Meeting Agenda

4:00 – 5:30 PM, Wednesday, Jun 1st, 2016

Lyons Town Hall

I. Roll Call, Agenda, Minutes

- Amendments to Agenda
- Approve Minutes from May 4th
- Upcoming Meetings

II. Audience Business

III. Liaison Updates

- Board of Trustees Update - MEAN meeting update
- Staff, Engineering Update

IV. Continued Business

- Wastewater Pretreatment
-

V. New Business

- MEAN Distributed Generation Policy
-

VI. Parking Lot

- Municipal Code Corrections
- Town Utility Account Tracking
- Pipe Water Rates

UEB Meeting Minutes, 4 May 2016

Meeting Time and Location: Began at 4:04 at Lyons Town Hall

Attendance:, Aaron Caplan, Coco Gordon, Steve Wratten, Lee Hall, John Cowdry, Chuck Keim, Dan Reitz

Staff: Jim Blankenship, Kyle Miller **Liaisons:** **Guests:** Jay Stott

Agenda Amendments: Moved 2016 Q1 Financial Review to come after 2015 Review 2016 Goals

Previous Minutes: Reviewed and Approved Minutes from Apr 20th. It was noted that the RFP for the new SCADA system for the Water Utility has not yet been posted for bidding. It was also noted that as an advisory board the UEB is not suppose to direct Town Staff. This was in regards to our action item to direct staff to talk to the establishments that might need wastewater pretreatment.

BOT Update:

Staff Update: The Pump at the water pumping station was replaced.
MEAN sadi they have, could get, a generator that could provide electricity to the entire town if we needed one to take down the substation for maintenance.
The state said we needed to make some changes to the modified electric rate and capital improvement RFP's. When that is done staff hopes to post and have a contractor chosen by early June.
RGA, the contractor for the water and wastewater study, is ready to come back for their 2nd meeting with the UEB, maybe May 18th.
JUB, the sewer expansion feasibility study contractor, is also ready to come to a meeting, maybe our 1st or 2nd June meeting.
ICON, the stormwater master plan contractor should also be ready to present at a meeting, maybe our 2nd Jun or 1st July meeting.

2015 Review & 2016 Priorities: We modified these and came up with the final drafts attached to present to the Board of Trustees at their May 18th meeting.

2016 Q1 Financial Review: We noted that the numbers for revenue and the purchase of electricity from MEAN came up to be 24 and 25% of what we budgeted for the year. We noted how we only have 2 debt payments in the 2nd and 4th quarter which is why there was 0 spent on debt and that the town has not started the electric meter upgrades, a capital improvement that we budgeted $100,000 for the year or $25,000 a quarter, which is why the town only spent 2% of budgeted capital expense. In looking at Water and Wastewater it was noted how irrigation of landscapes increases water consumption in the summer and so when the UEB just divides its annual budget in four the estimates

for one quarter are not always going to come out close to actual spend.
We then went on to discuss what does the town legally need in restricted funds. **Aaron would work with staff to find out what town ordinances and resolutions there might be as well as requirements for various Bonds and Loans.** After we determine what is legally required we can then try and determine what we want in a restricted or rate stabilization account to cover other unforeseen events. As an example the town is billed for electric usage after it is used and we are then given 30 days to make that payment. The town collects payments from its customers before it has to pay its bill for usage. There is not much risk for those funds. We do have to pay around $30,000 a month in (?) fees even if we use no electricity so we may want to be sure we have that much in a reserve account.

Wastewater Pretreatment:.We discussed the fact that there is a lot of information online about breweries and wastewater pretreatment. Can the UEB use this information and develop the code for LMC for wastewater pretreatment? We don't know. It can get complex but there is a lot of information available.
Should we form a subcommittee? I mentioned that I try and let members decide what they want to put their interests towards and not direct specific members towards specific projects. **How much time do UEB members expect to put towards the UEB?**
One thought was that all businesses could be asked to describe the waste they expect from their business. Maybe this could be asked as part of a business license renewal. The goal is to prevent companies from overburdening the wastewater system. It was also mentioned to take a look at what Fort Collins has done with wastewater pretreatment.

