

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
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1.0 Background

This Policy and Procedure (“Procedure”) defines the process and criteria for entities to purchase Distribution Wheeling service from SMUD for distributed generation located in the SMUD Distribution Service Territory.

This Procedure may be amended or supplemented from time to time.

2.0 Applicability

SMUD may, at its discretion, provide Distribution Wheeling service to Independent Power Producers and Cogenerators within SMUD’s Distribution Service Territory who establish a need for this service. SMUD will evaluate Distribution Wheeling service requests on a case by case basis and service may be limited by availability of Capacity on the SMUD Distribution System. This rate has been developed for those seeking to wheel power from a Facility connected to the SMUD Distribution System to a location outside of the SMUD system. SMUD will not wheel third party power to its retail customers under this schedule.

As part of this service, SMUD will wheel (transfer) power from the Applicant’s Facility across the SMUD Distribution System from the point of interconnection with the SMUD Distribution system (“Interconnection Point”) to SMUD’s bulk power system.

Distribution Wheeling service is available to entities owning generating facilities that meet the following conditions:

- The Applicant’s Facility has a capacity of 20 MW or less.¹
- The Applicant has a power purchase (off-take) agreement for the output of the Facility with an entity other than SMUD;
- Power delivery under the power purchase agreement occurs at a location outside of the SMUD electric system;

¹ Generating facilities with a capacity greater than 20 MW must interconnect with the SMUD transmission system pursuant to SMUD’s Open Access Transmission Tariff (OATT). See SMUD OATT (<http://www.oatioasis.com/SMD1/>) for instructions on a direct interconnection to SMUD’s Transmission System and how to apply for transmission service.

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
--	---	---

- The Reservation Start Date is not more than four years from the date on which the Application is submitted.
- The Applicant has executed an interconnection agreement with SMUD for its Facility.
- The Applicant has submitted a request for Transmission Service under SMUD's Open Access Transmission Tariff (OATT) (<http://www.oatioasis.com/SMD1/>).

SMUD shall make Distribution Wheeling service available on a first-come, first-served basis, unless the provision of Distribution Wheeling service would be detrimental to SMUD. Applicant's purchase of Distribution Wheeling service from SMUD in no way guarantees the availability of SMUD Transmission Service which is also required to wheel power out of SMUD's Distribution Service Territory.

3.0 Definitions

For the sole purpose of this Procedure, the capitalized terms used shall have the specific meanings ascribed to them in this Section.

- 3.1 "Applicant" means the entity requesting Distribution Wheeling service.
- 3.2 "Application" means submission of SMUD form 3374 and related required documentation to initiate the process of entering into a standard contract to purchase Distribution Wheeling service from SMUD.
- 3.3 "Capacity" means the capability to deliver electric power for which a system or system component is rated calculated in kilowatts or Megawatts (AC).
- 3.4 "Commercial Operation" means the period of operation of the Facility once the Commercial Operation Date has occurred.
- 3.5 "Commercial Operation Date" means the date the Facility has successfully completed a test period of 168 hours of continuous operation.

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
--	---	---

- 3.6 “Distribution Wheeling” means the transfer of power from a Facility at 12 kV, 21 kV, or 69 kV for delivery to a third party outside SMUD’s Distribution System.
- 3.7 “Distribution Wheeling Agreement” means an agreement between SMUD and Applicant under which SMUD agrees to provide and Applicant agrees to pay for Distribution Wheeling service.
- 3.8 “Facility” means the specific generator where the relevant transmitted energy will be sourced.
- 3.9 “Queue” means a chronologically ordered list of Applications.
- 3.10 “Record Number” means the number assigned to an Application upon receipt by SMUD. The Record Number consists of the date, in the six digit MMDDYY format, when SMUD received the Application, *combined* with the ordered number of the Application relative to other Applications received on that day.
- 3.11 “Reservation Deposit” means the monetary payment made by an Applicant to secure a Reserved Position.
- 3.12 “Reserved Position” means an allotted share of the available Distribution Wheeling Capacity. An Applicant must comply with the requirements of these Procedures to maintain their Reserved Position.
- 3.13 “Reservation Start Date” means the date on which the Reserved Position will become effective.
- 3.14 “Reservation End Date” means the date on which the right to utilize SMUD’s Distribution Wheeling service ends.
- 3.15 “SMUD Distribution Service Territory” means the geographical area where the SMUD Distribution System is located.
- 3.16 “SMUD Distribution System” means the wires, transformers, and related equipment used by SMUD to deliver electric power to its retail customers typically at sub-transmission level voltages and lower.

