

ELECTRIC TARIFF



	<u>2nd</u>	Revised	Sheet No.	<u>85.1</u>
Canceling	<u>1st</u>	Revised	Sheet No.	<u>85.1</u>

Schedule No. CR-1

CONTINGENCY RESERVES

APPLICABILITY: Applicable to any Qualifying Facility (QF) with nameplate capacity of 10 MW or less who enters into a Power Purchase Agreement (Agreement) with the Utility for the sale of electric power to the Utility from a QF as defined under the Rules of the Commission, or to QFs with a nameplate capacity greater than 10MW that are paid according to the QF-1 Tariff under the short-term purchase options.

The Utility shall offer contingency reserve services to a Seller for the full reserve requirement of the QF. Sellers choosing Rate Option 1 or 2(a) will receive a positive rate adjustment equal to the value of Contingency Reserves that is the basis of the Contingency Reserve rate included in this tariff.

Subsequent to this adjustment, QFs must either purchase Contingency Reserves pursuant to this tariff or self provide Contingency Reserves. Self provided Contingency Reserves must be approved by NorthWestern.

For Sellers who choose a market-based QF-1 rate Option 2(b), the cost of Contingency Reserves is already included in the rate. Such sellers will not receive the rate adjustment but will be required to purchase Contingency Reserves or to self provide them pursuant to this tariff.

RATE:

The rate for the 2012 Calendar Year and until subsequently updated is:

\$10.10/MWh

An amount equal to the above rate, multiplied by the reserve requirement as specified in the table below for specific resource types, will be subtracted from the Agreement total monthly payment that NWE makes to the QF should the QF opt to purchase Contingency Reserves from NWE.

Reserve Requirement for All Resources:

3% of Actual Hourly Integrated Generation (\$0.303/MWh); plus 3% of hourly integrated load served by that generation (equal to the Actual Hourly Integrated Generation) (\$0.303/MWh)

These requirements are based upon applicable Western Electricity Coordinating Council (WECC) and Northwest Power Pool (NWPP) requirements and therefore are subject to change in the future and such changes shall be applicable at that time.

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ELECTRIC TARIFF

NorthWestern
Energy

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Schedule No. CR-1

CONTINGENCY RESERVES

SPECIAL TERMS AND CONDITIONS:

1) Definitions:

- A. "Agreement" means the Power Purchase Agreement between Seller and the Utility for a term of not less than one month.
- B. "Calendar Year" means a twelve-month period beginning on January 1 of any year.
- C. "Commission" means the Montana Public Service Commission.
- D. "Contingency Reserves" are an amount of reserves sufficient to meet the regional Reliability Control Standard BAL-002-WECC-2, consistent with Western Electricity Coordinating Council and Northwest Power Pool requirements.
- E. "Actual Hourly Integrated Generation" means the actual amount of generation integrated over each hour by the QF.
- F. "Seller," for purposes of this schedule, is any individual, partnership, corporation, association, government agency, political subdivision, municipality or other entity that:
 - 1. Operates a QF; and
 - 2. Has entered into an agreement with the Utility stipulating the terms and conditions of both the interconnection and sale of electric power to the Utility.
- G. "Utility" means NorthWestern Energy or NWE.

SERVICE AND RATES SUBJECT TO COMMISSION JURISDICTION: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.