Meeting ended: 5:50 pm. **Minutes Submitted by**: Aaron Caplan

UEB Meeting Minutes, 18 May 2016

Meeting Time and Location: Began at 4:05 at Lyons Town Hall

Attendance:, Aaron Caplan, Coco Gordon, Steve Wratten

Staff: Jim Blankenship, Kyle Miller **Liaisons:** **Guests:** Rick Goncalves, Monty

Agenda Amendments: **Previous Minutes:** .

BOT Update: **Staff Update:**

Water and Wastewater Rate and CIP Study Presentation by RG and Associates: RGA is using our 2014 Financial Audit as their starting point. They showed us the in depth Spreadsheet Analysis that they put together to project financials out into the future. We went over some of the inputs such as reducing their projected growth down to 5 new taps per year. We removed a large expense on the audit called Transfer Out because it is really the Town adjusting its accounts because money is all placed into one account and then revenue and expenses have to be adjusted between accounts. **RGA will work with Town Finance to go over the numbers they have from the audit and determine what might need to be changed.**
They then went on to show a list of capital improvements we had planned to do from a few years ago. **Jim Blankenship will go over what has already been done and what he is aware of that needs to be done.**
RGA is working on a model to determine which water lines might need to be replaced because they are too small. They asked us what improvements we were aware of should be added to the list.
They also asked about the Town's Water Rights. **Jim Blankenship will go over with them where the town stands with regards to the number of Colorado Big Thompson shares the town has and what we might need in the future.**
Scheduled the next meeting with RGA and UEB for July 20th.

UEB Presentation to BoT: I presented the UEB's 2015 accomplishments and 2016 Goals. I asked the Trustees if they had any other items they thought should be priorities, anything they thought we shouldn't worry about and what they would put as top priorities. They thought all were important. One Top priority is trying to get the Utility Funds Budgeting done earlier if possible. The trustees are going to have a workshop soon on the Financials and would like a UEB member there if possible. They also emphasized getting a Wastewater Pretreatment Ordinance in place.

Meeting ended: 5:30 pm. **Minutes Submitted by**: Aaron Caplan

Municipal Energy Association of Nebraska (MEAN) May 18-19th meetings notes

The preliminary balance sheet shows that Municipal Energy Association of Nebraska (MEAN) had a good fiscal year ending March 31, 2016 finishing up $7.6 over budget. It was decided to transfer $3.8M into the Rate Stabilization Account and refund $3.7M back to the member utilities. Lyons share of the direct refund is $28,927.

The Distributed Generation policy discussed at the January MEAN meeting and worked on in the interim by the Ad Hoc committee was passed with the amendment that existing systems are grandfathered in. This policy pertains to renewable sources of electric generation, such as hydro, wind, solar, biomass, solid waste, geothermal, or other forms of renewable generation. It was also mentioned that battery storage may need to be added to the policy in the future. The policy is now effective but was passed as interim with the intention that it will need updates.

In the near term Lyons is primarily affected by the requirement that the systems be metered so that electricity generated can be added into the Town's peak demand used to calculate its share of the MEAN Fixed Cost of Recovery (FCRC) fee and to allow MEAN to comply with Regional Transmission Organizations (RTO) and Federal Energy Regulatory Commission (FERC) requirements to report generation. This meter requirement is in addition to the net meter on the house. Without metering the system's electric generation peak capacity is added to the Town's peak demand. Lyons peak demand is generally late afternoon or early evening when the sun is not shining so this aspect of the new policy should not affect Lyons much as long as the systems are metered. For example the monthly peak demands were recorded at 9:00 PM for January, February, and March; and 7:00 Pm in April 2016. Lyons is mostly only at risk of increasing its share of the MEAN FCRC on new systems, since existing systems are grandfathered in. Grandfathered systems need to be reported to MEAN within 60 days.

A longer term effect of the new distributed generation policy is that it caps the amount of energy installations such as wind farms and solar gardens owned by Lyons to 2 percent of the energy supplied by MEAN. For Lyons this would be about 7,002 kWs. Note that the attached “Annual Total Energy and Annual Energy Served by MEAN” chart provided at the meeting should have included the support energy (WAPA allocation). Other systems such as residential rooftop solar are not affected by the 2 percent cap.

Andrew Ross also reported that there is a new MEAN LED Lighting Program that covers replacement lighting. Homes, businesses, and municipal buildings are covered. Outdoor lighting including street lights are not covered. See attached reimbursement application form.

