

**7835.4014 SIMULTANEOUS PURCHASE AND SALE BILLING RATE.**

Subpart 1. **Method of billing.** The qualifying facility must be billed for all energy and capacity it consumes during a billing period according to the utility's applicable retail rate schedule.

Subp. 2. **Compensation to qualifying facility.** The utility must purchase all energy and capacity which is made available to it by the qualifying facility. At the option of the qualifying facility, its entire generation must be deemed to be made available to the utility. Compensation to the qualifying facility must be the sum of items A and B.

A. The energy component must be the appropriate system average incremental energy costs shown on schedule A; or if the generating utility has not filed schedule A, the energy component must be the energy rate of the retail rate schedule applicable to the qualifying facility, filed in lieu of schedules A and B; or if the nongenerating utility has not filed schedule A, the energy component must be the energy rate shown on schedule H.

B. If the qualifying facility provides firm power to the utility, the capacity component must be the utility's net annual avoided capacity cost per kilowatt-hour averaged over all hours shown on schedule B; or if the generating utility has not filed schedule B, the capacity component must be the demand charge per kilowatt, if any, of the retail rate schedule applicable to the qualifying facility, filed in lieu of schedules A and B, divided by the number of hours in the billing period; or if the nongenerating utility has not filed schedule B, the capacity component must be the capacity cost per kilowatt shown on schedule H, divided by the number of hours in the billing period. If the qualifying facility does not provide firm power to the utility, no capacity component may be included in the compensation paid to the qualifying facility.

**Statutory Authority:** *MS s 216A.05; 216B.08; 216B.164*

**History:** *40 SR 348*

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