

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

DISTRIBUTED GENERATION SERVICE  
SCHEDULE "DG"

EFFECTIVE DATE:

This rate schedule is effective for all service on or after October 1, 2018, as authorized by the Arizona Corporation Commission in Decision No. 76897, dated September 20, 2018.

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 September 30, 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.

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, beginning October 1, 2018, the initial AER and annual changes to the AER shall be:

October 1, 2018 – September 30, 2019(Initial Rate): .....	\$0.07952
October 1, 2019 – September 30, 2020: .....	\$0.07157
October 1, 2020 – September 30, 2021: .....	\$0.06441
October 1, 2021 – September 30, 2022: .....	\$0.05797
October 1, 2022 – September 30, 2023: .....	\$0.05217
October 1, 2023 – September 30, 2024: .....	\$0.04696
October 1, 2024 – until changed by Commission Decision:.....	\$0.04231

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The current AER, once approved by the ACC, will be available at DVEC's office and posted on its website. The current AER will continue in effect until the next AER is effective, which shall be October 1st following the annual filing of an updated Distributed Generation Service Tariff, 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: The Calendar Year is defined as 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 or CHP: 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 Purchase: 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.
5. Customer Supply: 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.
6. Distributed Generation Facility: 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, 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" facility) 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.
7. Excess Credits: Any amount the Cooperative credits for Excess Generation that exceeds the amount owing the Cooperative during the applicable billing period.
8. Excess Generation: Customer supplied energy (kWh) received by the Cooperative during the applicable billing period.

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9. Firm Power: Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement 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.
10. Fuel Cell: 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.
11. Non-Firm Power: Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided, and the power can be interrupted by the Customer at any time.
12. Partial Requirements Services: 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 electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
13. Renewable Resource: 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.
14. Standard Rate Schedule: Any of the Cooperative's retail rate schedules with metered kWh charges.
15. 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 a variation of up to 15 minutes in timing for the pricing periods. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.

METERING

Metering installed for the service provided under this tariff shall be capable of registering and accumulating the kilowatt-hours (kWh) of electricity flowing in both directions in a billing period. The Cooperative will install such meter at the customer's Distributed Generation facility and the incremental metering costs for bidirectional metering will be incurred by the Cooperative.

MONTHLY BILLING

1. 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.
2. All kWh received from Customer by the Cooperative (Excess Generation) will be credited on the monthly customer bill by the Cooperative at the lesser of: 1) the applicable AER, or 2) 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

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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 a check for credits in excess of \$300, otherwise the bill credits will carry forward to the following year.

3. 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.
4. All taxes, levies, assessments, or fees imposed by federal, state, or local governments on sales or kWh usage shall continue to apply.
5. 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.
6. 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.