Bob Poehling, Executive Director, provided and update on the dispute with the City of Sydney, NE that dates back to April 8, 2015. The city of Sydney has disputed transmission charges and alleges improper notification of rates and seeks to the termination of its schedule M status. Note Lyons is also a schedule M utility which makes it obligated to purchase electricity through MEAN and not other suppliers. MEAN and Sidney had suspended arbitration at least twice and had been negotiating. On January 29, 2016 MEAN agreed to fund a $150K study of transmission costs, act in good faith to work with renewable energy projects, and allow Sidney to bring issues to the board. MEAN asserts it did nothing wrong and does not intend to allow Sidney to terminate its schedule M status. MEAN now expects that the city of Sydney will end further negotiations and start arbitration as allowed in the contract. Arbitration is expected to take 6-9 months. The arbitration decision is binding but can be contested.

The next quarterly MEAN meeting will be held August 17-18, 2016 in North Platte, NE.

Jim Kerr
Town of Lyons, Trustee

Nederland CO code 13-27. Sanitary pretreatment requirements. - Where deemed necessary as determined by the Public Works Foreman, a property owner shall provide, at his or her own expense, such preliminary pretreatment as may be necessary to reduce objectionable characteristics of wastewater, or to control quantities and rate of discharge.

St. Vrain Sanitation District - One of their requirements to get service - Completion of the Waste Survey Questionnaire – explaining the anticipated site activities and their potential to generate pollutants. This helps the District determine if additional follow-up is needed on issues such as safe chemical storage or on-site wastewater handling or treatment.
If the nature of the activity is such that pretreatment of wastewater is required, plans for such treatment units must be included for approval. Example: Grease or sand oil interceptors, or other specialized treatment of industrial wastes such as pH neutralization or metal removal. - http://www.stsan.com/Requirements%20for%20Connection/Non-Residential%20Building%20Approvals.pdf
-The survey is at http://www.stsan.com/Forms/Non-Residential%20Waste%20Survey.pdf.

Paso Robles CA - The following pollutant limits are established to protect against pass through and interference.
No User shall discharge wastewater containing in excess of the following:
Constituent Concentration Limit
Ammonia 20.0 mg/L
Boron 5.00 mg/L
Cadmium 0.10 mg/L
Chromium 3.70 mg/L
Copper 0.30 mg/L
Cyanide 0.01 mg/L
Nickel 1.90 mg/L
Molybdenum 1.10 mg/L
Selenium 0.27 mg/L
Zinc 4.00 mg/L
Sulfate 200 mg/L
Total Dissolved Solids (TDS). 1000 mg/L
Sodium 200 mg/L
Chloride 150 mg/L
Biological Oxygen Demand (BOD) 360 mg/L
Total suspended solids (TSS) 360 mg/L
Oil and Grease 100 mg/L

Pretreatment means the reduction of the amount of pollutants, the elimination of pollutants or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into the City's sewerage system. The reduction or alteration can be obtained by physical, chemical or biological processes, or by process changes, except by diluting the concentration of the pollutants unless allowed by an applicable Pretreatment Standard.
Pretreatment Requirements means any substantive or procedural requirement related to pretreatment, other than a Pretreatment Standard, imposed on a User.
Pretreatment Standard or Standards means any prohibited discharge standards, Categorical Pretreatment Standards, and local limits.
Significant Industrial User (SIU) means any User of the City's sewerage system that is:

