

PEAK-SHAVING GENERATION CREDIT RIDER

Description

Connexus Energy promotes the use of member-owned generation for peak shaving. Members receive a credit based on the demand, which is reduced at the time of the system peak.

Availability

This rider is available to members of Connexus Energy with sufficient load to fully utilize the output of at least 100 kW of generator capacity. This rider shall apply to qualifying members subject to the General Rules and Conditions of Service.

This generation credit rider cannot be used with any other load control rate or rider.

Members purchasing from Connexus Energy by a contract rate will be considered on a case-by-case basis.

Monthly Rate

Each month, the member will receive a credit based on the Monthly Curtailed Demand x a Generation Credit.

New Installations

Members new to the Distributed Generation Credit Rider will enter into an agreement to receive a 7 year, fixed price credit guarantee. For the 2019 through 2025 period, this credit is:

Summer (June, July, August)	\$ 19.24/kW/month
Winter (December, January, February)	\$ 14.37/kW/month
Spring (March, April, May)	\$ 9.51/kW/month
Fall (September, October, November)	\$ 9.51/kW/month

Existing Accounts

At the conclusion of the member's fixed-price guarantee, they will be paid a credit which will be updated annually. The Peak Shave Credit for 2019 is:

Summer (June, July, August)	\$ 21.64/kW/month
Winter (December, January, February)	\$ 16.17/kW/month
Spring (March, April, May)	\$ 10.70/kW/month
Fall (September, October, November)	\$ 10.70/kW/month

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Penalty

If the member's generation does not operate or fails to operate when requested by Connexus Energy, no credit shall be given for that month and an additional fee of \$5/kW/month will be assessed, and:

1. First occurrence during calendar year – no automatic adjustments.
2. Second occurrence during calendar year – automatically switched to partial interruptible option with a PDL equal to the highest metered demand during billing peak hour until next January 1.
3. Third occurrence during calendar year – PDL automatically increased to equal the highest metered demand during billing peak hour until next June 1.

Fuel Credit Mechanism

The member is responsible for all fuel costs for the generator. However, if the hours of operation for peak shaving exceed 80 hours annually, then the member shall be reimbursed for fuel cost for operation in excess of 80 hours at prevailing market rates. The market rate will be based on the unbranded contract price for low sulfur #2 diesel at the Minneapolis Terminal Pricing Point and converted to an equivalent \$/kWh by using a heat rate of 8,500 BTUs/kWh. No fuel credit will be paid for operation during outages or for generator testing.

Additional Credit

At the sole discretion of Connexus Energy, an additional credit may be made available to promote distributed generation to defer distribution plant investment in certain portions of the distribution network.

Metering

A fee of \$40 per month will be charged to cover the cost of the additional metering and administration.

Guarantee

The credits offered by this Distributed Generation Credit Rider for new installations will be guaranteed for 7 years from the effective date of the electric service agreement executed between the member and Connexus Energy, irrespective of any subsequent changes to the level of credits which Connexus Energy may offer under this rider. At the conclusion of the member's fixed price guarantee period, the member will be paid a credit which is determined annually.

Peak-Shaving Generation Credit Rider

Limitations

This generation credit rider will be offered for generation units, which are installed and put into commercial operation by December 31, 2019. Units put into commercial operation after this date will receive credits based on the prevailing credit rider in effect at that time.

Determination of Monthly Curtailed Demand

Monthly curtailed demand (MCD) in each month shall be the load, in kW, which is deemed to have been supplied by member-owned generation during the hour of the Great River Energy (GRE) system monthly coincidental peak (Coincidental Peak), used to determine Connexus Energy's monthly wholesale billing demand. The MCD shall be determined each month in the following manner:

- 1) **Control Months** - For each billing month in which the member's generator is operated during the hour of the GRE coincidental peak for the month, the MCD shall be determined by the lesser of the member's load or the generator output.
- 2) **Non-Control Months** - For each billing month in which Connexus Energy does not operate the generator during the hour of the coincidental peak, the MCD shall be equal to the member's actual measured load, in kW, during the hour of the coincidental peak, provided that the generator was operational. For cases where the generator does not provide power to the entire facility, the MCD shall be determined for each such case based on a percentage of total loads.

Conditions of Service

1. The member must provide a phone line for control and meter reading.
2. The member by selecting billing under this generation credit rider must agree to remain on it for an entire year. Early termination may require the member to return credits already paid.
3. The member must provide an automatic transfer switch acceptable to Connexus Energy, which will allow remote operation of the switch using Connexus Energy's SCADA system. The automatic transfer switch must be installed such that it will disconnect 100% of the load that is connected to the generator(s) unless other arrangements are made with Connexus Energy.
4. The times and duration of operation shall be at the discretion of Connexus Energy provided that the generator will not be operated more than 12 hours per day or 300 hours per year (excluding outage situations).
5. It is the member's responsibility to maintain sufficient generation capacity, fuel, and maintenance to meet the electric power requirements during periods of operation.

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6. Notice of interruption shall be by a signal provided by Connexus Energy's SCADA load management system, telephone, or by other appropriate means. Connexus Energy will provide as much advance notice as circumstances reasonably allow.
7. If, for any reason, the switch or generator fails to operate or the member's load fails to transfer when dispatched by Connexus Energy, the member shall receive no credit and a penalty may apply as shown in the monthly rate section of this tariff. If the member's generation fails to operate more than 3 times during the year, Connexus Energy has the right to remove the member from the Generator Credit Rider.
8. The generator installation must abide by Connexus Energy's General Rules and Conditions of Service pertaining to member-owned generation facilities and abide by all local, state, and national standards and safety codes.
9. Member must continue to purchase all of their electric energy and electric energy delivery services from Connexus Energy.
10. Extended parallel operation of the peak shaving generation is allowed for large facilities served by multiple Connexus Energy load centers who may find it more economical to install one large generator than several smaller generators. This type of operation is limited to multiple load centers serving the same member at one location (i.e., contiguous property). Absent other arrangements, the generation output must not exceed the combined load of the member's load centers.

