

**GRAHAM COUNTY ELECTRIC COOPERATIVE, INCORPORATED**  
**Pima, Arizona**  
**SCHEDULE DGS**  
**DISTRIBUTED GENERATION SERVICE**

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**Effective Date:** This Tariff is effective May 1, 2018 pursuant to Arizona Corporation Commission (ACC) Decision No. 76693.

**Availability**

Distributed Generation service is available to retail customers of the Cooperative with metered kWh usage with a qualifying Distributed Generation Facility (as defined herein) installed or with an accepted interconnection application submitted after May 1, 2018, where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the site served. Service is subject to the rules and regulations of the Cooperative. This service is also referred to as Partial Requirements Service. Interconnection applications shall automatically expire six (6) months following approval by the Cooperative, if the customer has not constructed the Distributed Generation Facility and requested a final interconnection inspection by the Cooperative.

**Application**

Under Distributed Generation Service the electric energy generated by or on behalf of the member from a qualifying Distributed Generation Facility and delivered to the Cooperative's distribution facilities may be used to offset electric energy provided by the Cooperative during the applicable billing period as specified in this Tariff. Service under this Tariff is subject to: installation of a bidirectional meter; availability of enhanced metering and billing system upgrades; the rated capacity of the customer's Distributed Generation Facility not exceeding the Cooperative's service capacity; and the customer complying with all of the Cooperative's interconnection standards. The customer shall also be required to sign and complete a Distributed Generation Service Application prior to being provided Distributed Generation Service. A customer that installs a Distributed Generation Facility is not required to take service under this Tariff, but still must comply with the Cooperative's interconnection standards.

**Type of Service**

Electric Sales to the Cooperative must be single phase or three phase, 60 Hertz, at one standard voltage as may be selected by customer (subject to availability at the premises).

**Definitions**

Definitions below and contained in A.A.C. R14-2-2302 (some of which are set forth below) apply to Distributed Generation offered under this Tariff.

1. **Annual Export Rate ("AER")** means the rate established by the Arizona Corporation Commission ("ACC"), including adjustments made pursuant to the Distributed Generation Annual Export Rate Plan of Administration approved by the Commission. Unless altered by Commission Decision, for the period beginning May 1, 2018, the AER shall be:

May 1, 2018 – April 30, 2019: \$0.073759

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May 1, 2019 - April 30, 2020: \$0.066383  
May 1, 2020 - April 30, 2021: \$0.059745  
May 1, 2021 - April 30, 2022: \$0.053770  
May 1, 2022 - April 30, 2023: \$0.048393  
May 1, 2023 – until changed by Commission Decision: \$0.043554

The current AER, once approved by the ACC, will be available at GCEC's office and posted on its website. The current AER will continue in effect until the next AER is effective, which shall be May 1st, unless suspended or otherwise ordered by the Commission, prior thereto. Any payment for Firm Power will be pursuant to a separate contract.

2. **Calendar Year** means January 1 through December 31, for the purpose of determining the billing credit for the balance of any credit due in excess of amounts owed by the customer to the Cooperative.
3. **Combined Heat and Power (CHP)** means a system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.
4. **Customer Supply** means energy (kWh) from a customer-owned Distributed Generation Facility that exceeds the customer's load at a point in time and is fed back into the Cooperative's electric system, as metered by the Cooperative.
5. **Customer Purchase** means energy (kWh) that is provided from the Cooperative to the customer to serve the load that is not being served by a customer-owned Distributed Generation Facility, as metered by the Cooperative.
6. **Excess Credits** means any amount the Cooperative credits for Excess Generation that exceeds the amount owing the Cooperative during the applicable billing period.
7. **Excess Generation** means the Customer Supply (kWh) received by the Cooperative during the applicable billing period.
8. **Firm Power** means power available, upon demand, at all times (except for forced outages) during the Contract Period from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Cooperative's firm power sources.
9. **Fuel Cell** means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be from Renewable Resources.