1. A User subject to Categorical Pretreatment Standards; or
2. A User that:
a. Discharges an average of twenty-five thousand (25,000) gallons or more per day of process wastewater to the POTW (excluding sanitary, noncontact cooling, and boiler blow down wastewater), or
b. Contributes a process waste stream which makes up five (5) percent or more of the average daily dry weather hydraulic or organic capacity of the POTW treatment plant, or
c. Is classified as a categorical industry as regulated under Federal Categorical Pretreatment Standards, or
d. Is designated as such by the City on the basis that it has a reasonable potential for adversely affecting the POTW's operation or for violating any pretreatment standard or requirement.
3. The City may determine that a User subject to Categorical Pretreatment Standards is a Non-Significant Categorical Industrial User rather than a SIU on a finding that the User never discharges more than 100 gallons per day (gpd) of total categorical wastewater (excluding sanitary, non-contact cooling and boiler blow down wastewater, unless specifically included in the Pretreatment Standard) and the following conditions are met:
a. The User, prior to City's finding, has consistently complied with all applicable Categorical Pretreatment Standards and Requirements;
b. The User annually submits the certification statement required in Section 14.10.430(B) [see 40 CFR 403.12(q)], together with any additional information necessary to support the certification statement; and
c. The User never discharges any untreated concentrated wastewater.
4. Upon a finding that a User meeting the criteria in subsection 2 of this section has no reasonable potential for adversely affecting the POTW's operation or for violating any pretreatment standard or requirement, the City may at any time, on its own initiative or in response to a petition received from a User, and in accordance with procedures in 40 CFR 403.8(f)(6), determine that such User should not be considered a Significant Industrial User.
Slug Load or Slug means any discharge at a flow rate or concentration that could cause a violation of the prohibited discharge standards in Sections 14.10.040 – 14.10.060 of Chapter 14.10. A slug discharge is any discharge of nonroutine, episodic nature, including but not limited to an accidental spill or a non-customary batch discharge, which has a reasonable potential to cause interference or pass through, or in any other way violate the POTWs's regulations, local limits or permit conditions.

Code of Federal Regulations (CFR) Title 40 - Protection of Environment
Part 403 General Pretreatment Regulations
Promulgated under authority of the Clean Water Act and administered by EPA
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title40/40cfr403_main_02.tpl

In 403.3 are a list of definitions. In my view Lyons Sanitation Utility is a POTW (Publicly Owned Treatment Works). Consider the definition of a Significant Industrial User at 403.3 (v)(1)(ii). There are 3 criteria: 25,000 gallons per day to a POTW or 5% of the POTW's capacity or has a reasonable potential for adversely affecting the POTW's operation.

In 403.8 are the Pretreatment Requirements. Lyons Sanitation is not required to develop a pretreatment program because we fall under the 5 million Gallons per day limit. The regulations are pretty complicated, so I can't tell if Lyons Sanitation has been designated authority here to regulate things such as "slug discharges" (we may as well use the Federal terminology) through individual control mechanisms (specific permits) or through general control mechanisms (standards applicable to all users).

Draft Version 4/14/16

MUNICIPAL ENERGY AGENCY OF NEBRASKA
Distributed and Renewable Generation Policy
Effective Date: _____

Policy Statement: The Total Requirements Power Supply Contracts between MEAN and the Total Requirements Participants (each, a "TRP" as defined below) provide for the Participant to purchase all of its electric requirements from MEAN in excess of its firm power allocation from the Western Area Power Administration. Recent trends in State and Federal regulation and legislation promote the expanded deployment of a wide variety of renewable and distributed generation technologies, including legislation implementing net metering policies.

This Policy has been adopted in recognition of these trends. This Policy also establishes a de minimis exception/clarification to the full requirements purchase obligation under the Total Requirements Power Supply Contracts for Participants to install under certain limited circumstances Renewable Generation Resources to offset portions of their electric supply requirements.

Section 1. Definitions

In addition to terms defined elsewhere in this Policy, the following terms have the following meanings when used herein:

1.01 "Avoided Cost Rate" means MEAN's avoided cost rate as determined from time to time consistent with applicable legal and regulatory standards.

1.02 "Fixed Cost Recovery Charge" shall have the meaning ascribed thereto in the then-current Schedule of Rates and Charges to the TRP's Total Requirements Power Supply Contract.

1.03 "MEAN" means the Municipal Energy Agency of Nebraska.

1.04 "Policy" means this Distributed and Renewable Generation Policy.

1.05 "PURPA" means the Public Utility Regulatory Policies Act of 1978, as may be amended from time to time.

1.06 "Renewable Generation Resource" means electric generation interconnected behind the wholesale meter of a TRP or behind the retail meter of (or otherwise owned by) an end-user and such generation's primary energy source is hydro, wind, solar, biomass, solid waste, or geothermal resources, or other forms of renewable generation as determined on a case-by-case basis by the Director of Wholesale Electric Operations of MEAN. In no event shall a generating facility qualify as a Renewable Generation Resource under this Policy unless it is of a type and character that would be within the definition of a "qualifying facility" or "renewable resource" under state or federal legislation or regulations. This definition shall not include any resource that is owned, purchased, or leased by a TRP that is either (i) approved by the MEAN Board of Directors or Management Committee to reduce the TRP's supplemental load to be served by MEAN, which approval must be granted in conjunction with execution of the Total Requirements Power Supply Contract, or (ii) leased or purchased by MEAN (in whole or in part) under a separate written agreement.

