

### **THIRD PARTY RETAIL SALES**

Under existing law any QF can sell its output to a utility or into the wholesale market. The potential benefits to the generator of third party retail wheeling appear to include avoiding the taxes and fees assessed upon sales of electricity, acquiring the significant federal grants and tax credits that are available for renewable resources, and using accelerated depreciation that is available for renewable investments. The electric cooperatives believe that numerous issues must be resolved before serious consideration can be given to allowing third party retail sales by renewable generators, including but not limited to the following:

- Does the utility have an obligation to provide power to the customer at times when the renewable generator does not provide all of the customer's needs?
  - If so should this power be provided at cost or should the nonparticipants be forced to subsidize the participants?
  - Should special rates be designed for partial requirements customers?
- Who should pay for the system upgrades that are required to accommodate these intermittent generators, which probably will be much larger than what we have interconnected to date?
- Will the PSC or another agency have any jurisdiction over third party retailers for the inevitable disputes with utilities, and likely disputes between the customers and their retailers?
- Will anyone regulate the siting, installation, and the safety of these facilities?
- Can the utility require insurance from these operators or their customers, or is the utility and its general body of ratepayers required to absorb any damages the operator may cause?
- Should the tax codes be changed to insure that state and local governments do not see significant revenue losses?