NET ENERGY BILLING SERVICE

Availability

Available to any small qualifying facility (SQF) of less than 40 kW who receives non-time-of-day retail electric service from Connexus Energy and offsets energy delivered by Connexus Energy.

Rate

Payment per kWh for energy delivered to Connexus Energy in excess of energy used:

With Retail Non-Demand Metered Service	\$ 0.121
With Retail Demand Metered Service	\$ 0.062

Demand Charge – Distributed Generation Grid Access \$ 2.63/kW

The Distributed Generation Grid Access charge only applies to SQFs with Retail Non-Demand Metered Service.

The billing demand shall be the nameplate rating of the SQF less 3.5 kW. If there are multiple SQFs on the same meter, the billing demand shall be the combined nameplate ratings less 3.5 kW.

The billing demand shall be capped at 7.3 kW, which is a 10.8 kW nameplate system.

SQFs installed and/or those that have applied for interconnection prior to June 1, 2016, shall be exempt from demand charges until June 2036, a period of 20 years. The exemption shall be limited to the SQFs nameplate size as of June 1, 2016. SQFs that add generation after June 1, 2016, shall be subject to Distributed Generation Grid Access Demand Charge based on their incremental installation.

Conditions of Service

1. Energy used by the member in excess of energy delivered by the SQF at the same site during the same billing period shall be billed in accordance with the appropriate non-time-of-day retail electric rate.

For demand metered General Commercial members, the entire kW demand supplied by the Connexus Energy at the same site during the same billing period shall be billed to the member in according to the appropriate general commercial demand charge rate.

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2. Interconnection charges will be assessed by Connexus Energy on an individual basis for all costs associated with, addition to, or modification of Connexus Energy facilities to accommodate SQF. The interconnection charge is the responsibility of the SQF.
3. The voltage and phase of member's generator must be consistent with existing service and approved by Connexus Energy.
4. The member must maintain a power factor of the generator as close to unity as is consistent with Connexus Energy operating standards.
5. The member must maintain and operate the generation system per the Connexus Energy Distributed Generation Technical Requirements and Interconnection Agreements.

SIMULTANEOUS PURCHASE AND SALE

Availability

Available to any small qualifying facility (SQF) of less than 40 kW who receives non-time-of-day retail electric service.

Rate

Payment schedule for energy delivered to Connexus Energy:

Energy Payment per kWh	<u>November-April</u> \$ 0.02541	<u>May-October</u> \$ 0.02382
Capacity Payment for Firm Power/kWh	\$ 0.0006	\$ 0.0006

Determination of Firm Power

The SQF will have supplied firm power if during the billing period an on-peak capacity factor of at least 65 percent was achieved. The calculation of the on-peak capacity factor will be as follows: the average on-peak period metered capacity delivered to Connexus Energy for the on-peak period of the billing period divided by the greatest 15-minute metered capacity delivered for the on-peak period of the same billing period expressed in percent and rounded to the nearest whole percent. If the percent calculated is 65 or greater, capacity payment will be made. If the percent calculated is less than 65, capacity payment will not be made.

Conditions of Service

1. Electric service provided by Connexus Energy to the member at the same site shall be billed in accordance with the appropriate non-time-of-day retail electric rate.
2. Interconnection charges will be assessed by Connexus Energy on an individual basis for all costs associated (with addition to or modification of) Connexus Energy facilities to accommodate SQF. The interconnection charge is the responsibility of the SQF.
3. The voltage and phase of member's generator must be consistent with existing service and approved by Connexus Energy.
4. The member must maintain a power factor of the generator as close to unity as is consistent with Connexus Energy operating standards.
5. The member must maintain and operate the generation system per the Connexus Energy Distributed Generation Technical Requirements and Interconnection Agreements.

TIME-OF-DAY PURCHASE SERVICE

Availability

Available to any small qualifying facility (SQF) of 100 kW capacity or less and available to qualifying facility (QF) with capacity more than 100 kW if firm power is provided. The size of the QF will determine whom the QF has the agreement with:

- If the QF capacity is less than 40 kW, Connexus Energy will enter into agreements with and purchase all energy and capacity made available by the QF.
- If the QF capacity is 40 kW or greater, Connexus Energy's power supplier, Great River Energy (GRE), will enter into agreements with and purchase all energy and capacity made available by the QF.

Rate

Payment schedule for energy delivered to Connexus Energy:

	<u>November - April</u>	<u>May - October</u>
On-Peak Energy Payment per kWh	\$ 0.02930	\$ 0.02991
Off-Peak Energy Payment per kWh	\$ 0.02225	\$ 0.01886
Capacity Payment for Firm Power per On-Peak kWh	\$ 0.0006	\$ 0.0006

Determination of Firm Power

The SQF will have supplied firm power if during the billing period an on-peak capacity factor of at least 65 was achieved. The calculation of the on-peak capacity factor will be as follows: the average on-peak period metered capacity delivered to Connexus Energy for the on-peak period of the billing period divided by the greatest 15-minute metered capacity delivered for the on peak period of the same billing period expressed in percent and rounded to the nearest whole percent. If the percent calculated is 65 or greater, capacity payment will be made. If the percent calculated is less than 65, capacity payment will not be made.

Conditions of Service

1. Electric service provided by Connexus Energy to the member at the same site shall be billed in accordance with the appropriate retail electric rate.