1.07 "Total Requirements Participant" or "TRP" means the purchaser under a Total Requirements Power Supply Contract.

1.08 "Total Requirements Power Supply Contract" means a power supply contract under which the TRP agrees to purchase all of its electricity requirements from MEAN, less its Western Area Power Administration allocation(s), including without limitation agreements under Service Schedule M, Service Schedule K and Service Schedule J of the Electrical Resources Pooling Agreement.

Section 2. Establishment of Distributed and Renewable Generation Policy

2.01 Application of Policy. This Policy shall apply to TRPs who have executed a Total Requirements Power Supply Contract with MEAN.

2.02 Renewable Purchases. A TRP may (a) permit an end-use customer to utilize the electrical output of a Renewable Generation Resource to instantaneously supply all or a portion of such customer's own load and/or (b) purchase all or a portion of electrical output from a Renewable Generation Resource owned by an end-use customer, in each case consistent with applicable laws and interconnection standards. A TRP's purchase of output from an end-use customer as described above shall be defined as "Renewable Purchases".

2.03 Renewable Generation Offsets. A TRP may install, own and operate Renewable Generation Resources (including without limitation community solar projects) under certain conditions as set forth in this Policy. TRP must receive approval from MEAN for each Renewable Generation Resource as described in Section 2.15. Renewable Generation Resources other than community solar projects must be located on the TRP's system. Community solar projects must be located on the TRP's system or on the system of another TRP if it is a joint community project among MEAN TRPs. The TRP may use the output from such Renewable Generation Resources to reduce its purchases of electricity from MEAN ("Offset"), subject to the Cap described in Section 2.04 below. No power purchase agreements will be permitted pursuant to this Section. MEAN shall adjust the TRP's monthly bill as necessary to ensure the Energy Charge reflects reduced kilowatt hour ("kWh") purchases from MEAN due to Renewable Generation Resource output for the current billing month only. Once the TRP reaches the Cap, no further Energy Charge reductions will be given in that fiscal year.

2.04 Cap. Approval of a TRP-Owned Renewable Generation Resource under Section 2.15 shall be granted to TRP only if all the requirements of this Policy are met and MEAN determines in its sole discretion that the aggregate annual output of the subject Renewable Generation Resource and any previously approved Renewable Generation Resource(s) owned by the TRP (excluding facilities grandfathered as described in Section 2.08) will not exceed the Cap of two percent (2%) of the TRP's most recent three-year historical annual average annual kWh load (based on MEAN's fiscal year) served by MEAN (excluding any non-MEAN resources including without limitation firm electric service from Western Area Power Administration or electrical output from facilities owned or purchased by the TRP with approval of the MEAN Board of Directors) ("Cap").

2.05 Facility-Specific Provisions.

a. The following provisions apply to (i) Renewable Generation Resources with an estimated rated generating capacity of 25 kW or less which are owned by an end-use customer of the TRP, and to (ii) Renewable Generation Resources owned by a TRP under the Cap described above:

1. All monthly output from such Renewable Generation Resources will be added back to the TRP's monthly peak demand for purposes of determining the TRP's Fixed Cost Recovery Charge allocation, and may be added back for purposes of network integration transmission charges or any other non-energy charges, as applicable, assessed to the TRP on whose distribution system the facility is interconnected.
2. TRP shall provide advance notice to MEAN prior to interconnecting any end-use customer Renewable Generation Resource. TRP shall make every effort to inform MEAN of a potential Renewable Generation Resource as soon as the TRP becomes aware of the potential resource. Notice shall comply with the provisions of Section 2.16.
3. TRP must receive pre-approval from MEAN as described in Section 2.15 for any Renewable Generation Resources owned by a TRP.
4. TRP shall timely provide MEAN with the necessary meter data to facilitate proper billing and reporting. Metering and data shall comply with the provisions of Sections 2.11 and 2.12. For any month in which the TRP fails to provide the necessary meter data to MEAN in a timely manner as described in Sections 2.11 and 2.12, the theoretical maximum output applies as follows:
   i. MEAN will add the theoretical maximum output of such Renewable Generation Resource for purposes of calculating the Fixed Cost Recovery Charge allocation; and
   ii. MEAN may at its discretion add the theoretical maximum output of such Renewable Generation Resource for purposes of reporting network load to calculate transmission charges or any other non-energy charges from MEAN to TRP.
5. No Energy Charge shall apply to output from such Renewable Generation Resources.
6. The TRP shall at all times remain responsible for compensating the end-use customer for electrical output.

