

PUGET SOUND ENERGY
Electric Tariff G

SCHEDULE 151
RENEWABLE ENERGY PRODUCTION INCENTIVE PAYMENT PROGRAM

(N)

1. **ADOPTION OF RULES OF REGULATORY AUTHORITIES -**
The rules regulating renewable energy system cost recovery payments as provided in State of Washington law and by WAC 458-20 promulgated by the State Department of Revenue are hereby adopted and by this reference are made a part of this schedule.
2. **AVAILABILITY -**
 - a. This schedule applies to Customer-Generators who receive electric service from the Company and operate a qualifying Generation System on their Premises. Where the Generation System will be interconnected with the Company's distribution system such interconnection shall be under the provisions of a separate interconnection agreement. If the Generation System is interconnected with the Company's transmission or distribution system, service under this schedule is not available except during the effectiveness of an interconnection agreement between the Customer-Generator and the Company. Terms and conditions of the interconnection process are enumerated in this tariff.
 - b. The Customer-Generator must own the real property on which the Generation System is located.
 - c. Generation Systems that operate on real property where the Company provides Electric Service, but the Generation System is not interconnected to the Company's distribution system are also eligible. Generation Systems installed on real property that are not and will never be served by the Company are not eligible for service under this schedule.
 - d. Under the provisions of WAC 458-20-273, participation in this Program by the Company is discretionary and the Company may decide whether or not it chooses to participate or continue to participate in this Program in the future. At the conclusion of any Payment Period the Company may file a request to discontinue the Program with the Washington Utilities and Transportation Commission.

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- e. Eligible Customer-Generators who choose to participate in the Program must apply for service under this schedule and comply with the terms and conditions of this schedule in order to receive an Incentive Payment. Once an Application has been accepted, eligible Customer-Generators must renew their request for Incentive Payments annually on the Application supplied by the Company.
 - f. The Program is available to eligible Customer-Generators until June 30, 2014 unless terminated earlier.
 - g. Generation Systems owned by the federal government or Washington state agencies are not eligible for Incentive Payments under this Program.
3. **DEFINITIONS:**
The following terms, when used in this schedule, in the Application and in the Schedule 151 Renewable Energy Production Incentive Agreement, shall have the meanings given below, unless otherwise clearly indicated:
- a. **Application:** The Company approved application form, which is required to be submitted annually.
 - b. **Base Rate:** The total amount of Kilowatt Hours Generated during the Payment Period will be multiplied by a Base Rate, which is 15 cents per kilowatt hour generated.
 - c. **Customer-Generator:** An Entity that owns a Generation System.
 - d. **Entity:** the owner of a Generation System that meets the requirements in the Availability section of this schedule. An Entity that owns two or more Generation Systems is considered one Entity.

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- e. Generation System: Solar photovoltaic array (a "PV"), wind, or anaerobic digester systems, consisting of components necessary which, when properly configured, generate electricity and may be interconnected with the Company's distribution system. All Generation Systems must have a signed and approved Washington State Certification and be located within the State of Washington.
- f. Incentive Payment: An annual amount paid to the Entity by the Company. The Incentive Payment will be calculated based on the table in the Payments section of this schedule.
- g. Kilowatt Hours Generated: The total amount of electricity, as measured in kilowatt hours (kWh) produced by the Customer-Generator's Generation System during a Payment Period.
- h. Payment Factor: As determined by WAC 458-20-273 and RCW 82.16.110 – 140, a factor that will be applied to the Base Rate according to the table outlined in the Payments section of this schedule.
- i. Payment Period: A consecutive-12-month period between July 1 of one year and June 30 of the following year. In approximately November following each Payment Period, Incentive Payments will be made based on the previous Payment Period.
- j. Production Meter: A Company-owned standard utility-grade meter, supplied and installed by the Company, used to accurately measure the total Kilowatt Hours Generated by a Customer-Generator's Generation System. Where the Generation System includes battery back-up the Production Meter is a Company-owned advanced utility-grade meter capable of accurately measuring the total Kilowatt Hours Generated by a Customer-Generator's Generation System and will also accurately measure the total kilowatt hours of electricity delivered by the Company to the Customer-Generator.