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2. Interconnection charges will be assessed by Connexus Energy on an individual basis for all costs associated (with addition to or modification of) Connexus Energy facilities to accommodate SQF. The net interconnection charge is the responsibility of the SQF.
3. The voltage and phase of member's generator must be consistent with existing service and approved by Connexus Energy.
4. The member must maintain a power factor of the generator as close to unity as is consistent with Connexus Energy operating standards.
5. The member must maintain and operate the generation system per the Connexus Energy Distributed Generation Technical Requirements and Interconnection Agreements.

NEGOTIATED RATE

Availability

Available to any qualifying facility (QF) with capacity more than 100 kW.

Rate

To be negotiated with Connexus Energy's power supplier, Great River Energy.

TECHNICAL AND SPECIAL TERMS FOR COGENERATION AND SMALL POWER PRODUCTION

QUALIFYING FACILITY (QF). A qualifying facility is a cogeneration or small power production facility which satisfies the conditions in 18 Code of Federal Regulations, Section 292.101(b)(1)(1981), as applied when interpreted in accordance with amendments to 18 Code of Federal Regulations, Sections 292.201-292.207 adopted through 46 Federal Register 33025-33027 (1981).

SMALL QUALIFYING FACILITY (SQF). A small qualifying facility is a Qualifying Facility with certified capacity of 100 kW or less.

COGENERATION FACILITY. A cogeneration facility is defined as equipment used to produce both electric energy, steam, or forms of useful energy (such as heat) which are used for industrial and commercial heating or cooling purposes.

SMALL POWER PRODUCTION FACILITY (SPPF). A small power production facility is defined as a facility which 1) produces electric energy solely by the use of biomass, waste, renewable resource, or a combination thereof, 2) has a power production capacity which together with any other facility using the same source and located at the same site does not exceed 80 megawatts, and 3) is not owned by a person primarily engaged in generation or sale of electrical energy.

METERING CHARGE. The monthly metering charge recovers the cost and installation of the additional meter and the associated billing, operating, and maintenance expenses.

NET ENERGY BILLING SERVICE. Members electing Net Energy Billing Service shall be billed under the appropriate retail rate only for that amount of energy used by the member which exceeds the energy delivered by the SQF to Connexus Energy at the same site during the same billing period. Any energy delivered by the SQF to Connexus Energy in excess of that received by SQF from Connexus Energy during the same billing period at the same site shall be compensated according to Net Energy Billing Service.

FIRM POWER. Firm Power is energy delivered by a QF the Connexus Energy with at least 65% on peak capacity factor in the billing period. The capacity factor is based upon a QF's maximum on peak metered capacity delivered to the Connexus Energy during the billing period.

INTERCONNECTION CHARGE. The interconnection charge will be assessed on a non-refundable basis to cover Connexus Energy's reasonable costs of connection, switching, transmission, distribution, safety provisions, and administrative costs that are directly related to installing and maintaining the physical facilities necessary to permit interconnected operations with a QF in excess of the facilities and expenses recovered in the monthly metering charge.

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ON PEAK HOURS. The on peak hours are defined as weekdays from 10:00 to 20:00 CPT except for the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

OFF PEAK HOURS. The off peak hours are defined as all hours besides on peak hours.

**RULES AND REGULATIONS APPLICABLE TO COGENERATION AND SMALL
POWER PRODUCTION FACILITIES**

COMPLIANCE

The member agrees to operate and maintain the generation system in accordance with the Connexus Energy Distributed Generation Technical Requirements and Interconnection Agreements. Failure to operate and maintain the generation system per these requirements will be grounds for Connexus Energy to disconnect the generation system from the Connexus Energy distribution system.

SPECIAL METERING

Member agrees to allow Connexus Energy at Connexus Energy's expense to install necessary special metering and measuring equipment at the above address to provide information on the effect of the qualifying facility (QF).

PROVISIONS TO SELECT METERING

Member to choose one of the following:

1. Detenting of Meter for Parallel Operation With No Sale to Connexus Energy.
Because member does not intend to sell energy to Connexus Energy, the billing of the member's electrical consumption provided by Connexus Energy will be available retail rates and the electric meter measuring this consumption will at times be detented to allow measurement only of energy flow into the member's premise. Member will provide all meter socket replacement and rewiring, if required, to accommodate a detented meter.
2. Metering for Parallel Operation With Sale or Wheelage of Excess or All or a Part of Member-Produced Energy.
A bi-directional meter will be installed which will record energy delivered by Connexus Energy and energy delivered by member. Member will provide all meter socket replacement and rewiring, if required, to install these meters.

RATES

Rates for sales to a QF shall be governed by the applicable tariff for the class of consumer to which the QF would belong if it were not a QF. Connexus Energy or the QF may petition the Minnesota Public Utilities Commission to establish specific rates for supplemental, maintenance, back-up, or interruptible power.

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Rules and Regulations Applicable to Cogeneration and Small Power Production Facilities

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REVENUE LOSS

Connexus Energy shall not be liable for revenue lost by member due to Connexus Energy's inability to purchase or wheel member-generated energy for any reason not within Connexus Energy's reasonable control.

PAYMENT OF WHEELING CHARGE

For QF's with rated capacity of 30 kW or more, Connexus Energy will, at the QFs request or consent, provide wheeling or exchange arrangements with other utilities if such interconnection exists. For QFs with rated capacity of 30 kW or more, Connexus Energy at the request of an interconnected QF, will provide wheeling arrangements and shall pay all reasonable charges associated with the sale and wheeling of the QF's output. The utility ultimately receiving the QF's output shall pay its full avoided capacity and energy costs within 30 days of receiving the output to Connexus Energy which is interconnected to the QF. Payment to the QF must be made within 15 days from the date Connexus Energy receives payment. Payment to the interconnected QF will be in the amount Connexus Energy received from the utility less wheeling charges it incurred plus its own reasonable wheeling charges. A report summarizing all wheeling activities involving QFs will be submitted to the Minnesota Public Utilities Commission as required.

