



<b>Subject: MEMBER SYSTEM LOCAL RENEWABLE PROJECT RENEWABLE ENERGY CREDIT PURCHASE POLICY</b>			<b>Policy No: 117</b>
<b>Original Issue : 6-4-08</b>	<b>Last Revised: 3-2-16</b>	<b>Last Reviewed: 3-2-16</b>	<b>Page 1 of 5</b>

**OBJECTIVE**

Under the Member System Wholesale Electric Service Contract (WESC), Tri-State is obligated to provide for the power requirements needs of its Member Systems. The WESC also gives a Member System the right to obtain up to five percent (5%) of its requirements from distributed or renewable generation owned or controlled by the Member System. With the passage of statewide Renewable Portfolio Standards (RPS), Tri-State and its Member Systems are jointly affected by the RPS requirements. The intent of this Policy is for Tri-State to provide financial support to its Member Systems for local renewable projects. Should a Member System choose not to participate in local renewable projects, Tri-State will secure the appropriate amount of renewable resources or renewable energy credits (RECs) for that Member System to comply with its RPS requirements.

**ACCOUNTABILITY**

The Chief Executive Officer.


**SCOPE**

Under this Policy, Tri-State will support Member System development of local renewable projects that contribute to meeting the Member System’s RPS or other renewable resource requirements or otherwise can be utilized by Tri-State to support meeting non-participating Member Systems’ or Tri-State’s renewable requirements. This Policy applies only to projects owned or controlled and contracted for by the Member System pursuant to Board Policy 115 or controlled by the Member System through its net metering policies. Tri-State’s financial support of such local renewable projects shall take the form of a REC purchase payment for such projects based on the qualifying RECs generated by the project for which the Member System can claim ownership and which are eligible for compliance with state, federal or other jurisdictional renewable requirements.

**IMPLEMENTATION**

1. Member System Participation

This Policy is available to all Tri-State Member Systems. In consideration for conveying and transferring title to the RECs associated with the generation output from local renewable projects to Tri-State, the Member System will be entitled to receive REC purchase payments.

	, Chairman and President	Date: 6-1-16
-------------------------------------------------------------------------------------	--------------------------	--------------



<b>Subject: MEMBER SYSTEM LOCAL RENEWABLE PROJECT RENEWABLE ENERGY CREDIT PURCHASE POLICY</b>			<b>Policy No: 117</b>
<b>Original Issue : 6-4-08</b>	<b>Last Revised: 3-2-16</b>	<b>Last Reviewed: 3-2-16</b>	<b>Page 2 of 5</b>

The Member System can receive REC purchase payments both for projects developed pursuant to its net metering policies and for projects developed to serve up to five percent (5%) of its requirements under Tri-State Board Policy 115, Member System Distributed Generation Policy.

2. REC Purchase Payment


The REC purchase payment will be based on the REC Price set forth in Exhibit A to this Policy, which will be expressed on a \$/REC basis, as applied to the RECs associated with generation from a local renewable project. Member Systems who develop projects that are eligible for a REC “multiplier” shall be entitled to receive REC purchase payments that represent that multiplier as applied to the local renewable project metered generation value in any given year.

The REC Price will be reviewed annually and may be updated to reflect factors such as the market price of RECs and compliance progress of Tri-State and its Member Systems. The REC Price will not vary by Member System and will remain constant, i.e. “locked-in” for the term of a particular contract. The REC price in Exhibit A that is in effect at the time a Companion Contract (to a Policy 115 project) or Master Agreement is executed shall be the REC Price for the term of the contract.

3. REC Certification and Requirements

REC purchase payments will be based on the output of the eligible project(s) (on a MWh basis, or fraction thereof) as attested to by the Member System to Tri-State. Once Tri-State receives such attestation, it will determine the number of corresponding RECs associated with the generation reported by the Member System. Attestation will occur by July 31 for the first six months’ output from any eligible projects in a given year and by January 31 for the last six months’ output from the previous year. Generation reporting requirements for net metered projects shall be set forth in a Master Agreement between the Member System and Tri-State and for Policy 115 projects, in a Companion Contract to the Policy 115 Contract. The Member System consents to random verification of net metered projects and Tri-State may verify meter data for Policy 115 projects. In order to be eligible for a REC purchase payment, the project must qualify as a renewable resource under then-current state or federal law.