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- k. Program: The Company will make, on an annual basis, to eligible Entities whose Applications are received no later than August 1st, on an annual basis, an Incentive Payment. Incentive Payments are intended as a cost recovery incentive for Customer-Generators who install and operate Generation Systems. The Incentive Payment will be calculated using the appropriate factors in the Payments section of this schedule multiplied by the Kilowatt Hours Generated by the Customer-Generator's Generation System during the Payment Period.
 - l. Washington State Certification: The Washington State approved form, available from the Washington State Department of Revenue, which states personal and system information relative to components of the Generation System that were manufactured in Washington State.
4. APPLICATIONS -
- a. Customer-Generators will complete and mail to the Company the Application in a sufficient timeframe so that the Application is received on or before the first day of August each year in order to be eligible for Incentive Payments based on Kilowatt Hours Generated during the Payment Period ending the previous June 30. Applications received after August 1 of any year will only be considered for the next Payment Period.
 - b. The Company shall have sixty (60) days in which to process the Application and notify the Customer-Generator, in writing, as to the disposition of the Application.
 - c. Initial Applications for the Renewable Energy Production Incentive Payment Program will only be approved if a completed and approved Washington State Certification is included and there is a current interconnection agreement between the Company and the Customer-Generator if the Generation System is to be interconnected with the Company's transmission or distribution system.

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d. Production Meter Installation Fees

- (1) The Company will recover its costs associated with the installation of Production Meters, ensure safe operations and accurately measure Kilowatt Hours Generated through a one-time non-refundable Production Meter installation fee:

(a) Existing Customer-Generators or new Customer-Generators requiring the installation of a standard Production Meter for production metering.	\$165.00
(b) Each additional standard meter, as required to measure the complete output of the Generation System.	\$70.00

- (2) Installation fees are based upon standard circuit configurations, as determined by the Company's Meter Engineering department. Generation Systems having other than standard configurations may require one or more advanced Production Meters in order to measure the complete output of the Customer-Generator's Generation System. Revisions to the Generation System may require the installation of additional Production Meters or replacement of the existing Production Meter, the one-time fees shall apply to those additional or replacement meters.

- (3) Generation Systems incorporating battery back-up banks or modules installed after November 1, 2006 may require one or more advanced Production Meter, depending on the system configuration and design complexity.

(a) Customer-Generators requiring the installation of an advanced Production Meter for production metering.	\$525.00
(b) Each additional advanced Production Meter, as required to measure the complete output of the Generation System.	\$430.00

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Customer-Generators taking service under Schedule 150 of this tariff and whose Generation Systems incorporate battery back-up banks or modules that were installed prior to November 1, 2006 will be charged a one-time non-refundable Production Meter fee of \$165.00 for each required meter, regardless of type.

- (4) Standard system configurations are enumerated and defined in the Company's Production Meter Standards. Where the fees provided above will not compensate the Company for the cost of Production Meters for an unusual or complex design, the Company will base charges for Production Meters on the cost of direct labor, materials and related overheads for the production metering system installed.
- e. Customer-Generators who have applied for and received an Incentive Payment in a past Payment Period are not required to complete an entire Application form annually unless responses to information requested on the Application have changed. Each form contains a renewal section to simplify the annual application process.
- f. Although a Customer-Generator may have obtained a signed and approved Washington State Certification from the Department of Revenue, the Company maintains sole discretion as to verification of the Customer-Generator's eligibility for Incentive Payments as a part of the Program.
- g. Although a Washington State Department of Revenue Incentive Payment application form exists, the Company's Application shall take precedence.
5. **AGREEMENT -**
The Company and the Customer-Generator will enter into a Schedule 151 Renewable Energy Production Incentive Payment Agreement, (the "Agreement") specifying the terms and conditions of the Program, in the form of Attachment A of this schedule. The Agreement shall be in effect throughout the term of the Program, or until June 30, 2014. The Agreement does not require annual renewal, however in order to be eligible for Incentive Payments the Customer-Generator must submit an Application annually.

