



Subject: MEMBER SYSTEM PARTICIPATIVE GENERATION POLICY			Policy No: 118
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OBJECTIVE

The Member Wholesale Power Contract (the “Contract”) allows Member Systems the option of owning or controlling renewable or distributed generation resources to meet five percent (5%) of the Member System’s total load which is connected to the interconnected electrical grid.

Member Systems have expressed an interest in supporting specific renewable generation projects or distributed generation projects located in their service territory (“Projects”) that Tri-State would not otherwise develop, and these Projects may exceed the 5% amount provided for in the Contract. This Policy provides the means to establish an arrangement whereby the Member System and Tri-State can jointly fund Projects. This Policy and the supporting arrangements are intended to eliminate subsidization between Member Systems that choose to participate in Projects and those that do not.

ACCOUNTABILITY

The Chief Executive Officer.

SCOPE


Under this Policy, Tri-State will purchase the output of the Project pursuant to a contract approved by the Tri-State Board of Directors. Tri-State will operationally integrate the Project with the remainder of the Tri-State generation fleet. Tri-State will continue to sell to the Member System at the Class A rate. The participating Member System will provide financial participation to the Project in order to subsidize and offset any financial risks for non-participating Member Systems.

The following discussion provides an outline for the process to implement this Policy.

1. Initial Study

Upon request from the Member System’s Board of Directors to evaluate a specific Project, Tri-State conducts an initial power value study. The Member System request should include all relevant generation data required by Tri-State including, but not limited to unit MW size, location, plant factor, dispatch characteristics and fuel type.

The study shall be completed within 4 months of receipt of the request, unless additional time is required for transmission or interconnection studies being performed by others. This study will consist of an analysis of the project including a review of financial, reliability and risk factors. The study would also detail the capacity and energy value that Tri-State would assign to the project. For any transmission or interconnection studies that may be required, the Tri-State Energy Resources group shall request the study of the Tri-State transmission planning group or

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other transmission provider’s planning group, under the provisions of the applicable Open Access Transmission Tariff.

For projects with a nameplate capacity of 20MW or greater, the cost of the power value study will be split equally between Tri-State and the Member System. The developer or owner (the “Owner”) will be responsible for the cost of any transmission or interconnection study.

2. Study Results

When complete, the study will be presented to the Tri-State Board of Directors for action. Because the results of the study will include substantial confidential data, the results will be presented in executive session. With the approval of the study results, the Tri-State Board may authorize Tri-State staff to enter into contract negotiations with the Owner.

3. Contract

To implement this option, Tri-State will negotiate a contract (the “Generation Contract”) with the Owner that details the pricing and terms and conditions under which Tri-State will purchase the output of the Generator.

The Member System will negotiate a separate contract (the “Member Contract”) with the Owner which will detail the pricing and terms and conditions under which the Member System will provide financial support to the Owner.

The final contracts will be shared with appropriate confidentiality to assure all risk elements for Tri-State can be analyzed.

The final Generation Contract is subject to final approval by the Tri-State Board of Directors upon final approval of the Member Contract by the Member System’s Board of Directors.

4. Contract Terms and Conditions


While each Generation Contract will have unique terms and conditions, at a minimum, the following elements will be addressed in each Generation Contract.

Pricing:

The price Tri-State will pay for Capacity and Energy, and escalation, if any.

Fuel Supply:

The arrangements for fuel will be detailed, including tolling arrangements if applicable.

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Performance Guarantee/Reliability:

If appropriate, a performance guarantee will be structured, including Owner and Member System commitments. These commitments must be accompanied with an underlying financial ability to perform. If the resource is relatively small or intermittent, then this guarantee is less important to assure continuity of service to Tri-State Member System load.

Schedule:

A schedule will be established with key milestones.

Renewable Energy Certificates:

Pricing and ownership of the Renewable Energy Certificates will be detailed.

Term:

Length of contract will be established with termination, extension and renewal provisions.

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	_____, Chairman and President	Date: <u>5-11-16</u>
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