

QF-24

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

Overview

This QF-24 Standard Rate (QF-24) is open to Customers operating Qualifying Facilities with a design capacity of 100 kW or less that elect to sell energy, capacity, or both to SRP, that is in excess of what is used on-site. This rate is implemented in accordance with the Public Utilities Regulatory Policies Act (PURPA), 16 U.S.C. § 824a-3(f) and related FERC Regulations, 18 C.F.R. § 292.304(c).

Definitions

Capacity Cost Adjuster shall mean the average cost of capacity resources acquired by SRP based on SRP's then current seasonal and hourly on-peak periods and stated in cents per kWh.

Customer shall mean any person or entity receiving electric service from SRP for one or more accounts, including Transmission service, Distribution service, and Ancillary Services necessary to deliver and measure energy and power. Where the context requires, the term "Customer" includes an applicant for SRP service.

Delivered Energy shall mean the energy produced by a Qualifying Facility and delivered to SRP as determined on a sub-hourly basis, expressed in kilowatt-hours (kWh).

Standard Electric Price Plan (Price Plan) shall mean SRP's published Standard Electric Price Plans (including riders and similar documents) for standard contract Customers, including residential, industrial, commercial, lighting, and pumping Customers. There may be more than one Price Plan setting forth the charges and conditions for a particular customer class or type of service. A Price Plan usually includes an identification letter and number, class of service, character or applicability, prices, conditions, and references to SRP's Rules and Regulations.

SRP's Rules and Regulations shall mean the rules and regulations, which have been adopted by SRP pursuant to A.R.S. § 48-2301 et seq., the Arizona Electric Energy Reliability Act, and other pertinent authority.

Availability

QF-24 is available to Qualifying Facilities as defined by 18 C.F.R. §§ 292.101 to 292.207, that provide energy and, as applicable, capacity to SRP and that meet each of the following conditions:

- Have Qualifying Facility status under 18 CFR Part 292;
- Receive electric service from SRP under a Price Plan; and
- Have a design capacity of 100 kW or less.

Rates for Sales to a Qualifying Facility

SRP's rates for sales of energy and capacity to a Qualifying Facility will be determined according to a Price Plan and pursuant to SRP's Rules and Regulations.

Compensation for Purchases from a Qualifying Facility

SRP's rates for purchases from Qualifying Facilities are set in accordance with the following.

A Qualifying Facility may opt to provide energy as the Qualifying Facility determines such energy to be available for sale, in

which case the rates paid are based on SRP's avoided cost for energy calculated at the time of delivery.

Alternatively, a Qualifying Facility may opt to provide energy or capacity pursuant to a legally enforceable obligation for the delivery of energy or capacity over a two year term, in which case the rates paid for energy will be based on SRP's avoided cost 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.

The rate for energy sold to SRP will be the market price at the time energy is delivered, equal to the locational marginal price specified for the CAISO-administered Western Energy Imbalance Market Load Aggregation Point (ELAP) for SRP ("ELAP"). Compensation for energy is the product of the sub-hourly energy delivered to SRP in a billing cycle, and the sub-hourly ELAP. 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, or otherwise commit in writing, to make energy or capacity sales to SRP in accordance with the terms of a written Standard Rate Contract with SRP. 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. Specifically, the Standard Rate Contract will provide that the Qualifying Facility will be paid a Capacity Credit as follows:

Capacity Credit: A Capacity Credit will be paid to a Qualifying Facility that provides Capacity during periods when SRP has identified a Capacity need. When SRP has an identified need for Capacity, and if the Qualifying Facility elects to have the Capacity Cost Adjuster determined at the time the legally enforceable obligation is incurred, the Qualifying Facility may receive a Capacity Credit determined by the formula set forth below.

$$\text{Capacity Credit} = (\text{hourly kWh delivered}) \times (\text{Capacity Cost Adjuster})$$

The Capacity Credit is the product of the kWh delivered during the applicable seasonal and hourly period and the Capacity Cost Adjuster. As of the time of publication of this QF-24 Standard Rate, the Capacity Cost Adjuster is \$0.

If a Qualifying Facility elects to have the Capacity Credit determined at the time of delivery, the Capacity Credit will be the product of the kWh delivered during the applicable hourly period and the Capacity Cost Adjuster of SRP's avoided cost of capacity for each applicable billing period.

Please contact SRP at bizcenter@srpnet.com for more information about 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. The provisions of this QF-24 Standard Rate are subject to change upon approval by the SRP District Board.
3. 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.
4. Participation in QF-24 precludes the Customer's receipt of any other compensation or credits for energy or capacity delivered by the Customer to SRP.