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JUN 06 2016

STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

SCHEDULE NO. QF-2
AVOIDED COST
 (continued)

Applicable to:

This schedule is available in the Association's service territory and applicable to 1) purchases from qualifying facilities (QFs) with a nameplate capacity of greater than 100 kW and 2) purchases from Qualified Projects under the Association's Experimental Renewable Resource Purchase Program (ERRP).

This schedule does not supersede the Federal Energy Regulatory Commission (FERC) or Commission regulations concerning Public Utilities Regulatory Policies Act (PURPA) obligations regarding the purchase, sale, integration and interconnection obligations with QFs. A QF may elect to sell energy and capacity under this schedule or alternatively file a written request with the Association in accordance with 3 AAC 50.790(a) or tender an offer to the Association that is a legally enforceable obligation.

Eligibility:

(a) Qualifying Facility

In order to receive service under Schedule No. QF-2 Avoided Cost, QFs must:

- (1) Have evidence of either self-certification to, or formal certification by, the FERC as a QF if the QF has greater than 1 MW nameplate capacity;
- (2) Enter into a Generation Interconnection Agreement with the Association incorporating "GVEA Interconnect Specifications"; and
- (3) At all times, operate in compliance with the Association's Operating Tariff. If the design or operation of a QF facility materially changes, the QF must promptly recertify the facility and notify the Association.


(b) In order for a Qualified Project under the ERRP to receive service under Schedule No. QF-2 Avoided Cost, the Qualified Project must choose the variable pricing option that is based on the Association's avoided cost (per kWh) as filed with the Commission.

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Tariff Advice No. TA284-13

Effective: July 11, 2016

Issued by: Golden Valley Electric Association, Inc.

By: 
 Cory R. Borgeson

Title: President & CEO

RCA No. 13
Canceling:

Thirty-First Revision
Thirtieth Revision

Sheet No. 120
Sheet No. 120

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GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

SCHEDULE NO. QF-2
AVOIDED COST
(continued)

Interconnection

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The Association is obligated to interconnect with QFs that comply with the safety and reliability standards prescribed for interconnection by the Commission. See 3 AAC 52.485.

All generators, including QFs, are required to enter into a Generation Interconnection Agreement with the Association. The interconnection requirements shall be developed on a case-by-case, site-specific basis for each QF. A copy of GVEA's Interconnection Specifications, *A Technical Guide for Operating, Metering, Monitoring, and Protective Relaying of Non-Utility Power Producers and Co-Generators*. These guidelines provide the minimum acceptable requirements for a safe and effective operation of customer-owned generation interconnection with the Association's power system.

The Association may assess reasonable interconnection charges for connection, switching, metering, transmission, distribution, safety provisions, administration and other costs directly incurred as a result of the interconnection, to the extent these costs are in excess of the corresponding costs which the Association would have incurred if it had not engaged in interconnection operations, but instead generated an equivalent amount of electric energy itself or purchased an equivalent amount of energy or capacity from other sources. Interconnection charges may not include any costs included in the calculation of avoided cost rates or integration fees or payments. See 3 AAC 50.760.

The Association shall offer a QF the option of reimbursing the Association for interconnection charges over a reasonable period of time. Payment terms shall consist of: (a) a down payment not to exceed 25% of the estimated costs to be paid prior to commencement of construction; (b) equal monthly payments starting the first of the month following presentation of the billing for total costs; plus (c) monthly interest charges. The interest rate charge will be the average rate of interest earned by the Association on its general funds for the month preceding the date of the initial billing for total actual costs. Terms and conditions for the financing of interconnection costs, including any security for assuring the Association will recover the full amount of its advance shall be evaluated on an individual project basis. If the Association and the QF are unable to reach an agreement, the issue may be brought by either party to the Commission for adjudication.

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By:

 FOR
Cory R. Borgeson

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GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

SCHEDULE NO. QF-2
AVOIDED COST
(continued)

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Integration:

The Association will provide integration services necessary to integrate non-utility generation from a QF into the Association's electric transmission and/or distribution system. The Association will identify the costs of integrating the QF into the Association's electric system and any benefits derived from the integration of the QF into the Association's Electric System. The Association will charge integration fees to the QF if the identified costs of integration exceed the quantified benefits of integration. The Association will make integration payments to the Qualifying Facility if the quantified benefits of integration exceed the identified costs of integration. See 3 AAC 50.765.

The costs used to determine the integration fees or integration payments will be those necessary for maintaining the safety, integrity, and reliability of the Association's system under accepted industry standards in accordance with 3 AAC 50.765 (b) and (c).

The Association will allocate the costs of integration among multiple QFs and other facilities in a fair and reasonable manner should the Association be required to support the integration of more than one QF or other facility.

Avoided Cost Rates:

QFs with generating capabilities of 100 kW or less see Tariff Sheet No. 40.

QFs with generating capabilities greater than 100 kW may sell power to and receive payment from the Association under one of the two following options:

Option 1 Special Contract. The Association and the QF may enter into a mutually acceptable contract in accordance with 3 AAC 50.770(h) and specify the charges, rates, terms, and conditions of interconnection, integration, purchases, and sales between the Association and the QF, when appropriate.

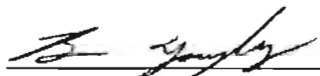
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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

**SCHEDULE NO. QF-2
AVOIDED COST
(continued)**

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Avoided Cost Rates (continued):

Option 2 Variable Avoided Cost. The QF will be paid a Commission-approved avoided cost rate calculated to reflect the Association's actual avoided costs in accordance with the terms of this schedule.