4. Ownership of Environmental Attributes

	, Chairman and President	Date: 6-1-16
-------------------------------------------------------------------------------------	--------------------------	--------------



<b>Subject: MEMBER SYSTEM LOCAL RENEWABLE PROJECT RENEWABLE ENERGY CREDIT PURCHASE POLICY</b>			<b>Policy No: 117</b>
<b>Original Issue : 6-4-08</b>	<b>Last Revised: 3-2-16</b>	<b>Last Reviewed: 3-2-16</b>	<b>Page 3 of 5</b>

In consideration for receiving REC purchase payments for the RECs from local renewable projects, the Member System shall convey and transfer all associated RECs to Tri-State, free and clear of any liens, encumbrances and defects.

5. Contracts

The Member System and Tri-State shall enter into REC purchase contracts with a term up to ten (10) years, which will detail the terms and conditions of the REC purchase payments as follows:


- a. For REC purchase contracts that will be associated with Policy 115 Generation Contracts, there shall be a Companion Contract between Tri-State and the Member System setting forth the terms and conditions for the REC purchase payments for the qualifying RECs from that project; and
- b. For REC purchase contracts that will be associated with Member System net metering policies, there shall be a Master Agreement between Tri-State and the Member System setting forth the terms and conditions of the REC purchase payments for the qualifying RECs from those projects. One such Master Agreement shall cover all net metered projects utilized by the Member System for REC purchase payments, as evidenced by appropriate Attachments pertaining to individual projects or groups of projects.

6. Tri-State’s Obligations

Tri-State will secure renewable resources and/or provide RECs in an amount adequate to meet the Member Systems’ RPS compliance obligations that the Member System is not otherwise meeting through its local renewable projects. If the Member System has RPS compliance obligations, Tri-State will provide periodic reports to Member Systems setting forth its projected compliance obligations, the amount covered by the Member System’s local renewable projects, the amount covered by Tri-State’s renewable resource portfolio and the source of those renewable resources and their eligibility to qualify under RPS requirements. If acquisition of such renewable resources could result in reaching any statutory rate cap limit, Tri-State will provide such calculation to affected Member Systems as part of such periodic reporting.

7. Member System’s Obligations

The Member System will cooperate with Tri-State in registering the local renewable projects within a regional tracking system, such as the Western Renewable Energy Generation

	, Chairman and President	Date: 6-1-16
-------------------------------------------------------------------------------------	--------------------------	--------------




# Board of Directors Policy

<b>Subject: MEMBER SYSTEM LOCAL RENEWABLE PROJECT RENEWABLE ENERGY CREDIT PURCHASE POLICY</b>			<b>Policy No: 117</b>
<b>Original Issue : 6-4-08</b>	<b>Last Revised: 3-2-16</b>	<b>Last Reviewed: 3-2-16</b>	<b>Page 4 of 5</b>

Information System (WREGIS), so that Tri-State may certify and track the RECs purchased under this Policy.

8. Changes to this Policy

Before any changes are made to this Policy, all Tri-State Member Systems will be given 90 days' notice of the proposed changes. Eligible projects under contract at the time of any Board Policy change shall remain in effect for the term of the contract.

	Chairman and President	Date: 6-1-16
-------------------------------------------------------------------------------------	------------------------	--------------



# Board of Directors Policy

<b>Subject: MEMBER SYSTEM LOCAL RENEWABLE PROJECT RENEWABLE ENERGY CREDIT PURCHASE POLICY</b>			<b>Policy No: 117</b>
<b>Original Issue : 6-4-08</b>	<b>Last Revised: 3-2-16</b>	<b>Last Reviewed: 3-2-16</b>	<b>Page 5 of 5</b>


**Exhibit A**

**REC Price\***

<b>\$1.00 / REC</b>
---------------------

\*In most cases, 1 megawatt hour of generation from an eligible renewable resource = 1 Renewable Energy Credit (REC). Depending upon the state, certain multipliers may result in the metered generation value varying from the number of RECs resulting from said generation.

◆ ◆ ◆

 _____, Chairman and President	Date: 6-1-16
----------------------------------------------------------------------------------------------------------------------	--------------