

**City of Shelby**  
**Customer Generation Credit Rider – Type 1 Generators**  
**Rider CG-1**

Effective 2008

GENERAL

Customer Generation Credit Rider CG-1 (Rider CG-1) is offered by the City of Shelby (City) to a qualifying non-residential customer (Customer) with on-site generation (Customer Generation) that has entered into an operating agreement for Type 1 generation with North Carolina Municipal Power Agency No. 1 (NCMPA1). The operating agreement gives NCMPA1 sole responsibility for scheduling the Customer Generation for economic dispatch purposes. Operation of the generator under such agreement for such purpose will enable City to reduce its wholesale power costs from NCMPA1. This rider enables the City to share a portion of the wholesale power cost savings with Customer by applying a Monthly Customer Generation Credit to Customer's electric bill, under the terms and conditions described below. The Customer retains the right to operate the Customer Generation for emergency purposes without compensation under this Rider.

AVAILABILITY

Rider CG-1 is available only to a non-residential customer that meets all of the following criteria:

1. Customer is currently served under one of the following non-residential rate schedules with a monthly non-coincident peak billing demand: Schedule VLGS;
2. Customer has a monthly non-coincident peak demand of at least 500 kW during at least three months of a twelve month period; and
3. Customer has or will have on-site customer-owned generation of 500 kW or greater that will operate in parallel with the City's electrical system and be available for operation in accordance with the operating agreement for Type 1 generation between the Customer and NCMPA1.

APPLICATION FOR RIDER

Customer must make an initial written application to City in order to begin receiving credits under Rider CG-1. In its application, Customer must supply the technical specifications of the Customer Generation as specified in Exhibit A, attached hereto. Approval of application of Customer will be contingent upon the Customer's execution of an operating agreement for Type 1 generation with NCMPA1 and submission of the NCMPA1 required notice form of intent to operate such generation under the terms of this Rider. Further, in determining whether to approve the application of Customer, City may consider the number of customers already being served under the rider, City's expected power cost savings under the NCMPA1 Wholesale Rate, changes in City loads, effects of other load management programs, and any other considerations deemed important by the City. City is under no obligation to approve applications for credits under Rider CG-1. Upon approval of its application for credits by the City and after meeting the two month notice requirement, if applicable, Customer will begin receiving credits under Rider CG-1 upon operation of the generator.

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**TERM OF RIDER**

The initial term of Rider CG-1 shall begin June 1, 2008 and end May 31, 2009. Commencing June 1, 2009, and annually thereafter, Rider CG-1 shall automatically renew for one (1) year increments, provided, however, that either the Customer or the City may terminate Rider CG-1 effective on or at any time after May 31, 2009, by giving written notice to the other party at least sixty (60) days prior to any such termination date.

**OPERATION OF CUSTOMER GENERATION**

Under the terms of the operating agreement for Type 1 generation, NCMPA1 shall have the exclusive right to call upon the Customer to operate the Customer Generation for economic dispatch purposes to which this Rider applies.

**COSTS OF CUSTOMER GENERATION**

The Customer shall be responsible for all costs associated with owning, operating, maintaining, making capital additions to, and removing from service the Customer Generation, including, but not limited to, all costs of materials, fuel, fuel storage, manpower, spare parts, and equipment for the Customer Generation.

**DETERMINATION OF CUSTOMER GENERATION OUTPUT**

Each month, the City will determine the Customer Generation Output. The Customer Generation Output shall be the average of the integrated clock hour kW outputs of the Customer Generation metered during the hours that NCMPA1 called on the Customer Generation to run under the operating agreement for Type 1 generation. Customer Generation Output shall be net of output used by auxiliaries of Customer Generation.