COOPERATIVE MEMBERSHIP

Any individual, corporation, or partnership wishing to interconnect with Connexus Energy's electric system shall become a member of Connexus Energy in accordance with the bylaws of Connexus Energy.

INSURANCE

The member shall maintain during the term of this agreement liability insurance, which insures member against all claims for property damage and, for personal injury or death arising out of, resulting from, or in any manner connected with the installation, operation, and maintenance of the QF. The amount of such insurance coverage shall be at least \$300,000 per occurrence. Member shall furnish a certificate from its insurance carrier showing that it has complied with the provisions of this section and providing that the insurance policy will not be changed or canceled during its term without written 90-day notice to Connexus Energy.

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Rules and Regulations Applicable to Cogeneration and Small Power Production Facilities

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SPECIAL LOSS FACTOR ADJUSTMENT

If the SQF is located at a site outside Connexus Energy's service territory and energy is delivered to Connexus Energy through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between point of generation and point of receipt by Connexus Energy.

SPECIAL INTERCONNECTION FACILITIES

The metering charge assumes common use of all Connexus Energy facilities, up to the metering point, for both receipt and delivery of energy. Any additional facilities required by Connexus Energy to accommodate the SQF will require SQF to pay a net interconnection charge in advance.

METERING REQUIREMENTS

The SQF shall make provisions for on-site metering. All energy delivered and sold to Connexus Energy shall be separately metered. On-site use of SQF output shall be unmetered for purposes of compensation. SQF shall cooperate with and allow Connexus Energy to install and have access to on-site monitoring equipment for purposes of gathering SQF performance data.

STANDARD CONTRACTS AND AGREEMENT FORMS

Listed below are the titles of standard contract or service agreement forms Connexus Energy requires of members for cogeneration and small power production purchase services. Copies of the forms are shown on the following sheets in the order listed and Connexus Energy's Distributed Generation Technical Requirements and Interconnection Agreements.

1. Uniform Statewide Contract for Cogeneration and Small Power Production Facilities
2. Connexus Energy Distributed Generation Technical Requirements and Interconnection Agreements
 - a. Section 3 Generation Interconnection Application
 - b. Section 4 Engineering Data Submittal

UNIFORM STATEWIDE CONTRACT FOR COGENERATION AND SMALL POWER PRODUCTION FACILITIES

THIS CONTRACT is entered into _____, 20____, by Connexus Energy (hereafter called "Cooperative") and _____ (hereafter called "QF").

RECITALS

The QF has installed electric generating facilities, consisting of _____ (description of facilities), rated at _____ kilowatts of alternating current (AC) electricity, on property located at _____.

The QF is prepared to generate electricity in parallel with the Cooperative.

The QF's electric generating facilities meet the requirements of the rules adopted by the Cooperative on Cogeneration and Small Power Production and any technical standards for interconnection the Cooperative has established that are authorized by those rules.

The Cooperative is obligated under federal and Minnesota law to interconnect with the QF and to purchase electricity offered for sale by the QF.

A contract between the QF and the Cooperative is required.

AGREEMENTS

The QF and the Cooperative agree:

1. The Cooperative will sell electricity to the QF under the rate schedule in force for the class of member to which the QF belongs.
2. The Cooperative will buy electricity from the QF under the appropriate rate schedule approved by the Cooperative. The QF elects the rate schedule category hereinafter indicated:

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Applicable only to QF less than 40 kW

- ___ a. Average retail cooperative energy rate
- ___ b. Simultaneous purchase and sale billing rate
- ___ c. Roll-over credits

Applicable only to QF between 40 kW and 100 kW

- ___ d. Time-of-day purchase rates

A copy of the presently approved rate schedule is attached to this contract.

3. The rates for sales and purchases of electricity may change over the time this contract is in force, due to actions of the Cooperative, and the QF and the Cooperative agree that sales and purchases will be made under the rates in effect each month during the time this contract is in force.
4. The Cooperative will compute the charges and payments for purchases and sales for each billing period. Any net credit to the QF, other than kilowatt-hour credits under clause 2(d), will be made under one of the following options as chosen by the QF.
 - ___ a. Credit to the QF's account with the Cooperative
 - ___ b. Paid by check or electronic payment service to the QF within 15 days of the billing date
5. Renewable energy credits associated with generation from the facility are owned by: _____.
6. The QF must operate its electric generating facilities within any rules, regulations, and policies adopted by the Cooperative.
7. The Cooperative's rules, regulations, and policies must conform to Minnesota Statute 216B.164 regarding Cogeneration and Small Power Production.

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8. The QF will operate its electric generating facilities so that they conform to the national, state, and local electric and safety codes, and will be responsible for the costs of conformance.
9. The QF is responsible for the actual, reasonable costs of interconnection which are estimated to be \$_____. The QF will pay the Cooperative in this way:

10. The QF will give the Cooperative reasonable access to its property and electric generating facilities if the configuration of those facilities does not permit disconnection or testing from the Cooperative's side of the interconnection. If the Cooperative enters the QF's property, the Cooperative will remain responsible for its personnel.
11. The Cooperative may stop providing electricity to the QF during a system emergency. The Cooperative will not discriminate against the QF when it stops providing electricity or when it resumes providing electricity.
12. The Cooperative may stop purchasing electricity from the QF when necessary for the Cooperative to construct, install, maintain, repair, replace, remove, investigate, or inspect any equipment or facilities within its electric system. The Cooperative may stop purchasing electricity from the QF in the event the generating facilities listed in this contract are documented to be causing power quality, safety or reliability issues to the Cooperative's electric distribution system. The Cooperative will notify the QF before it stops purchasing electricity in this way:

13. The QF will keep in force general liability insurance, from a qualified insurance agency with a B+ or better rating by "Best", against personal or property damage due to the installation, interconnection, and operation of its electric generating facilities. The amount of insurance coverage will be \$_____.
14. The QF and Cooperative agrees to attempt to resolve all disputes arising hereunder promptly, equitably and a good faith manner.