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
--	---	---

3.17 “SMUD Transmission Service” means the service required to wheel power across SMUD’s transmission level bulk power system, defined as any lines with a voltage higher than 69 kV, which is required in order to effectuate delivery of power to external entities from a Facility within SMUD’s Distribution System.

4.0 General Rules, Rights and Obligations

4.1 *Arrangement for Other Services.* A Facility requiring other electric services from SMUD including, but not limited to, interconnection service, SMUD transmission service and retail distribution service during periods of curtailment or interruption of its Facility, must sign separate agreements with SMUD for such services, in accordance with approved tariffs.

4.2 *Compliance with Laws, Rules, and Tariffs.* An Applicant shall comply with applicable SMUD Board-approved tariffs; applicable Federal Energy Regulatory Commission-approved rules, tariffs, and regulations; and any local, state or federal law, statute or regulation which applies to the Facility, including its design, siting, construction, installation and operation.

5.0 Application Process

The following procedure will be observed to manage the Distribution Wheeling service process. Forms are available at www.smud.org.

5.1 *Applicant Submits Application.* The following materials must be submitted to SMUD for an Application to be deemed complete:

5.1.1 Completed and signed Distribution Wheeling Application (SMUD Form 3374); and

5.1.2 Non-refundable Application Review fee of \$2500; and

5.1.3 Reservation Deposit equal to one month of service under the tariff.

5.2 *SMUD Review of Application.* SMUD will assign a Record Number to each Application upon receipt, and all Applications will be reviewed for completeness. SMUD will then determine assignment of Applications to Reserved Positions. Incomplete Applications and complete

<p>Rate Policy and Procedures Manual</p>	<p>Section: Renewable and Self Generation</p>	<p>Subject: Distribution Wheeling Service</p>
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Applications exceeding the Available Capacity will have only the associated Reservation Deposit returned to the Applicant.

- 5.3 *SMUD Reply with Confirmation of Reserved Position.* SMUD will indicate by written reply to Applicant confirmation as to whether the Application is assigned a Reserved Position, along with Queue position specific to that Application's Record Number.
- 5.4 *SMUD Interconnection.* Applicant must also make a request for interconnection, as described in SMUD's Rate Policy and Procedure 11-01, "Interconnection Guidelines", which complies with SMUD's Rule 21 process for interconnection, and must meet the requirements of Rule 21, which includes executing an Interconnection Agreement with SMUD. Any resources **not** meeting the Rule 21 requirements will not be eligible to receive Distribution Wheeling service. In order to begin utilizing Distribution Wheeling service from SMUD, Applicant must have a fully executed Interconnection Agreement with SMUD for the relevant Facility. If for any reason an Interconnection Agreement for the Facility is not executed, the Application for Distribution Wheeling service will be denied.
- 5.5 *Metering Requirements.* A Facility receiving Distribution Wheeling service shall comply with the following:
- All Metering Equipment installed for a Facility shall meet SMUD specifications and any other applicable rules.
 - The Metering Installation shall pass all required inspections
 - The installed Meter shall be capable of being read remotely on a daily basis in a manner acceptable to SMUD
 - The Applicant shall be responsible for procuring, maintaining, and paying for any communication link required by SMUD to retrieve meter data
 - Access to the Metering Installation must be provided to SMUD during normal business hours and during emergencies as determined by SMUD for the life of the Facility
 - The Applicant is responsible for procuring and maintaining all installed Metering Equipment over the life of the Facility.

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
--	---	---

5.6 *Preparation of Final Agreements.* SMUD requests detailed project information from Applicant in order to complete a standard Distribution Wheeling Service Agreement. Should Applicant not respond and provide the requested data in a timely manner, SMUD will send Applicant a written notice of deficiency, giving Applicant 10 business days in which to provide this information or lose its Reserved Position. In such case, the Application Review Fee of \$2500 will be forfeited by Applicant, but 100% of the Reservation Deposit will be returned to the Applicant.

5.7 *Presentation of Agreements.* SMUD will prepare and issue executable copies of the Distribution Wheeling Agreement to Applicant.

5.8 *Applicant Returns Executed Agreements.* Applicant has 30 days to return all information required in this step, or it will lose its Reserved Position, and 100% of the Reservation Deposit will be returned to Applicant.

