

Schedule 19 – LMP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

I. APPLICABILITY AND AVAILABILITY

Subject to the limitations of this Section I and to the limitations of G.S. 62-156(b)(1), this schedule is applicable to any qualifying *cogeneration or small power production facility, as defined in 18 C.F.R. § 292.203* (Qualifying Facility), which desires to deliver all of its net electrical output to the Company *and* has either (1) generating facilities designated as new capacity as defined by 18 C.F.R. § 292.304(b)(1), or (2) generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), and enters into an agreement for the sale of net electrical output to the Company (Agreement).

Unless otherwise provided by a Commission order setting forth different availability dates, this schedule is available to any Qualifying Facility (otherwise eligible pursuant to the terms hereof) that, no later than the date on which proposed rates are filed in the next biennial avoided cost proceeding after Docket No. E-100, Sub 158, (a) has filed a report of proposed construction with the Commission pursuant to Commission Rule R8-65, (b) is a Qualifying Facility, (c) has submitted to the Company a duly executed “Notice of Commitment to Sell the Output of a Qualifying Facility of no Greater than 1 Megawatt Maximum Capacity to Dominion Energy North Carolina” (“Notice of Commitment”), and (d) has submitted a request to interconnect to the Company’s system pursuant to Section 2 or Section 3 of the North Carolina Interconnection Procedures (“NCIP”). The form of the Notice of Commitment can be found on the Company’s website through the following link: <https://www.dominionenergy.com/large-business/selling-power-to-dominion-energy>. Alternatively, a QF may request a Notice of Commitment form via email to PowerContracts@dominionenergy.com.

The amount of capacity under contract (the “Contracted Capacity”) and the initial term of contract shall be limited as set forth below.

- A. Where the QF operates generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), the amount of Contracted Capacity—subject to compensation shall be no greater than 1,000 kW. The initial term of contract for such a QF shall be for a period no longer than 10 years, at the option of the QF. The minimum term of contract permitted is one year.

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I. APPLICABILITY AND AVAILABILITY (Continued)

- B. Where the QF is not defined under Paragraph I.A., the amount of Contracted Capacity subject to compensation shall be no greater than 1,000 kW. The initial term of contract for such a QF shall be for a period no longer than 10 years. The minimum term of contract permitted is one year.

Where the QF elects to be compensated for deliveries in accordance with this schedule, the QF must begin deliveries to the Company within thirty months of the Commission's order in Docket No. E-100, Sub 158 approving this Schedule 19-LMP to retain eligibility for the rates contained in this schedule; provided, however, a QF may be allowed additional time to begin deliveries of electrical output to the Company if the QF facilities in question are nearly complete at the end of such thirty month period and the QF is able to demonstrate that it is making a good faith effort to complete its project in a timely manner. Where the QF elects an initial contract term of 10 years, such contract may be renewed for subsequent term(s), at the Company's option, based on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors or (2) set by arbitration.

This schedule is not available or applicable to a QF owned by a developer, or affiliate of a developer, who sells electrical output to the Company from another facility located within one-half mile unless: (1) each facility provides thermal energy to different, unaffiliated hosts; or (2) each facility provides thermal energy to the same host, and the host has multiple operations with distinctly different or separate thermal needs. For purposes of this paragraph, the distance between facilities shall be measured from the electrical-generating equipment of each facility.

This schedule is not available or applicable to a QF that utilizes a renewable resource, such as hydroelectric, solar, or wind power facilities, which is owned by a developer, or affiliate of a developer, who is selling or will sell electrical output to the Company from another QF using the same renewable energy resource located within one-half mile if the combined output of such renewable resource QFs will exceed 1,000 kWh (ac) in any hour. For purposes of this paragraph, distance between QFs shall be measured from the electrical generating equipment of each facility.

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II. MONTHLY BILLING TO THE QF

All sales to the QF will be in accordance with any applicable filed rate schedule. In addition, where the QF contracts for sales to the Company, the QF will be billed a monthly charge equal to one of the following to cover the cost of meter reading and processing:

| <u>Metering required</u> | <u>Charge</u> |
|-----------------------------------|---------------|
| One non-time-differentiated meter | \$16.35 |
| One time-differentiated meter | \$33.72 |
| Two time-differentiated meters | \$39.05 |

III. CONTRACT OPTIONS

QFs with a design capacity of 10 kW or less shall elect from the following two options, the manner in which the QF shall operate and provide its electrical output to the Company. This election shall be contracted for and made a part of the QF's Agreement. QFs with a design capacity greater than 10 kW must contract for the supply of both energy and capacity to the Company, in accordance with Paragraph III. A., below. Purchase payments, if any, to the QF for the supply of energy and/or capacity to the Company shall be based on this contractual designation.

- A. **Supply of Energy and Capacity.** A QF shall contract for the supply of both energy and capacity to the Company, except as may be permitted pursuant to Paragraph III. B., below. The level of capacity that the QF contracts for shall not exceed the capacity limits outlined in Paragraph I. The supply of both energy and capacity shall require the installation of one (or two, if necessary) time differentiated meter(s) to measure the hourly output of the QF's generation facility.
- B. **Supply of Energy Only.** A QF with a design capacity of 10 kW or less may elect to contract for the supply of energy only to the Company. A QF electing this option will not be eligible for capacity payments. Election of this option shall require the installation of a non-time-differentiated meter to measure the monthly output of the QF's generation facility.

