

GREENVILLE UTILITIES COMMISSION

ELECTRIC RIDER RR-1

QUALIFIED CUSTOMER RESOURCE POLICY

I. AVAILABILITY

Qualified Customer Resource, defined as any generating unit or energy injection device having a nameplate capacity rating of 95 kW or more, as set forth in this policy may be used in conjunction with the Commission's Electric Rate Schedules as an option to reduce coincident peak demand in order to achieve those benefits, if any, afforded under such rate schedules or riders, if such resource meets the criteria outlined under this policy. The amount of available capacity for each customer shall be available on a first-come, first-served basis only and shall be limited in an aggregate amount for all customers to the Commission's Total Load-Side Qualified Resource Allocation under North Carolina Eastern Municipal Power Agency (NCEMPA) policy.

Nothing in this policy shall be construed as to limit or restrict a Customer's rights with regard to the installation and operation of qualifying cogeneration systems in accordance with Federal Energy Regulatory Commission (FERC) Regulations under the Public Utilities Regulatory Policies Act (PURPA), CFR Title 18, Chapter 1, Part 292, Subpart titled Qualifying Cogeneration and Small Power Production Facilities.

II. ELIGIBILITY REQUIREMENTS AND RESTRICTIONS

Each request to participate as Qualified Customer Resource shall be subject to review and approval by the Commission under the terms set forth by NCEMPA, and no customer shall install or operate such resource until approved by the Commission. Information on the nameplate KW rating, load served, installation, protective relays, and operation of resource(s) shall be included with the request to determine eligibility as outlined in this policy.

Customers shall provide the following notice requirements based on nameplate capacity rating of the individual resource:

- Those resources in existence and operation prior to December 1, 1993; Customer shall be required to submit an application on a form supplied by the Commission, without a notice period.
- Less than 95 KW; Customer shall be required to submit an application on a form supplied by the Commission, prior to the operation of such

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resource, without a notice period.

- Greater than 95 KW, but less than or equal to 2,500 KW; Customer shall be required to submit a four (4) month notice to the Commission prior to the scheduled operation date of such resource.
- Greater than 2,500 KW; Customer shall be required to submit a seven (7) month notice to the Commission prior to the scheduled operation date of such resource.

Customers with individual resource units greater than 2,500 KW shall be charged for reserve capacity at the per KW rate set forth, from time to time, in the NCEMPA policy.

Within ninety (90) days of the approval of notice by the Commission, Customers shall be required to provide to the Commission suitable proof and/or documentation as to the Customer's intent to install Qualified Customer Resource in accordance with the noticing requirements of this policy. Such proof shall be as specified by the Commission but as a minimum shall include copies of executed contracts or agreements between the Customer and the supplier of resource equipment for the Customer's premises or other physical evidence as to the intent of the Customer to follow through with installation of noticed Qualified Customer Resource.

In the event that a Customer is unable to provide acceptable proof as to its intent to install Qualified Customer Resource in accordance with noticing requirements, at the Commission's discretion, the Customer's notice shall be considered invalidated and the Customer shall be liable for any and all costs incurred by the Commission as a direct result of such failure, including payment for reserve capacity where applicable.

Operation of unnoticed Customer Resource at any time by a customer is expressly prohibited. No credits will be provided for such operation and the customer shall be liable to the Commission for any and all costs incurred due to such unauthorized operation. The Commission reserves the right to terminate service to the customer's premises upon a thirty (30) day written notice to any customer found to be operating on the unnoticed Customer Resource unless operation of such resource is discontinued.

III. OPERATING STANDARDS

Resources shall meet the safety and operating standards of the Commission. Parallel operation shall be allowed only with the appropriate protective devices. Protective device information shall be provided upon request. In the event of an emergency on the Combined System, each generating unit may be called on by

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Duke Energy, as stated in NCEMPA policy, under its General Load Reduction Plan and System Restoration Plan.

IV. CUSTOMER RESOURCE CREDITS

All noticed resource is subject to metering by the Commission.

For Customers subject to billing for service under the Commission's Electric Rate Schedule EG-3, Medium General Service-CP and Electric Rate Schedule EG-4, Large General Service-CP and operating grid-connected Qualified Customer Resource, credit shall be provided for CP Export Demand.

Customer Resource CP Export Demand Credit = CP Export Demand x NCEMPA CP Demand Rate x 0.6.

CP Export Demand - The Coincident Peak (CP) Export Demand shall be the Customer's contribution to the reduction in the Commission's 60-minute clock-hour kW demand measured during the 60-minute interval which is used by the North Carolina Eastern Municipal Power Agency (NCEMPA) for wholesale billing purposes during the current calendar month. The associated rate of credit shall be 60% of the total demand rate charged to the Commission by NCEMPA for Coincident Peak (CP) Demand. This credit shall be automatically adjusted to track changes in the rates charged to the Commission by NCEMPA.

V. TERM OF CONTRACT

The term of contract for service under this Schedule shall be as mutually agreed upon, but not less than one (1) year, and thereafter shall be renewed for successive one-year periods. After the initial period, Customer may terminate service under this Schedule by giving at least sixty (60) days previous notice of such termination in writing to the Commission. The Commission reserves the right to terminate service under this Schedule at any time upon written notice to Customer in the event that Customer violates any terms or conditions of this Schedule, or operates the generating system in a manner that is detrimental to the Commission or its customers.