5.8.1 Return the executed Distribution Wheeling Agreement.

5.9 *SMUD Executes Agreements.* SMUD will perform a final review of the Distribution Wheeling Agreement. SMUD will then execute the Agreements, and confirm to Applicant via written notification the acceptance of completed agreements.

5.10 *Facility achieves Commercial Operation.* Commercial Operation begins in accordance with the terms of the Interconnection Agreement.

5.11 *Payments.* SMUD's Energy Settlements will process billing and payments for amounts due under the Distribution Wheeling Agreement. SMUD's Customer Services will manage billing and payments on the Applicant's retail account.

6.0 Distribution Wheeling Service Available Capacity

The availability of Capacity necessary to provide Distribution Wheeling service for any Applicant will be determined in SMUD's sole and complete discretion.

7.0 Reservation Deposit

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
--	---	---

Applicants must submit a Distribution Wheeling service Reservation Deposit along with their Application. The Applicant will be required to submit a deposit equal to one month of requested Distribution Wheeling service. The deposit will be refundable up until the time that the entity commits to service by execution of the Distribution Wheeling Agreement. Once the Distribution Wheeling Agreement is executed, the reservation deposit becomes a non-refundable payment for the first month of service under the tariff.

- 7.1 Applications made without the Reservation Deposit will be rejected.
- 7.2 At the time of determining the completeness of an Application, SMUD will assume that any check made for payment of the Reservation Deposit will be honored by Applicant's financial institution and that Applicant has sufficient funds to cover the check.
- 7.3 Should Applicant's check be returned for insufficient funds, SMUD will release the Reserved Position for Applicant and deem that the Application is rejected. The Applicant will lose any queue status and will have to resubmit the Application in its entirety.
- 7.4 Should the Facility be rejected or terminated any time before the Distribution Wheeling Agreement is executed, 100% of the Reservation Deposit shall be returned to Applicant.

8.0 Reservation Queue Management

SMUD will maintain a Reservation Queue for Distribution Wheeling service Applications in order to establish Reserved Positions.

- 8.1 *Reserved.* SMUD will assign Reserved Positions to Complete Applications on a first-come-first-served basis.
- 8.2 *Unreserved.* SMUD may also assign Unreserved Positions on a first-come-first-served basis. As Reserved Positions may become available, Unreserved Positions move up in the Queue. If an applicant with an Unreserved Position is offered a Reserved Position, the Applicant has 10 days to submit the Reservation Deposit, or Applicant loses the Reserved Position
- 8.3 *Receipt of Application.* When delivered to SMUD, Applications will be assigned a Record Number establishing the order in which Applications were received by SMUD.

<p>Rate Policy and Procedures Manual</p>	<p>Section: Renewable and Self Generation</p>	<p>Subject: Distribution Wheeling Service</p>
---	---	---

- 8.3.1 SMUD cannot guarantee the rank ordering of Applications delivered via US Postal Service or by overnight or air express.
- 8.3.2 Should Applicant wish to ensure a timely rank ordering, SMUD recommends that Applicant receive a date and time stamp upon hand delivery to the SMUD Headquarters Security Desk.
- 8.4 Each Facility will be given a status code. Status codes will be as follows:
 - 8.4.1 *Complete.* An initial determination by SMUD that Applicant has provided all required documents, information and funds.
 - 8.4.2 *Rejected.* A determination by SMUD that an Application has been rejected, due to missing documents, incomplete information or funds not being provided to SMUD.
 - 8.4.3 *Withdrawn.* An indication that Applicant has withdrawn its Application.
 - 8.4.4 *Contract Issued.* An indication that SMUD has issued a Distribution Wheeling Service Agreement to Applicant.
 - 8.4.5 *Contract Executed.* An indication that Applicant has returned executed contracts to SMUD, along with all required information and funds, and that SMUD has executed the contracts.
 - 8.4.6 *Terminated.* An indication that the Reserved Position for Applicant has been terminated, either from failure to return executed contracts in a timely manner, or because the Distribution Wheeling Service Agreement was terminated under its own terms.
 - 8.4.7 *Operational.* An indication that the Facility has achieved Commercial Operation.
 - 8.4.8 *Unreserved Position.* An indication that the Queue has reached the maximum Distribution Wheeling service

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
--	---	---

Available Capacity, and the Applicant is in line for the availability of a Reserved Position.

