



Small Renewables Program

"Your Northwest Renewables Utility"

Purpose

Snohomish PUD's Strategic Plan and 2010 Integrated Resource Plan encourage the development of small, distributed renewable generating resources. Local development of these resources diversifies Snohomish PUD's power supply portfolio and provides a variety of measurable benefits to Snohomish PUD ratepayers.

This program establishes a standard method for determining the price Snohomish PUD can pay for the electrical output from a distributed, renewable generating resource larger than 100 kW, but less than 2 MW in size, located in Snohomish PUD's service territory.

Projects that meet the program's criteria and the necessary credit and interconnection requirements would be eligible to sell 100% of the project's energy output and associated environmental attributes to Snohomish PUD under a standard Power Purchase Agreement for a Contract Term not to exceed five years.

Benefits

Establishing a standard method for determining the price Snohomish PUD can pay for the output from small, renewable generators will further the development of these resources and provide the generator owner or developer with:

- Pricing information that can be "locked in" for 90 days to assist them in evaluating the viability of their project; and
- A standard Power Purchase Agreement and Contract Term that may aid their business planning and project financing.

Program Details

1. Resource Criteria

- Small renewable resource with generator nameplate capacity greater than 100 kW but less than 2,000 kW (2 MW).
- Located inside Snohomish PUD's service territory at a single site.
- For purposes of this program, any power generator that produces electrical output will be considered "renewable" if:
 - a) It qualifies as an "eligible renewable resource" as defined in the then current renewable portfolio standards established by the Washington Energy Independence Act (I-937), codified at Revised Code of Washington ("RCW") §19.285.030; or

b) The project generates electricity from a resource that does not emit carbon.

- Generator developer/owner does not have to be a customer of Snohomish PUD.

2. Contract Term

One year to a maximum of five years, at generator developer/owner's election with option to extend. Exercising option to extend the Power Purchase Agreement triggers a recalculation of the Contract Price for the next or extended Contract Term.

3. Contract Price

The Contract Price for each year of the Contract Term will be calculated for each Power Purchase Agreement. The generator developer/owner may choose to "lock in" the calculated Contract Price for up to 90 days, prior to execution of the Power Purchase Agreement. The Contract Price will remain in effect through the end of the Contract Term.

The Contract Price (in \$/MWh) will be calculated as follows:

$$\begin{aligned} \text{Contract Price} = & \text{Energy Price} \\ & + \\ & \text{Transmission \& Distribution Loss Credit} \\ & + \\ & \text{Tradable REC Value (if applicable)} \\ & + \\ & \text{Deferral of System Upgrades Credit (if applicable)} \\ & + \\ & \text{Generation Capacity Cost Credit (if applicable)} \\ & + \\ & \text{Distributed Generation Credit (if applicable)} \end{aligned}$$

Where,

Energy Price (\$/MWh)

The Energy Price will be calculated for each of the periods identified below, for each year of the Contract Term, and will be set prior to execution of the Power Purchase Agreement. The pricing will be derived using results of the then current Aurora^{XMP} market price forecast, which is updated quarterly. Snohomish PUD reserves the right to utilize other market forecasting tools that may be available, as appropriate.

- **On-Peak Hours**

The price for electrical output produced during the on-peak hours will be the average on-peak market price forecast for the applicable months, except for the months of May and June.

- **Off-Peak Hours**

The price for electrical output produced during the off-peak hours will be the average off-peak market price forecast for the applicable months, except for the months of May and June.

- **Months of May and June**

Due to Snohomish PUD's surplus energy position in the months of May and June, the Energy Price for all on-peak and off-peak hours in the months of May and June will be calculated at zero dollars.

Credit for Transmission and Distribution Losses (\$/MWh)

A credit will be included in the Contract Price for the value of both: 1) regional transmission losses that would otherwise be incurred in moving power from outside of Snohomish PUD's service territory to the utility's electric system; and 2) distribution losses avoided by developing the resource inside Snohomish PUD's service territory.

Tradable Renewable Energy Credit (REC) Value (\$/MWh, if applicable)

A value for the tradable REC for each megawatt-hour of electrical output produced by the resource can be added to the Contract Price if the resource is recognized as an eligible renewable under the then current renewable portfolio standards established by the Washington Energy Independence Act (I-937), codified at Revised Code of Washington ("RCW") §19.285.030. This value will be determined based on the most recent and available REC market pricing for the period.

Deferral of System Upgrades Credit (if applicable)

A credit will be computed for the value of deferred distribution system upgrades will be added to the Contract Price **for Contract Terms of no less than five years.**

Generation Capacity Cost Credit (if applicable)

A credit for the capacity contribution the resource provides to Snohomish PUD during certain on-peak winter months will be added to the Contract Price **for Contract Terms of no less than five years.**

Distributed Generation Credit (if applicable)

A fixed dollar value of 50% of the Tradable REC Value can be added to the Contract Price for each megawatt-hour produced by a resource recognized as an eligible renewable under the then current renewable portfolio standards established by the Washington Energy Independence Act (I-937), codified at RCW §19.285.030, **provided the resource also qualifies as Distributed Generation under RCW §19.285.030(9) and is eligible to receive the 2x multiplier.**

4. Program Limit

The total aggregated nameplate capacity (MW) of small renewable resources eligible to enter into a standard Power Purchase Agreements with Snohomish PUD under this program is limited to 10 MW, and is subject to change at the PUD Board of Commissioners' sole discretion.

5. Commission Approval

All components of the Contract Price and execution of a standard Power Purchase Agreement between the generator owner and Snohomish PUD are subject to approval by the PUD Board of Commissioners.

6. Other Requirements and Criteria

Other requirements and criteria may apply to projects participating in this program. They include, but are not limited to:

- Compliance with Snohomish PUD's process and filing of a Preliminary Application for the Operation of Customer-Owned Generation
- Entering into a formal Interconnection Agreement with Snohomish PUD
- Credit review
- Compliance with BPA's Small Generator Interconnection Process, metering requirements and any associated business practices, etc., if applicable
- If, in the event that a Power Purchase Agreement with the participating project results in a decrement to Snohomish PUD's long-term BPA power contract, or otherwise results in additional costs to Snohomish PUD, then the Contract Price for the participating project may be adjusted.