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15. In the event a dispute arises under this contract, refer to dispute resolution process in Cooperative Rules Implementing Minnesota Statute §216B.164.
16. This contract becomes effective as soon as it is signed by the QF and the Cooperative. This contract will remain in force until either the QF or the Cooperative gives written notice to the other that the contract is canceled. This contract will be canceled 30 days after notice is given. If the listed electric generating facilities are not interconnected to the Cooperative's distribution system within 12 months of the contract being signed by the QF and the Cooperative, the contract terminates. The QF and the Cooperative may delay termination by mutual agreement.
17. Termination of this contract is allowed (i) by the QF at any time without restriction; (ii) by mutual agreement between the Cooperative and the QF; (iii) upon abandonment or removal of electric generating facilities by the QF; (iv) by the electric generating facilities failing to operate for during any 12 consecutive month period; (v) by the Cooperative if the QF fails to comply with applicable interconnection design requirements or fails to remedy a violation of the interconnection process; (vi) in the event of an emergency on the Cooperative's distribution system; (vii) or breach of this contract by QF unless otherwise cured upon written notice of the Cooperative.
18. This contract can only be amended or modified by mutual agreement in writing signed by the QF and the Cooperative.
19. The QF must notify the Cooperative prior to any change in the electric generating facilities' capacity size or generating technology according to the interconnection process adopted by the Cooperative.
20. In the event this contract is terminated, the Cooperative shall have the right to disconnect its facilities or direct the QF to disconnect its generating facilities.
21. This contract shall continue in effect after termination to the extent necessary to allow either the Cooperative or the QF to fulfill rights or obligations that arose under the contract.
22. Transfer of ownership of the generating facilities shall require the new owners and the Cooperative to execute a new contract. Upon the execution of a new contract with the new owners, this contract shall be terminated.

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23. Neither the QF or the Cooperative will be considered in default as to any obligation if the QF or the Cooperative is prevented from fulfilling the obligation due to an act of God, labor disturbance, act of public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, an order, regulation or restriction imposed by government, military or lawfully established civilian authorities, or other cause beyond the QF's or Cooperative's control. However, the QF or Cooperative whose performance under this contract is hindered by such an event shall make all reasonable efforts to perform its obligations.
24. The QF and the Cooperative shall at all times indemnify, defend, and save each other harmless from any and all damages, losses, claims, including claims and actions relating to injury or death of any person or damage to property, costs and expenses, reasonable attorneys' fees and court costs, arising out of or resulting from the QF's or the Cooperative's performance of its obligations under this contract, except to the extent that such damages, losses or claims were caused by the negligence or intentional acts of the QF or the Cooperative.
25. The QF's and the Cooperative's liability to each other for failure to perform its obligations under this contract shall be limited to the amount of direct damage actually occurred. In no event shall the QF or the Cooperative be liable to each other for any punitive, incidental, indirect, special, or consequential damages of any kind whatsoever, including for loss of business opportunity or profits, regardless of whether such damages were foreseen.
26. The Cooperative does not give any warranty, expressed or implied, to the adequacy, safety, or other characteristics of the QF's interconnected system.
27. The Cooperative and the QF will each be responsible for its own acts or omissions and the results thereof to the extent authorized by law and shall not be responsible for the acts or omissions of any others and the results thereof.

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THE QF AND THE COOPERATIVE HAVE READ THIS CONTRACT AND AGREE TO BE BOUND BY ITS TERMS. AS EVIDENCE OF THEIR AGREEMENT, THEY HAVE EACH SIGNED THIS CONTRACT BELOW ON THE DATE WRITTEN AT THE BEGINNING OF THIS CONTRACT.

QF

By: _____

Title _____

COOPERATIVE

By: _____

Title _____

EXTENDED PARALLEL DISTRIBUTED GENERATION RIDER

Application

The Rider for Distributed Generation is applicable as follows to any member taking service under one of the Cooperative's standard electric rate schedules and who has entered into an electric service agreement with Cooperative for the interconnection and operation of an on-site extended parallel distributed generation system:

1. The distributed generation system must be an operable, permanently installed or mobile generation facility connected in parallel to the utility distribution system serving the member receiving retail electric service at the same site.
2. The distributed generation system must be fueled by either natural gas, a renewable fuel, or another similarly clean fuel or combination of fuels.
3. The distributed generation system cannot have more than 10 MW of interconnected capacity at a point of common coupling to Cooperative's distribution system.
4. The interconnection and operation of the distributed generation system at each point of common coupling shall be considered as a separate application of the Rider.
5. All provisions of the applicable standard service schedule shall apply to distributed generation service under this Rider except as noted below.

In lieu of service under this Rider, member and Cooperative may pursue reasonable transactions outside the Rider; or member may take service, as applicable, under Cooperative's Rider for Parallel Generation as established under Minnesota Rules 7835 – Cogeneration and Small Power Production.

Definitions

Member is an entity receiving retail electric service from Cooperative at the same site as the distributed generation system.

Extended Parallel means the distributed generation system is designed to remain connected with the Cooperative's distribution system for an extended period of time.