b. The following provisions apply to Renewable Generation Resources with an estimated rated generating capacity of greater than 25 kW which are owned by an end-use customer of the TRP:

1. The TRP may, at its discretion, work with MEAN to negotiate a power purchase agreement directly between MEAN and the end-use customer or project developer under which MEAN will purchase the output of the facility. If (i) the TRP elects not to work with MEAN to negotiate such a power purchase agreement, or (ii) the parties for any reason cannot reach mutually acceptable terms for such purchase, the other provisions of this Policy will apply.

2. All monthly output from such Renewable Generation Resources will be added back to the TRP's monthly peak demand for purposes of determining the Fixed Cost Recovery Charge allocation, and may be added back for purposes of network integration transmission charges or any other non-energy charges, as applicable, assessed to the TRP on whose distribution system the facility is interconnected.
3. TRP shall provide advance notice to MEAN prior to interconnecting any Renewable Generation Resource owned by an end-use customer. TRP shall make every effort to inform MEAN of a potential Renewable Generation Resource as soon as the TRP becomes aware of the potential resource. Notice shall comply with the provisions of Section 2.16.
4. TRP shall timely provide MEAN with the necessary meter data to facilitate proper billing and reporting. Metering and data shall comply with the provisions of Section 2.11. For any month in which the TRP fails to provide the necessary meter data to MEAN in a timely manner as described in Section 2.11, the theoretical maximum output applies as follows:
    i. MEAN will add the theoretical maximum output for purposes of calculating the Fixed Cost Recovery Charge allocation;
    ii. MEAN may at its discretion add the theoretical maximum output of such Renewable Generation Resource for purposes of reporting network load to calculate transmission charges or any other non-energy charges from MEAN to TRP; and
    iii. MEAN may at its discretion assume monthly kWh output equal to the theoretical maximum output of such Renewable Generation Resource when calculating the credit on the Total Requirements Power Supply Contract bill for the energy delivered to the distribution system and the increase to the TRP's kWh billing amount for energy purchased from MEAN as further described on Appendix A to this Policy.
5. Each Renewable Generation Resource will be treated as if it were a MEAN generation resource through a sale or assignment to MEAN, as further described on Appendix A to this Policy.
6. The TRP shall at all times remain responsible for compensating the end-use customer for electrical output.

A TRP shall cooperate with MEAN in a commercially reasonable manner to give effect to the foregoing provisions, including the execution of such instruments of sale or assignment as may be deemed necessary or desirable by MEAN.

2.06 <u>No Breach Under Total Requirements Power Supply Contract</u>. A TRP that complies with the provisions of this Policy will not be considered to be in violation or breach of its total requirements purchase obligation under its Total Requirements Power Supply Contract.

2.07 <u>Billing and Credits for TRPs</u>. Billing and credits shall be administered as set forth on Appendix A. All costs and liabilities associated with the installation, ownership and operation of Renewable Generation Resources shall be borne by the TRP or its end-use customers.

2.08 Pre-Existing Facilities. A Renewable Generation Resource that was installed and operational prior to the effective date of this Policy may, at the discretion of the Board of Directors of MEAN, be grandfathered if the TRP reports to MEAN all necessary data regarding the resource within sixty (60) days of MEAN's request for such data. Grandfathered facilities are shown on Appendix B. Output from grandfathered facilities will not be subject to the Cap provided the TRP complies with metering and reporting requirements. In no event will output from grandfathered facilities be applied in a manner to reduce the Fixed Cost Recovery Charge or any other demand or non-energy charges or network service charges that would otherwise be due if such output had not been generated.

