or capacity under the QF-24 Standard Rate or Standard Rate Contract.
7. A Qualifying Facility providing energy to SRP's system as and when it becomes available may switch between QF-24 and another SRP program, rider or price plan once per calendar year.