The variable avoided cost will be established by the Association as follows:

Definitions:

Contracted Rate QF Generation: Resources that are receiving payment based on Option 1.

GVEA Non-Schedulable Generation: All generation owned by or purchased by the Association that cannot be scheduled in advance. Such generation includes, but is not limited to, wind and solar, both without battery or other storage systems. Contracted Rate QF Generation is included but QFs receiving payment under Option 2 (Variable Avoided Cost) are not included.

QF Non-Schedulable Generation: All generation not owned by the Association that cannot be scheduled in advance. Such generation includes Contracted Rate QF Generation, generation with nameplate capacity less than 100 kW, and QF generation receiving payment under Option 2 (Variable Avoided Cost).

Variable Avoided Cost Rate: Rate paid to QF generators that are receiving payment based on Option 2 (Variable Avoided Cost).

Until the total nameplate rating of the Non-Schedulable QF Generation equals 5 megawatts, the Variable Avoided Cost Rate shall be determined pursuant to Method 1 below. At the time the nameplate rating of the Non-Schedulable QF Generation exceeds 5 megawatts; the Variable Avoided Cost Rate shall be determined pursuant to Method 2 below and shall be applied to all QFs supplying power to the Association.

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GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

SCHEDULE NO. QF-2
AVOIDED COST
(continued)

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Method 1

The Variable Avoided Cost Rate shall be determined during the month following the delivery of energy. The Variable Avoided Cost Rate shall be determined by calculating the incremental cost of each generating unit for each hour of the previous month and applying the highest avoided cost in each hour (in \$/kWh) to the production by QF generators supplying power to the Association during that hour. If, in any hour, the resource with the highest incremental cost is operating at a level such that its output for that hour, plus the production by QF generators for that hour, exceeds the monthly rating of that unit, then any production by QF generators in excess of the monthly rating of that unit shall be priced at the next-highest incremental cost resource in that hour; and so forth until the entire QF load is accounted for. The Association will use a weighted average to develop the highest avoided cost in each hour and allocate that amount among QFs should such a condition exist.

The following shall be used when calculating the Variable Avoided Cost Rate:

- The monthly fuel costs attributable to each type of generation during the month in which QF deliveries are received.
- Resource heat rate curves determined by the Association.
- Actual generation unit loadings for each hour.
- Metered energy deliveries from QF generators.

Hydroelectric resources, the Association's own wind resources, and purchases made by the Association shall have an avoided cost of zero.

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GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

SCHEDULE NO. QF-2
AVOIDED COST
(continued)

Method 2

An hourly dispatch program shall be used to simulate the Association's electric system both with and without the QF Generation receiving payment under Method 2 to account for regulations requirements. In the month following the delivery of energy, the Association determines its Variable Avoided Cost Rate under Method 2 as follows:

All projections shall use actual hourly loads, fuel prices attributable to each type of generation during the month in which QF deliveries are received, and purchased power prices for the month being simulated.

Method 2 Rate = (Cost A – Cost B) / Total amount of QF generation receiving payment under Option 2 (Variable Avoided Cost) that was delivered in the month.

Amount Paid to QF = Method 2 Rate X Actual generation delivered by a QF in that month.

WHERE:

Cost A = The Association's hourly system costs for the Association's existing system configuration without QF generators.

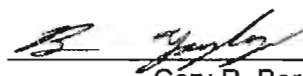
Cost B = The Association's hourly system costs for the Association's existing system configuration with QF generators.

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

SCHEDULE NO. QF-2
AVOIDED COST
(continued)

Method 2 (continued):

The "**Cost A**" component is calculated as follows:

The Association's system is modeled as if all QF generators receiving payment under Option 2 (Variable Avoided Cost) were not available. Regulation requirements used in modeling the system are based on GVEA Non-Schedulable Generation, QF-1 generation and the Contracted Rate QF Generation.

The "**Cost B**" component is calculated as follows:

The Association's system is modeled as if all QF generators receiving payment under Option 2 (Variable Avoided Cost) were available. Regulation requirements used in modeling the system are based as in Cost A plus the combined rating of all QF generators receiving payment under Option 2 (Variable Avoided Cost).

Variable Operations and Maintenance (O&M) Savings:

Under both Method 1 and Method 2, a QF will be compensated on a monthly basis for any identifiable O&M savings generated by its supply of power to the Association's electric system in that month.

Costs or Savings Resulting from Line Loss

The Association will, to the extent practicable, take into account the identifiable costs or savings resulting from variations in line losses from the amount of line losses that would have existed in the absence of purchases from a qualifying facility, if GVEA had generated or purchased an equivalent amount of energy.

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Sales of Power to QF:

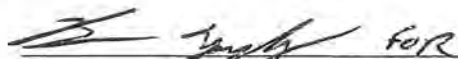
A QF may elect Standby Service in the form of Backup Power Service, Scheduled Maintenance Power Service, Supplemental Power Service, and/or Interruptible Power Service. The rates, terms, and conditions for Standby Service are located at Tariff Sheets Nos. 43 through 43.11.

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By:


Cory R. Borgeson

Title: President & CEO

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Canceling: _____

First Revision
Original

Sheet No. 121
Sheet No. 121

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

RULES AND REGULATIONS

D

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D – Standard Power Purchase Agreement for Member-Owned Small-Scale Renewable Resources under the Experimental Renewable Resource Purchase Program.

D

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By:  For
Cory R. Borgeson

Title: President & CEO