2.09 Environmental Attributes Associated with Offsets. The TRP shall retain any and all rights with respect to environmental attributes associated with Offsets permitted under Section 2.03, and at MEAN's sole discretion shall transfer and sell to MEAN, at MEAN's standard rate for compensating PURPA qualifying facilities for environmental attributes, any environmental attributes associated with electrical output from Renewable Generation Resources that exceeds the Cap described in Section 2.04. The TRP's rights described in this Section shall be subject to the following right of first refusal: If the TRP seeks to transfer, sell, or otherwise use the environmental attributes as renewable energy credits ("RECs") for a purpose other than (a) to meet a statutory obligation imposed directly on the TRP, (b) to benefit the TRP's own end-use customers, or (c) to meet the obligations associated with any state or federal government program from which the funding for the Renewable Generation Resource or a portion thereof was received, then MEAN shall have the right of first refusal to purchase the environmental attributes from the TRP.

2.10 Environmental Attributes Associated with End-Use Customer Facilities. The end-use customer shall retain any and all rights with respect to environmental attributes associated with output that was consumed by the customer. For any output sold to TRP under Section 2.02, including attributes associated with output that was banked under a net metering program, TRP shall, if directed by MEAN in its sole discretion, negotiate in good faith to purchase the environmental attributes from the end-use customer and transfer and sell to MEAN any environmental attributes associated with such output. Compensation for the sale of attributes to MEAN shall be at the rate paid to the end-use customer; however, the TRP shall not agree to pay an amount greater than MEAN's standard rate for compensating PURPA qualifying facilities for environmental attributes without consent of MEAN.

2.11 Metering of Directly Connected End-Use Customer Facilities. TRP shall cause to be installed revenue-quality metering equipment at the point of delivery capable of recording the following readings from each end-use customer with Renewable Generation Resource(s): (1) the total instantaneous output of the generator, (2) the total instantaneous energy delivered by the customer to the TRP's system, and (3) the total instantaneous energy delivered by the TRP to the customer. TRP shall take meter readings on the same cycle as the otherwise applicable rate schedule.

2.12 Metering of TRP-Owned Generation. TRP acknowledges that it must comply with the provisions of the Electrical Resources Pooling Agreement and the Policies and Procedures issued thereunder, including but not limited to Article XIV, Metering and Records, of the Electrical Resources Pooling Agreement and Article XI, Metering, of the Electrical Resources Pooling Agreement Policies and Procedures.

2.13 Net Metering Provisions. A TRP may, at its sole cost and expense, offer net metering or other financial incentives to end-use customers (whether required by law or voluntarily). Notwithstanding any net metering or other financial incentive offered by a TRP, the rate paid to a TRP by MEAN for output from Renewable Generation Resources will not exceed MEAN's Avoided Cost Rate unless otherwise approved by the MEAN Board of Directors. TRP shall be responsible for developing and administering an application process for interconnection and net metering, if applicable, of customer-owned renewable generation in accordance with this Policy. TRP shall be responsible for ensuring the necessary metering equipment as well as conducting the appropriate inspections of customer-owned generation systems. TRP and eligible customers shall be required to execute an Interconnection, Energy Purchase and Service Agreement setting forth the terms and conditions for interconnection and metering of customer-owned renewable generation that is consistent with this Policy.

2.14 Rate Setting. The TRP acknowledges that it has covenanted in the Total Requirements Power Supply Contract with MEAN to fix rates and charges for the services of its municipal electric utility system, and revise the same from time to time, and collect and account for the revenues therefrom so that such rates and charges will produce revenues and receipts which will at all times be sufficient to enable the TRP to pay the amounts payable by it to MEAN under the Total Requirements Power Supply Contract when and as the same become due. Further, the TRP agrees that nothing in this Policy affects, modifies or amends such covenants.

2.15 Application Process for TRP-Owned Generation. TRPs desiring to take advantage of the Offsets under this Policy shall submit a request to the Executive Director of MEAN which at a minimum shall detail the following information and a statement by the TRP that the request meets the program criteria as outlined in this Policy:

a. estimated rated generating capacity (in kW) of the facility,
b. estimated total A/C electrical output in kWh from the facility per month,
c. type of generating unit (examples include wind and water powered turbine generators and photovoltaic generators/invertors),
d. fuel type (examples include hydro, wind, solar),
e. one-line electrical diagram including interconnection, and
f. any other information related to the facilities or TRP's system as MEAN may request from time to time.