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10. **Distributed Generation Facility** means a facility for the production of electricity that:
- a. Is operated by or on behalf of the customer and is located on the customer's premises;
  - b. Is intended to provide part or all of the customer's requirements for electricity;
  - c. Uses Renewable Resources, a Fuel Cell or CHP to generate electricity;
  - d. Has a generating capacity less than or equal to 125% of the customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and
  - e. Is interconnected with and can operate in parallel with the Cooperative's existing distribution system.

The customer's 125% total connected load limit shall be determined:

- a. In the absence of demand data (for residential and small business) the highest 12 months (Calendar Year) kWh consumption in the previous three years will be divided by 2190 (to determine the 100% capacity level in kW which will achieve a "net zero" home or business) and multiplied by 125%.
  - b. For customers with a demand history it will be 125% of the highest demand in the most current 12-month period.
11. **Partial Requirements Service** means electric service provided to a customer that has an interconnected Distributed Generation Facility whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Cooperative. The Cooperative supplies the customer's supplemental electrical requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
12. **Renewable Resource** means natural resources that can be replenished by natural processes, including biomass, biogas, geothermal, hydroelectric, solar or wind as defined in A.A.C. R14-2-2302.
13. **Standard Retail Rate Schedule** means any of the Cooperative's retail rate schedules with metered kWh charges.
14. **Time Periods** Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be some variation in the timing for the pricing periods. In most instances the variation should not exceed 15 minutes. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.

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**Metering**

Customers served under this Tariff will require a bidirectional meter that will register and accumulate the net electrical requirements of the customer and shall have other capabilities similar to meter that is being replaced or that would be installed for the service (e.g., smart metering capabilities). The Cooperative will install such a meter at the customer's Distributed Generation Facility if proper metering is not already present. The incremental metering costs for bidirectional metering and the facility meter will be incurred by the Cooperative.

**Monthly Billing**

- A. All kWh delivered by the Cooperative to the Customer during will be billed at the Cooperative's applicable Standard Rate Schedule for the service provided to the Customer.
- B. All kWh received from Customer by the Cooperative (Excess Generation) will be credited on the monthly customer bill by the Cooperative at the ACC approved AER or, if less than the AER, the energy charge paid by Customer to the Cooperative, adjusted by the applicable Purchased Power and Fuel Cost Adjustor. The credit shall be applied against the Cooperative monthly charges. No Excess Generation shall be "banked," "saved" or "rolled forward" for use in a future month. In the event the credit exceeds the amount due the Cooperative (Excess Credits), the credit shall be rolled forward and applied against subsequent Cooperative bills until used. After the customer's December bill, a customer may request compensation for any outstanding credits from the prior year; if the outstanding credits exceed \$100, a check will automatically be issued, otherwise the bill credits will carry forward to the following year.
- C. Basic Service Charges and Demand charges (either metered or contract) and all other elements of the Cooperative's applicable Standard Retail Rate Schedule will continue to apply in full.
- D. For the last billing period at the time the customer discontinues taking service under this rate schedule, any credits shall first be applied against amounts owed to the Cooperative and then the Cooperative shall issue a check for the remaining value of any unused credit.
- E. An Administrative Charge may be charged by the Cooperative to collect new or additional costs the Cooperative incurs associated with the provision of Distributed Generation service (such as additional data communication access and billing costs) upon filing with and approval of such charge by the Arizona Corporation Commission pursuant to A.A.C. R14-2-2305.

**Contract Period**

Any applicable contract period(s) will be set forth in an Agreement between the customer and the Cooperative.

