

ALLEGHENY ELECTRIC COOPERATIVE, INC.
EXHIBIT C – Small Power and Qualifying Facilities Purchases– Rate Schedule SPP
Effective - January 1, 2020

AVAILABILITY:

Available to any and all Alternative Energy Systems (AES) as defined by the Pennsylvania Alternative Energy Portfolio Standards Act of 2004 (Act 213), qualifying small power providing facilities under the New Jersey Electric Discount and Energy Competition Act (PL 1999, C.23) and Qualifying Facilities (QF) as defined under Section 201 and Small Power Production (SPP) facilities as defined under Section 204 of the Public Utility Regulatory Policies Act of 1978, as amended (PURPA), which receive electric service under existing retail tariffs from any of Allegheny Electric Cooperative, Inc.'s (Allegheny) 14 member distribution cooperatives (Members) located throughout Pennsylvania and New Jersey.

This Schedule applies to a QF which can be: (1) either a cogeneration facility that produces electric energy and steam or other forms of useful energy (such as heat) that is used for industrial, commercial or cooling purposes such as Combined Heat and Power (CHP) and has no size limitation for PURPA qualification; or (2) a SPP facility of 80 MW or less whose primary energy source is renewable (hydro, wind, solar, biomass, geothermal, biologically derived methane gas, coal-mine methane or fuel cell) resources.

PROVISIONS:


- A. In compliance with Section 210 of PURPA, Allegheny will purchase: (1) at Allegheny's Standard Avoided Cost Rate (as described in Section G), all excess energy (kWh) generated by an AES/QF which is not directly consumed by that AES/QF; or (2) transmit the output of the AES/QF across its and/or its Members' systems for purchase by third parties. The AES/QF will be required to install metering equipment, satisfactory to Allegheny, to demonstrate the amount of generation the AES/QF provided to Allegheny.
- B. If the AES/QF has an installed capacity greater than 100 kW, at the option of the AES/QF, Allegheny will purchase energy (kWh) at a price based on Allegheny's avoided energy costs and firm, controllable generating capacity (kW) based on actual avoided capacity costs as defined in Section F of this Schedule. The AES/QF will be required to demonstrate or otherwise financially guarantee that such capacity will be or was available during the period(s) defined by PJM for determining capacity credits or obligations. To qualify for compensation under this option, the AES/QF will be required to install metering equipment, satisfactory to Allegheny, to demonstrate the amount of generation the AES/QF provided to Allegheny during period(s) defined by PJM for determining capacity credits or obligations. If this option is requested, the AES/QF will be required to compensate Allegheny for any and all costs associated with the equipment necessary to determine the expected availability, timing (controllability) and magnitude of the furnished generation.
- C. At times when an AES/QF must purchase capacity, transmission, and associated energy from

an Allegheny Member to supply its electrical requirements, all such retail transactions will be priced and conducted between the AES/QF and the Member which is interconnected with the AES/QF.

- D. Allegheny recognizes that it is in the best interest of its Members and the AES/QF that the Member determines all technical requirements and specifications that govern the connection of an AES/QF with its system. These technical requirements for interconnection are designed to assure the integrity and safe operation of the interconnected system while maintaining the quality and reliability of service to all consumer-members of the Member.
- E. Allegheny's avoided cost for capacity and energy provided by an AES/QF or in the alternative, the mutually agreed upon value of such products for longer term, firm supply arrangements, will be dependent upon and determined by, but not limited to, the following types of factors:
 - 1. The specific times of the day, month and year that the AES/QF operates and the level at which it operates.
 - 2. Allegheny's need for and price of capacity and energy during the times that the AES/QF operates.
 - 3. The specific Member delivery point to which the AES/QF is connected.
 - 4. Allegheny's specific power supply arrangements, including rate structure, for supplying the delivery point to which the AES/QF is connected.
- F. Capacity Payment: The monthly payment for capacity will be equal to the product of: (1) the average generation provided to Allegheny by the AES/QF during the period(s) defined by PJM for determining capacity obligations during the applicable planning period year as measured on the AES/QF meter required pursuant to Section B of this Schedule SPP; and (2) the applicable annualized PJM Auction capacity price divided by 12. This capacity payment definition will be updated periodically to address material changes to PJM capacity market rules.
- G. Standard Avoided Cost Rate: Allegheny will pay for energy output at an annually adjusted rate which reflects Allegheny's avoided energy and capacity costs.
- H. Renewable Energy Certificates: If the parties mutually agree that Allegheny will purchase the capacity and/or energy output of the AES/QF, then the value for all renewable energy or other certificates generated by the AES/QF facility may be included in the negotiated rate. Otherwise, the AES/QF will retain ownership of any such renewable energy or other certificates.
- I. No AES/QF, other generator or consumer-member of a Member may be compensated under this or a similar wholesale rate schedule of Allegheny if the AES/QF is also being compensated by PJM or another entity under a PJM or similar program for providing the same generation services during the same times.
- J. Allegheny will make direct payments to the AES/QF on a monthly basis or an otherwise mutually agreed upon longer period.

K. Any other considerations, payments, or responsibilities of either or both Parties are subject to the mutual agreement of the Parties.

This current Rate Schedule SPP was reviewed and approved by the Allegheny Board of Directors on October 30, 2019, and supersedes all previous versions.


Secretary

October 30, 2019

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