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Scheduled Maintenance service is energy, or energy and capacity, supplied by the Cooperative during scheduled maintenance of the member's non-utility source of electric energy supply (distributed generation system).

Unscheduled Outage service is energy, or energy and capacity, supplied by the Cooperative during unscheduled outages of the member's non-utility source of electric energy supply (distributed generation system).

All other definitions shall be as described in Cooperative's *Distributed Generation Interconnection Requirements* and *Interconnection Process for Distributed Generation Systems*.

Charges for Service

Services provided under this Rider may include services from the Cooperative to member and from member to Cooperative. The following rates, charges, credits and payments are applicable for such services in addition to all applicable charges for service being taken under Cooperative's standard rate schedule:

A monthly service charge, equal to the service charge contained in the base tariff to which this Rider is attached, will be applied to this Rider to recover costs of administering this Rider.

Services from Cooperative to Member

Interconnection Services

Interconnection services include services such as engineering/design studies, Cooperative system upgrades and testing as further described in Cooperative's *Distributed Generation Interconnection Requirements* and *Interconnection Process for Distributed Generation Systems*. Charges for such interconnection services shall be as described in the Cooperative's *Distributed Generation Interconnection Requirements* and *Interconnection Process for Distributed Generation Systems*.

Supply Services

Supply services include standby services such as scheduled maintenance, unscheduled outages and supplemental service as provided under Cooperative's *Rider for Standby Service*.

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Transmission Services

Transmission services include reservation and delivery of capacity and energy on either a firm or non-firm basis and those ancillary services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation over Transmission Providers' Transmission System. These ancillary services include services such as Scheduling, System Control and Dispatch Service, Reactive Supply and Voltage Control from Generation Sources, Regulation and Frequency Response, Generator Imbalance, Operating Reserve – Spinning Reserve and Operating Reserve – Supplemental Reserve. Transmission Services are provided as applicable under Cooperative's wholesale power supplier's approved Open Access Transmission Tariff (OATT).

Distribution Services

Distribution services include reservation and delivery of capacity and energy and those indirect services that are necessary to support the delivery of capacity and energy over Cooperative's distribution system. These indirect services include allocated support services or expenses such as operation and maintenance, member accounts, member service and information, administrative and general, depreciation, interest and taxes. Members requiring contracted distribution standby service and/or delivery of energy and capacity over Cooperative's distribution system to a third party will be charged for such distribution services at a rate equal to the distribution charge specified in the Cooperative's *Rider for Standby Service*.

Services from Member to Cooperative

Capacity/Energy

Member may sell all of the energy produced by the distributed generation system to the Cooperative, use all the distributed generation energy to meet its own electrical requirements, or use a portion of the energy from the distributed generation system to meet its own electrical needs and sell the remaining energy to the Cooperative.

If the member offers to sell energy to the Cooperative, then such energy and capacity will be purchased by the Cooperative's wholesale power supplier under the rates, terms and conditions for such purchases as established by the wholesale power supplier.

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Distribution Credits

A distribution credit may be given if the distributed generation system allows the Cooperative to defer or avoid distribution system upgrades. Distribution credits to the member should equal the Cooperative's avoided distribution costs resulting from the installation and operation of the distributed generation system. The Cooperative shall provide, upon member's written request, areas of the distribution system that could be likely candidates for distribution credits as determined through the Cooperative's normal planning process. The Cooperative shall also provide to the member the minimum size distributed generation system required in each of the areas to qualify for the distribution credit along with general operational requirements necessary for the distributed generation system to meet, so as to be able to receive distribution credits.

Upon receiving an interconnection application from the member for a distributed generation interconnection, along with a written request for distribution credits, the Cooperative will complete an initial screening study to determine if the project has the potential to receive distribution credits. The member shall be responsible for the cost of the screening study. If the Cooperative's study shows that there exists potential for distribution credit, the Cooperative shall, at its own expense, pursue further study to determine the distribution credit, as part of its annual distribution planning study. If the study cannot be incorporated as part of the Cooperative's annual distribution planning study, then such a study shall be pursued with member's approval at member's expense. If distribution credits are identified, then such credits will be paid in conjunction with an agreement with the member to supply distribution support utilizing the member's generation system.

Renewable Credits

If member installs a renewable distributed generation system and the Cooperative's wholesale power supplier's purchase of energy and capacity from such facility allows the wholesale power supplier to avoid the need to purchase renewable energy elsewhere, then the purchase of such renewable energy and capacity will reflect the avoided cost of renewable purchases as provided under the wholesale power supplier's applicable rates, terms and conditions for such purchases.

Tradable Emissions Credits

If the purchase of energy and capacity by the Cooperative's wholesale power supplier under the "must buy" provision described above results in the wholesale power supplier receiving an economic value associated with tradable emissions, then tradable emissions credits will be provided to member under terms established by the wholesale power supplier that reflects the economic value of such emission credits received by the wholesale power supplier.