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6. **SYSTEM REQUIREMENTS -**
Kilowatt Hours Generated by the Customer-Generator's Generation System will be recorded by a Company-owned Production Meter. The Production Meter shall be installed in a Company-approved meter base or socket. All aspects of the Production Meter installation and specifications shall be controlled by the Company's Production Metering standards and practices. Customer-Generator-owned Production Meters are not acceptable as a part of the Program. It is not the Company's responsibility to attach the electric connections between the meter base for the Production Meter and the generating circuit but such connection is subject to Company approval.
- a. The Customer-Generator shall bear all costs associated with providing or retrofitting a meter base or bases that meet the Company's metering standards for the installation of the Production Meter.
 - b. Production Meter installation costs incurred by the Company are recovered by the Production Meter installation fees, outlined in the Applications section of this schedule. Generation Systems designed outside of the Company's standard configurations may require engineering evaluation. The actual costs of time, materials and overheads shall be charged to the Customer-Generator for such an engineering evaluation.
 - c. The Customer-Generator shall grant the Company reasonable access to the Production Meter in accordance with Schedule 80 of this tariff.
 - d. Customer-Generator shall promptly notify the Company of any modifications to the Generating System which may or may not increase the generating capacity.
 - e. Generator Systems that contain original components which satisfy a particular Payment Factor, noted in the Payments section of this schedule, and subsequently have new components installed or added to the Generator System which meet a higher Payment Factor (for instance, the addition of Washington-manufactured solar modules) will be paid the lower rate associated with the original components. The new portion, corresponding to a different Payment Factor must have separate Production Metering in order to receive the higher Incentive Payment amount. Otherwise, the lower Payment Factor will prevail for the entire Generation System.

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7. PAYMENTS -

- a. The Payment Factors, which will be multiplied by the Base Rate for the applicable Payment Period are listed below along with the resulting price per kWh that will be multiplied by the total number of Kilowatt Hours Generated:

(underlined component determines the Payment Factor)

Customer-generated Power	Base Rate	Payment Factor	Price per kWh
(1) <u>Solar modules AND inverter</u> manufactured in Washington State.	\$0.15	3.6	\$ 0.54
(2) <u>Solar modules</u> manufactured in Washington State.	\$0.15	2.4	\$ 0.36
(3) Solar or wind generating equipment with an <u>inverter</u> manufactured in Washington State.	\$0.15	1.2	\$ 0.18
(4) Anaerobic digester or other solar equipment without <u>components</u> manufactured in Washington State.	\$0.15	1.0	\$ 0.15
(5) Wind generator equipped with <u>blades</u> manufactured in Washington State.	\$0.15	1.0	\$ 0.15
(6) All other electricity produced by wind.	\$0.15	0.8	\$ 0.12

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- b. Generation Systems that are comprised of any combination of wind, solar PV, or anaerobic digester systems will be paid at the lower of any eligible Payment Factor, unless each unique portion of the Generation System is individually metered by a Production Meter.
- c. Manufactured, as noted in the Payment Factor table, is defined in WAC 458-20-136. In applying the Payment Factor, the Company shall defer to this definition and the Washington State Certification.
- d. The maximum amount of annual Incentive Payments is limited to \$2,000 per Entity. Customer-Generators with multiple locations will be entitled to only one Incentive Payment, as determined by the signed and approved Washington State Certification regardless of the number of Generation Systems installed.
- e. Overpayments made to Customer-Generators or Entities will be investigated, and if verified, the overpayment will be billed to Customer-Generator or Entity with interest charged on the amount of the overpayment. Interest shall be calculated in the same manner that the Department of Revenue assesses interest upon delinquent taxes under RCW 82.32.050.
- f. Underpayments made to Customer-Generators or Entities will be investigated, and if verified, a check will be issued in the amount of the underpayment to the Customer-Generator or Entity. No interest will be included in the payment of an underpayment.
- g. Incentive Payments made to Customer-Generators/Entities will be in the form of a check, issued annually after the total Kilowatt Hours Generated have been calculated, which is expected to be about November of each year following the end of each Payment Period.