**GRAHAM COUNTY ELECTRIC COOPERATIVE, INCORPORATED**  
**DISTRIBUTED GENERATION ANNUAL EXPORT RATE**  
**PLAN OF ADMINISTRATION**  
**(DG POA)**

**General Description**

This Plan of Administration (“POA”) relates to the administration of the Graham County Electric Cooperative, Incorporated (“GCEC”) Distributed Generation Annual Export Rate (“AER”) and is filed for Arizona Corporation Commission (“Commission”) approval pursuant to Decision No. 76693, dated May 22, 2018. The purpose of the POA is to describe how GCEC calculates and administers the AER. The AER is applied to the excess energy supplied by a customer with distributed generation as described in the Distributed Generation (“DG”) tariff.

The initial AER is effective from the first of the month following the Decision’s effective date. The AER is established through April 30, 2023 by Decision No. 76693. The AER shall change each May 1<sup>st</sup> from May 1, 2018 to and including May 1, 2023 for DG energy received by GCEC from a DG customer. However, if less than the AER, the energy rate paid by the DG customer to GCEC under its applicable tariff, adjusted by the applicable Purchased Power and Fuel Cost Adjustor shall be the value used to credit Excess Generation on the monthly customer bill.

GCEC may submit a proposed methodology for calculating a new AER either 1) with a full rate case submitted pursuant to A.A.C. R14-2-103 or 2) submittal to Commission Staff under this POA for review and a recommendation. Prior to submitting a proposed methodology, GCEC shall meet with Commission Staff to discuss the methodology it intends to propose and the data Staff needs to evaluate the proposed methodology. After GCEC files its proposed methodology, Staff shall submit a staff report and proposed order for the Commission’s review and approval within ninety (90) days of receiving GCEC’s proposed methodology. GCEC shall provide the data identified by Staff when it submits the proposed methodology. If appropriate, GCEC may request that the AER in effect beginning May 1, 2023 remain in effect until otherwise ordered by the Commission

**Annual Adjustment of the AER:**

The current AER, once approved by the Commission, will be available at GCEC’s office and posted on its website. The current AER will continue in effect until the next AER is effective, which shall be May 1st, unless suspended or otherwise ordered by the Commission, prior thereto. Unless altered by Commission Decision, for the period beginning May 1, 2018, through April 30, 2023, the AER shall be:

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### **Recoverable Power Cost:**

All payments made for excess energy, under this POA, up to the currently effective avoided cost, are defined as eligible power cost included in Account 555 which are recoverable through GCEC's Purchased Power and Fuel Cost Adjustor. Any power costs in excess of the avoided cost will be recovered through the Renewable Energy Standard and Tariff surcharge to the extent surcharge funds are available for such purpose. Otherwise, power costs shall be included in Account 555 and recovered through GCEC's Purchased Power and Fuel Cost Adjustor.

### **Customer Billing**

GCEC will provide the customer a monthly bill credit for the excess energy based on the applicable AER, or if less than the AER, the energy rate paid by the DG customer to GCEC under its applicable tariff, adjusted by the applicable Purchased Power and Fuel Cost Adjustor. Any bill credit in excess of the customer's otherwise applicable monthly bill will be credited on the next monthly bill, or subsequent bills if necessary.

### **System Eligibility**

A distributed generation facility must meet all of the following qualifications to be eligible for the AER:

- The facility must be operated by or on behalf of the customer and is located on the customer's premises;
- The facility is intended to provide part or all of the customer's requirements for electricity;
- The facility uses renewable resources, a fuel cell or combined heat and power ("CHP") to generate electricity;
- The facility has a generation capacity less than or equal to 125% of the customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and
- The facility is interconnected with and can operate in parallel with the Cooperative's existing distribution system.

**Switching from a grandfathered net metering tariff**

A customer may switch from the grandfathered Net Metering Service Tariff (“Schedule NM”) to the Distributed Generation Service Tariff (“Schedule DGS”). However, the customer will lose his/her grandfathered status and may not subsequently switch back to the grandfathered Schedule NM. In addition, the customer’s bill credits will be based on the AER as it changes as described in section Annual Adjustment of the AER above.