Terms and Conditions of Service

The following terms and conditions apply to this Rider:

1. Service hereunder is subject to Cooperative's *Interconnection Process for Distributed Generation Systems* and *Distributed Generation Interconnection Requirements* as may be modified from time-to-time.
2. The member shall make provision for on-site metering. All energy received from and delivered to the Cooperative shall be separately metered. The Cooperative may require metering of the generation output. Cooperative will install all metering equipment necessary to monitor services provided to ensure adequate measurements are obtained to support necessary application of rates, charges, credits and payments. Member will be charged an up-front lump sum for the installed cost of such metering equipment and a monthly charge for the operation and maintenance expenses for this metering equipment. In the event the Cooperative determines that an interval meter is required, the member is responsible for providing telephone communication to the meter. If member cannot or does not want to provide a telephone line, Connexus Energy will manually read the meter for an additional monthly fee.
3. The member shall pay for all interconnection costs incurred by the Cooperative made necessary by the installation of the distributed generation system.
4. The member will be compensated monthly for all energy delivered to Cooperative's wholesale power supplier. The timing for these payments is subject to annual review
5. Power and energy purchased by the member from the Cooperative shall be under the applicable retail rates for the purchase of electricity.
6. The Cooperative reserves the right to disconnect the member's generator from its system if it interferes with the operation of the Cooperative's equipment or with the equipment of other Cooperative members.
7. The member shall execute an Electric Service Agreement with the Cooperative which may include, among other provisions, a minimum term of service.

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Billing and Terms of Payment

Billing and terms of payment shall be governed as set forth in the Cooperative's applicable base rate schedule.

To the extent that Cooperative receives service from member under this Rider, payment for such services shall be netted against any charges for Cooperative-supplied services hereunder.

STANDBY SERVICE RIDER

Application

The Rider for Standby Service is required under the following provisions for any member needing scheduled maintenance service or unscheduled outage service who is receiving electric service under one of the Cooperative's firm retail electric rate schedules and who has entered into a contract with Cooperative for the interconnection and operation of an on-site extended parallel distributed generation system:

1. Contracts will be made for this service provided the Cooperative has sufficient capacity available in production, transmission and distribution facilities to provide such service at the location where the service is requested.
2. Power production equipment (distributed generation system) at the member site shall not operate in parallel with the Cooperative's system until the installation has been inspected by an authorized Cooperative representative and final written approval is received from the Cooperative to commence parallel operation.
3. The minimum term of service taken under this Rider shall be 1 year or such longer period as may be required under an Electric Service Agreement. Following this initial 1-year period, a member receiving standby service may terminate standby service and establish service under a firm service tariff schedule within the same time frame as would be required of a new member with a similar firm service load. Such time frame may be dependent on the Cooperative's ability to adjust its generation capability, including reserve margin, for the increased firm load due to member's selection of firm service from the Cooperative.
4. Energy provided to the member under this rider is limited to energy used during a forced outage or planned maintenance of the member's distributed generation system.

Exceptions to this Application include:

1. Any member taking service under Cooperative's Rider for Parallel Generation as established under Minnesota Rules 7835 shall not be required to take service under this Rider for standby services required to temporarily back up distributed generation systems rated at less than 40 kW;
2. Any member taking service under Cooperative's Rider for Distributed Generation Service shall not be required to take service under this Rider for standby services required to temporarily back up distributed generation systems rated at 60 kW or less. However, Cooperative reserves the right to limit the number of Distributed Generation members receiving such an exception based on financial considerations.; or
3. Any member, in lieu of service under this Rider, may provide physical assurance to ensure that standby service is not taken. A member requesting physical assurance shall agree to furnish and install an approved load-limiting device, which shall be set and sealed by Cooperative so that member's use of service will not exceed member's contracted demand. The installed cost of the load-limiting device shall be paid by member.

Definitions

Contracted Standby Demand is the quantity specified in member's Electric Service Agreement as the maximum amount of firm or non-firm standby service the Cooperative is obligated to supply.

Extended Parallel means the distributed generation system is designed to remain connected with the Cooperative's distribution system for an extended period of time.

Firm Service refers to a utility's most reliable, constant electric service. A utility would interrupt the supply of electricity to a firm service member only as a last resort.

Non-Firm Service refers to electric service that a utility provides only to the extent that it has capacity not being used to meet the needs of firm-service members at the moment.

Scheduled Maintenance service is energy, or energy and capacity, supplied by the Cooperative during scheduled maintenance of the member's non-utility source of electric energy supply (distributed generation system).

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Unscheduled Outage service is energy, or energy and capacity, supplied by the Cooperative during unscheduled outages of the member's non-utility source of electric energy supply (distributed generation system).

All other definitions shall be as described in Cooperative's *Distributed Generation Interconnection Requirements* and *Interconnection Process for Distributed Generation Systems*.

Charges for Services

The following Reservation and Usage Fees are applicable in addition to all charges for service being taken under Cooperative's base rate schedule:

Reservation Fees

Charges as specified below for the reservation of either Firm or Non-Firm generation, transmission and distribution service per month per kW will each be applied to the member's Contracted Standby Demand as specified in member's Electric Service Agreement with Cooperative:

	Firm Service (\$ per kW)	Non-Firm Service (\$ per kW)
Generation	*	**
Transmission	*	**
Distribution	\$ 3.90	\$ 3.90
Monthly Metering Fee	\$40.00	\$40.00

* Firm Standby Service Generation and Transmission Reservation Fees will be billed under the rates, terms and conditions of the Cooperative's wholesale power supplier.

** Non-Firm Standby Service Generation and Transmission Reservation Fees will be billed under the rates, terms and conditions of the Cooperative's wholesale power supplier.

Usage Fees

Demand Charge

If member registers electrical usage from Cooperative during a billing month then such usage may result in demand charges, which may vary between members contracting for Firm Standby Service or Non-Firm Standby Service.

If usage of a firm standby member results in wholesale charges to Cooperative, then the metered demand of such usage will be charged at the demand rate as contained in the base tariff to which this Rider is attached minus the applicable Reservation Fees paid by member during such billing month. The reduction in the base tariff billing demand will be provided up to the amount of Contracted Standby Demand. Any metered demand for member electrical usage from Cooperative that exceeds the Contracted Standby Demand level will be billed at the full demand rate specified in the base tariff. In addition, member's contracted standby demand will be adjusted as specified in the Billing Demand clause of this Rider. If member registers electrical usage from Cooperative that also coincides with the Cooperative's wholesale power supplier's monthly billing peak, then additional demand charges may be applied by Cooperative to ensure that member fully compensates Cooperative for such wholesale power costs.