9.0 Distribution Wheeling Service Agreement

Applicants that are assigned Reserved Positions will be offered a standard form Distribution Wheeling Service Agreement in accordance with this policy. The Distribution Wheeling Service Agreement shall be fully executed before Applicant may wheel any power across the SMUD Distribution System.

- 9.1 SMUD will accept Applications for service up to 20 years with a minimum 5-year contract term.
- 9.2 An Applicant that executes a Distribution Wheeling Agreement with a term of less than twenty years will, upon SMUD's concurrence, have first priority rollover rights for additional terms equivalent to the initial term of the agreement, provided that no Applicant will have the ability to rollover any agreement beyond a cumulative term of 20 years from the original Reservation Start Date.
- 9.3 Distribution Wheeling Service Agreement terms and conditions will reflect this Procedure in effect at the time of execution of the Distribution Wheeling Service Agreement. Should this Procedure be revised following execution of a Distribution Wheeling Agreement, the terms of the Distribution Wheeling Agreement shall prevail in the event of any conflict for the remainder of the Distribution Wheeling Agreement term.
- 9.4 The Distribution Wheeling Agreement will conform at all times to SMUD's Rates, Rules and Regulations, as amended from time to time.
- 9.5 Should an Applicant propose negotiation of the Distribution Wheeling Agreement terms and conditions that are different than those included in the standard form Distribution Wheeling Agreement, SMUD will reject the Application and the Applicant's Reserved Position will be forfeited.

10.0 Service Commencement Date

Applicant must specify, at the time of Application, the start date of the requested service. Applicant must also specify the duration that is requested for service.

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
--	---	---

SMUD will accept applications for service up to 20 years but no less than 5 years.

11.0 Pricing under the Distribution Wheeling Tariff

11.1 Pricing will be differentiated by type of service required.

11.2 The Distribution Wheeling Tariff prices reflect SMUD's cost recovery of all relevant costs incurred in providing service to applicants.

11.3 The Distribution Wheeling service prices are based on the following cost components:

11.3.1 Reservation Charge. The reservation charge will be multiplied by the Capacity to determine the total Reservation Charge.

The Reservation Charges by voltage level are as follows:

Voltage Level	Reservation Charge
12/21 kV	\$5.829/kW Month
69 kV	\$1.355/kW Month

11.3.2 Losses. A Facility taking service will be assessed a line loss factor. Line losses will be applied as the electricity transitions from one voltage level to another. SMUD reserves the right to update the line loss factor annually on January 1. Line losses will be applied to the amount of generated electricity that is measured at the point of interconnection between the Facility and SMUD's electrical system.

The line losses by voltage level are as follows:

Voltage Level	Loss Factor
12/21 kV	4.06%

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
--	---	---

69 kV	1.53%
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11.4 SMUD reserves the right to change the pricing development methodology as industry circumstances warrant

12.0 Authorized SMUD Representative

Distribution Wheeling service Applications must be addressed to the SMUD Headquarters Lobby Guard. The time and date stamp given by the Lobby Guard will be the official time and date of receipt of the Application by SMUD.

12.1 For US Mail delivery:

Sacramento Municipal Utility District
 Headquarters Lobby Guard
 Attention: Energy Trading & Contracts Department
 P.O. Box 15830
 Sacramento, CA 95852-1830

12.2 For Air Express/Overnight Delivery:

Sacramento Municipal Utility District
 Headquarters Lobby Guard
 Attention: Energy Trading & Contracts Department
 6201 S Street
 Sacramento, CA 95817-1899

12.3 For In Person Delivery:

Sacramento Municipal Utility District
 Headquarters Lobby Guard
 Attention: Energy Trading & Contracts Department
 6201 S Street
 Sacramento, CA 95817-1899

This is SMUD's Headquarters. Limited parking is available in front of the building. Additional parking is located across the street. Check in with the Security Officer at the Security kiosk in the lobby to time and date stamp the Application. Notify them that you want it delivered to the Energy Trading & Contracts Department. Have

Rate Policy and Procedures Manual	Section: Renewable and Self Generation	Subject: Distribution Wheeling Service
--	---	---

them call extension 6244 to notify staff that Application has been delivered.

12.4 For correspondence regarding the status of an Application:

email: powercontractsadmin@smud.org

phone: 916-732-6244