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IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY

A QF that supplies both energy and capacity to the Company, in accordance with Paragraph III.A., above, shall receive purchase payments as follows:

A. Energy Purchase Payments

Purchase payments for the supply of energy by the QF to the Company will be based on an hourly energy purchase price (cents per kWh) that is calculated using the hourly \$/MWh PJM Interconnection, LLC (PJM) Day Ahead Locational Marginal Price (DA LMP) at the PJM-defined nodal location nearest to the Qualifying Facility divided by 10, and multiplied by the hourly net generation as recorded on the Company's time-differentiated meter. Operator shall be paid for energy up to 105% of Contracted Capacity in any hour except no payment shall be made for generation in excess of 1,000 kW in any hour.

B. Capacity Purchase Payments

The Company shall pay a levelized capacity payment for each year of the contract term; such levelized payments shall incorporate the need for capacity only in those years that the Company's 2018 IRP forecast period has demonstrated a capacity need.

Effective each June 1, PJM establishes the Reliability Pricing Model (RPM) capacity resource clearing price for each PJM zone, shown as a \$/MW-day price, that will be applicable through the following May 31 of the next year. Such prices will be the clearing results from PJM's Base Residual Auction (BRA). The Company will pay Operator the price associated with the capacity product most applicable to the QF resource type and performance. Capacity purchase payments provided for under this Schedule are based on (1) an average of the 2018 PJM BRA clearing prices for Delivery Years 2019-2020 through 2021-2022, (2) converted to a cents/kWh on-peak capacity purchase price, (3) applied to the years of the Schedule 19-LMP contract that correspond to the Company's capacity need as identified in its 2018 IRP, and (4) levelized over the course of the ten-year contract.

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IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY
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Payments for the supply of capacity by the QF to the Company will be made based upon the QF's daily net on-peak generation multiplied by the capacity purchase price calculated pursuant to the method described above and indicated below under "Capacity Price."

The purchase payment for capacity may be modified by application of the Summer Peak Performance Factor (SPPF), as described below. The on-peak hours for every day are from 7 AM to 11 PM. Off-peak hours are defined as all other hours. Capacity Payment shall not be made for generation in any hour that exceeds the Contracted Capacity. Initially, a QF's SPPF will be 1. Once a QF has achieved Commercial Operations and such operation encompasses at least a full Summer (defined by PJM as June 1 through September 30), the following January billing month, and for each January billing month thereafter, an SPPF will be calculated that is based on the QF's operation during the five (5) PJM coincident peak hours (CP Hours), as posted by PJM, during the Summer of the previous calendar year. The QF's SPPF is equal to the number of CP Hours in which the QF generated at or greater than 75% of its Contracted Capacity, divided by 5. Therefore, the SPPF could be 0, 0.2, 0.4, 0.6, 0.8, or 1.0. When applicable, the QF's SPPF will be applied to the monthly capacity purchase payment for each billing month of the current calendar year.

| | Capacity Price |
|-----------------|----------------|
| On-Peak (¢/kWh) | 0.4420 |

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V. PAYMENT FOR COMPANY PURCHASES OF ENERGY ONLY

A QF that supplies only energy to the Company, in accordance with its election in Paragraph III.B., above, shall receive purchase payments as follows:

Purchase payments for the supply of energy only by the QF to the Company will be based on an energy purchase price (cents per kWh) that is calculated using the average of the hourly \$/MWh DA LMP at the PJM-defined nodal location nearest to the Qualifying Facility for the QF's billing month, divided by 10, and multiplied by the net generation as recorded on the Company's non-time-differentiated meter.

VI. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION

A. The QF shall own and be fully responsible for the costs and performance of the QF's:

1. Generating facility in accordance with all applicable laws and governmental agencies having jurisdiction;
2. Control and protective devices as required by the Company on the QF's side of the meter.

B. The sale of electrical output to the Company by a QF at avoided cost rates pursuant to this Schedule 19-LMP does not convey ownership to the Company of the renewable energy credits or green tags associated with the QF facility.

C. The QF is responsible for obtaining an interconnection service agreement for delivery of electrical output generated by its facility onto the Company's electrical system. Information on interconnection procedures for the QF's generation interconnection is provided through the Internet at the Company's website:

<https://www.dominionenergy.com/large-business/using-our-facilities/parallel-generation-and-interconnection>

If the interconnection is subject to FERC jurisdiction, the interconnection will be in accordance with FERC and PJM Interconnection, L.L.C. requirements.

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VII. MODIFICATION OF RATES AND OTHER PROVISIONS HEREUNDER

The provisions of this schedule, including the rates for purchase of energy and Contracted Capacity by the Company, are subject to modification at any time in the manner prescribed by law, and when so modified, shall supersede the rates and provisions hereof. However, payments to QFs with contracts for a specified term at payments established at the time the obligation is incurred shall remain at the payment levels established in their contract.

If the QF terminates its contract to provide Contracted Capacity and energy to the Company prior to the expiration of the contract term, the QF shall, in addition to other liabilities, be liable to the Company for excess capacity and energy payments.

Such excess payments will be calculated by taking the difference between (1) the total capacity and energy payments already made by the Company to the QF and (2) capacity and energy payments calculated based on the levelized capacity and energy purchase price corresponding to the actual term completed by the QF. These excess payments shall also include interest, from the time such excess payments were made, compounded annually at the rate equal to the Company's most current issue of long-term debt at the time of the contract's effective date.

VIII. TERM OF CONTRACT

The term of contract shall be mutually agreed upon by the Company and QF, subject to the applicable maximum term limits set forth in Section I. A and B. A QF that initially chooses Schedule 19 – LMP will be permitted a one-time switch to Schedule 19-FP on the first day of its second year under its contract, with 90 days written notice, and in so doing, enter into a new contract with pricing in accordance with the Schedule 19-FP in effect at the time of the initial contract date and with a choice of term up to 10 years, as applicable, less the days elapsed between the commencement of the original contract and the time of execution of the new contract. This one-time option to switch shall only be permitted contingent on Schedule 19 - FP being in effect on the first day of the QF's second year under contract.

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