**DETERMINATION OF CUSTOMER ON-PEAK LOAD**

Each month, the City will also determine the Customer On-Peak Demand. The On-Peak Demand shall be the average of the integrated clock hour kW demands measured during the hours of the On-Peak Period on the day identified as the Peak Management Day used by the North Carolina Municipal Power Agency Number 1 (NCMPA1) for wholesale billing purposes during the corresponding month of Customer's billing.

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*DETERMINATION OF MONTHLY CUSTOMER GENERATION CREDIT*

The Monthly Customer Generation Credit shall be computed and applied to the Customer's monthly electric bill. The Monthly Customer Generation Credit shall be computed as follows:

Monthly Customer Generation Credit (\$) = (a) \* (b). Where,  
(a) is the lesser of:  
    (i) Customer Generation Output (kW); or,  
    (ii) Customer On-Peak Demand (kW); and,  
(b) is the Customer Generation Credit Rate (\$/kW-month)

*MONTHLY CUSTOMER GENERATION CREDIT RATE*

June through September	\$9.00/kW-month
All other months	\$1.00/kW-month

City may revise the Customer Generation Credit Rate that will be applicable for the one-year term beginning on June 1, 2008, and for any subsequent one-year terms to reflect changes in City's demand charges under the NCMPA1 Wholesale Rate.

*PROTECTION OF SYSTEMS*

The Customer shall provide, install, maintain, and operate protective equipment, switching, voltage control, load shedding, and other facilities necessitated by the Customer Generation and take or refrain from taking action related to the Customer Generation as shall be required in order to meet the City's reasonable requirements to assure continuity and adequacy of service, stability of the interconnected facilities of City's distribution facilities, and safety procedures. Customer shall comply with any facility connection requirements or operation procedures specified by the City.

*RESPONSIBILITY FOR METERING OF CUSTOMER GENERATION OUTPUT*

Through the terms of the operating agreement for Type 1 generation, NCMPA1, through the City, will install, or cause to be installed, and own the metering and associated metering equipment, communication equipment, and/or telemetry equipment required for measuring the kW output of the Customer Generation. The metering, communications, and telemetry equipment shall meet functional specifications required by City. Customer will provide City a schematic for all existing facilities connected to the Customer Generation and of the Customer Generation itself. City will cooperate with Customer to revise the schematic for the planned initial connection of the metering, communications, and telemetry equipment and for all modifications planned subsequently.

Customer shall provide City with access to the metering, communications, and telemetry equipment for the Customer generation as requested by City.

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Where appropriate to obtain meter readings, Customer shall have the right to install, maintain, and use similar duplicative metering, communication, and telemetry as check meters.

Upon request of Customer, City shall provide Customer with copies of hourly data for the kW output levels of the Customer Generation and, upon reasonable prior notice of Customer, City shall provide Customer with copies of any other data, information or reports that City acquires from or produces by the metering equipment or the check metering equipment.

In the event the metering equipment is inoperative due to equipment failure, the performance of necessary maintenance, or otherwise, readings from check metering equipment, if available, shall be used, provided such check metering is functioning properly. In the absence of meter data and data from station operating logs, City shall estimate the required data in the manner it deems reasonable.

City and Customer shall coordinate the maintenance of metering, communication, and telemetry equipment and shall endeavor to minimize adverse effects of such maintenance on the operation of Customer Generation and on the accounting for output of Customer Generation.

Adopted April 2008

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**EXHIBIT A**

DESCRIPTION OF CUSTOMER GENERATION

CUSTOMER NAME: \_\_\_\_\_

FACILITY NAME \_\_\_\_\_

FACILITY CONTACT PERSON: \_\_\_\_\_

FACILITY LOCATION: \_\_\_\_\_

TYPE OF GENERATOR: \_\_\_\_\_

NUMBER OF UNITS \_\_\_\_\_

GENERATOR(S) RATING (kW) \_\_\_\_\_

GENERATOR MANUFACTURER: \_\_\_\_\_

GENERATOR VOLTAGE: \_\_\_\_\_

INSTALLATION DATE: \_\_\_\_\_