Power may not be available when needed for a non-firm standby member. If power is available and usage of a non-firm standby member results in wholesale charges to Cooperative, then the metered demand of such usage will be charged at no less than the demand rate as contained in the base tariff to which this Rider is attached minus the applicable Reservation Fees paid by member during such billing month. (Any higher demand charges for non-firm demand use will reflect higher wholesale demand costs incurred to provide such service.) The reduction in the base tariff billing demand will be provided up to the amount of Contracted Standby Demand. Any metered demand for member electrical usage from Cooperative that exceeds the Contracted Standby Demand level will be billed at the full demand rate specified in the base tariff. In addition, member's Contracted Standby Demand will be adjusted as specified in the Billing Demand clause of this Rider. If member registers electrical usage from Cooperative that also coincides with the Cooperative's wholesale power supplier's monthly billing peak, then additional demand charges may be applied by Cooperative to ensure that member fully compensates Cooperative for such wholesale power costs.

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Energy Charge

Energy actually used by a firm standby member under this Rider will be charged at the same energy rate as contained in the base tariff to which this Rider is attached.

If energy is available for a non-firm standby member, then energy actually used under this Rider will be charged at no less than the energy rate contained in the base tariff to which this Rider is attached. Any higher energy charges for non-firm energy use will reflect higher wholesale energy costs incurred to provide such energy.

Rate Adjustments

Bills shall be subject to all adjustments applicable to the base schedule to which this Rider is attached.

Billing Demand

The member shall contract for a specific kilowatt demand of standby service sufficient to meet the member's requirements when the distributed generation system is not being operated. In the event the Contracted Standby Demand is exceeded in any month by a higher billing demand, such higher demand shall be considered as the new billing demand for the month. The billing demand for Reservation Fees thereafter shall be not be less than the newly established billing demand for the remainder of the contract. Such adjustment of billing demand applicable to Reservation Fees will recognize circumstances where on-going firm service is being provided in addition to standby service.

Stranded Investment

Any member who installs load limiting equipment to ensure that standby service is not taken (physical assurance) and does not intend to deliver power into the distribution system will have the option of making a lump sum payment to Cooperative for stranded distribution investment. If such lump sum payment is not made, then member will be subject to distribution standby charges based on member's typical demands incurred prior to requesting physical assurance status.

Billing and Terms of Payment

Billing and terms of payment shall be governed as set forth in the Cooperative's applicable base rate schedule.

Terms and Condition of Service

1. The member shall execute an Electric Service Agreement with the Cooperative which shall specify:
 - a. Standard rate schedule (to which this Rider is attached);
 - b. Contracted Standby Demand;
 - c. Generator Nameplate Rating; and
 - d. Type of Standby Service (firm or non-firm).
2. Service hereunder is subject to Cooperative's *Interconnection Process for Distributed Generation Systems* and *Distributed Generation Interconnection Requirements* as may be modified from time-to-time.
3. The member shall make provision for on-site metering. All energy received from and delivered to the Cooperative shall be separately metered. The Cooperative may require metering of the generation output. Cooperative will install all metering equipment necessary to monitor services provided to ensure adequate measurements are obtained to support necessary application of rates, charges, credits and payments. Member will be charged an up-front lump sum for the installed cost of such metering equipment and a monthly charge for the operation and maintenance expenses for this metering equipment. In the event the Cooperative determines that an interval meter is required, the member is responsible for providing telephone communication to the meter. If member cannot or does not want to provide a telephone line, Connexus Energy will manually read the meter for an additional monthly fee.
4. The member shall pay for all interconnection costs incurred by the Cooperative made necessary by the installation of the distributed generation system.
5. The Cooperative reserves the right to disconnect the member's generator from its system if it interferes with the operation of the Cooperative's equipment or with the equipment of other Cooperative members.
6. The Cooperative shall not be obligated to supply standby service for a member's load in excess of the capacity for which member has contracted.
7. The member shall be liable for all damages or costs caused by member's use of power in excess of contracted for capacity.
8. Cooperative may require member to furnish and install an approved load limiting device which shall be set and sealed by Cooperative so that the member's use of service will not exceed the number of kilowatts contracted for by member.

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9. The member shall annually furnish documentation to the Cooperative confirming the maximum capacity and reliability of the power source for which the member requires Standby Service.
10. Cooperative and member will coordinate the planning and determining of a schedule for performance of periodic maintenance of member's facilities, such maintenance shall be scheduled to avoid wholesale power billing costs or as agreed upon in the contract. Cooperative will require the member to provide reasonable notice of its proposed schedule for maintenance. The duration of the agreed maintenance schedule may thereafter be extended only with the consent of the Cooperative in response to member's request received prior to the end of the maintenance period.
11. The Cooperative reserves the right to establish a minimum charge in order to recover the costs of facilities required to serve such load. Said charge shall be specified in the Electric Service Agreement.
12. Cooperative may be reimbursed by the member for costs which are incurred, or which have been previously incurred, in providing facilities, which are used principally, or exclusively in supplying service for any portion of the member's requirements, which are to be normally supplied from a source of power other than the Cooperative's electric system.
13. All electricity delivered shall be for the exclusive use of the member and shall not be resold.
14. Member shall indemnify Cooperative against all liability, which may result from any and all claims for damages to property and injury or death to persons, which may arise out of or be caused by the erection, maintenance, presence, or operation of the co-generation facility or by any related act or omission of the member, its employees, agents, contractors or subcontractors.