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- h. The total funds available for all annual Incentive Payments is limited to the greater of:
- (1) twenty-five one hundredths of one percent (0.25%) of the Company's prior year's taxable sales under Washington State law, or,
 - (2) twenty-five thousand dollars (\$25,000.00)

Should the number of applicants under this Program result in exceeding the limit of the total Incentive Payment funds available, the payment Base Rate will be reduced by one cent (\$0.01) for all Incentive Payments. The Base Rate will continue to be reduced in this manner until it is possible to pay an Incentive Payment to all applicants without exceeding the amount of Incentive Payment funds available.

8. CUSTOMER INFORMATION -

- a. The Customer-Generator shall retain records substantiating their right to receive an Incentive Payment for a period of four years and upon five days notice make those records available to the Company. Records to be retained include, but are not limited to those that substantiate the Customer-Generator's claim of component manufacturer location, system size, Washington State Certification, electrical permits and Kilowatt Hours Generated. Should the Customer-Generator not be able to provide such records, the result may be a determination by the Company that an overpayment has been made to the Customer-Generator or Entity.
- b. The Customer-Generator grants to the Company the right to receive the Customer-Generator's personal information, relative to this Program, from the Washington State Department of Revenue. Said information includes, but may not be limited to, Washington State tax identification codes. The Customer-Generator also grants to the Company the right to share information relating to the Program with the Department of Revenue. The Company shall make appropriate efforts to safeguard Customer-Generators' confidential information.

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9. TAX CREDITS -

The Company will submit to the Washington State Department of Revenue an annual report, outlining the Incentive Payments made for that year. The report will contain the names, Washington State Certification numbers, total Kilowatt Hours Generated per location, amount of Incentive Payments paid, date paid and check number. The report will also include appropriate information regarding any overpayments or underpayments (subject to sections e and f of the Payments section of this schedule) made during the year that correct prior years. The State of Washington shall grant to the Company tax credits commiserate with the exact amount of Incentive Payments paid, including any overpayments or underpayments described above, as shown on the above report for the tax year noted on the report.

10. GENERAL RULES AND PROVISIONS -

Service under this schedule is subject to the General Rules and Provisions contained in this tariff.

11. TRANSITIONAL RULE -

a. The State of Washington grants to eligible Entities, Incentive Payments for the Payment Period ending June 30, 2006, based on Kilowatt Hours Generated between July 1, 2005 and June 30, 2006 as provided below. These provisions affect only the noted Payment Period, as it is a transitional period and do not apply to any other Payment Period.

b. Applications for Washington State Certification must be received by the Department of Revenue no later than September 30, 2006.

c. Applications to the Company for Incentive Payments for the Payment Period ending June 30, 2006 ("2006 Incentive Payments") must be received by December 23, 2006.

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- d. The Company shall accept from the Customer-Generator, for 2006 Incentive Payments only, a certificate, in the form supplied by the Company, attesting to the number of Kilowatt Hours Generated by their Generation System between July 1, 2005 and June 30, 2006. Acceptable sources of Kilowatts Hours Generated include the Customer-Generator's inverter reading or an existing owner-installed production meter.

- e. For the 2006 Incentive Payment year only, the Company shall have until January 31, 2007 to process and mail to eligible Customer-Generators their 2006 Incentive Payments.

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