The Board of Directors of MEAN shall approve the TRP's request following a review by MEAN staff if the Board determines that the criteria of this Policy have been satisfied. If the Board of Directors determines that a particular request does not meet the criteria or that the information submitted is lacking, MEAN shall advise the TRP of the deficiency and the TRP shall have an opportunity to supplement or revise its request.

2.16 Notice Regarding End-Use Customer Facilities. TRPs shall provide advance notice to MEAN prior to interconnecting any end-use customer facility. Such notice shall include but not be limited to the following information:

a. estimated rated generating A/C capacity (in kW) of the facility,
b. estimated total electrical A/C output in kWh from the facility per month,

c. estimated amount of A/C energy in kWh to be produced by the facility in excess of end-use customer's load per month,
d. type of generating unit (examples include wind and water powered turbine generators and photovoltaic generators/invertors),
e. fuel type (examples include hydro, wind, solar),
f. one-line electrical diagram including interconnection, and
g. any other information related to the facilities or TRP's system as MEAN may request from time to time.

2.17 Applicable Law. This Policy is subject to federal, state and local laws.

2.18 PURPA Purchase Obligations. TRPs shall provide such information and complete such filings and applications as MEAN may request from time to time to transfer TRP's PURPA purchase obligation to MEAN. For any PURPA Qualifying Facility interconnected with TRP's system, the TRP's avoided cost rate shall be based on MEAN's Avoided Cost Rate.

DRAFT

APPENDIX A
RENEWABLE GENERATION BILLING AND CREDIT PROCEDURE
TO
MEAN DISTRIBUTED AND RENEWABLE GENERATION POLICY

Dated effective as of _____, 20___

I. Sale or Assignment to MEAN. For end-use customer-owned Renewable Generation Resources with an estimated rated generating capacity of greater than 25 kW interconnected to the distribution system of a TRP of MEAN, the TRP shall, after consultation with MEAN, take one or more of the following actions, as applicable:

a. If a TRP's purchase of output from such Renewable Generation Resource is made pursuant to a contract that is assignable by its terms and provides for the purchase of electrical output at the MEAN Avoided Cost Rate, the TRP shall assign the contract to MEAN. Credits and charges for energy delivered to the TRP's distribution system shall be applied as described below;

b. If a TRP's purchase of output from such Renewable Generation Resource is made pursuant to a contract that is either not assignable by its terms or provides for the purchase of electrical output at other than the MEAN Avoided Cost Rate, the TRP shall sell the electrical output it purchases from the facility to MEAN at MEAN's Avoided Cost Rate. Credits and charges for energy delivered to the TRP's distribution system shall be applied as described below.

The TRP shall at all times (whether under subsection a. or b. above) remain responsible for compensating the end-use customer for electrical output.

Unless an alternate arrangement is agreed to by and between the TRP and MEAN in the TRP's Total Requirements Power Supply Contract with MEAN or in a separate written agreement, the following credit provisions shall apply: MEAN shall pay TRP at the MEAN Avoided Cost Rate in the form of a credit on the Total Requirements Power Supply Contract bill for the energy delivered to the distribution system. The credit will be calculated as follows each month:

Credit = MEAN's Avoided Cost Rate * Monthly kWh sold to MEAN

As part of the monthly bill adjustment, MEAN will also increase TRP's kWh billing amount by the same kWh amount as the end-use customer-owned renewable generation purchased by MEAN.

A TRP shall cooperate with MEAN in a commercially reasonable manner to give effect to the foregoing provisions, including the execution of such instruments of sale or assignment as may be deemed necessary or desirable by MEAN.

II. Fixed Charges. In no event shall the credits provided by MEAN under this Policy be applied to reduce any portion of the Fixed Cost Recovery Charge or other demand or non-energy charges. All output from Renewable Generation Resources will be added back to the monthly billing for purposes of determining such charges.

APPENDIX B
PRE-EXISTING FACILITIES LIST
TO
MEAN DISTRIBUTED AND RENEWABLE GENERATION POLICY

Dated effective as of _____, 20___

[List of grandfathered facilities approved by the MEAN Board.]

1.

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