

VERNON ELECTRIC COOPERATIVE

Policy 30-24

SUBJECT: Renewable Energy/Distributed Generation (DG)

POLICY CONTENT:

AVAILABILITY

This rate is available to members of Vernon Electric Cooperative who own and operate renewable electric generation facilities that meet the definition of “Qualifying Facilities” (“QFs”) under “PURPA” (defined as the “Public Utility Regulatory Policies Act of 1978,” as amended, and all regulations promulgated thereunder by the Federal Energy Regulatory Commission (“FERC”)). This shall include single-phase and three-phase service where such facilities are connected in parallel with the Cooperative, and where such facilities are approved by the Cooperative.

Service under this policy is limited to members of the Cooperative who own and operate renewable energy sourced electric generating technologies which are properly certified as “QFs” under PURPA. To meet the requirements of a QF, a small power production facility’s primary energy source must be biomass, waste, renewable resources, geothermal resources, or any combination, with 75 percent or more of the total energy input coming from these sources, whose power production capacity (together with the power production capacity of any other small power production facilities that use the same energy resource, are owned by the same person(s) or its affiliates, and are located on the same site) does not exceed 80 MW. The Cooperative, in its sole discretion on a case-by-case basis, may permit other generation and/or battery storage facilities which do not meet the requirements of a QF to interconnect with the Cooperative distribution system pursuant to the terms of this policy.

The Cooperative’s system was not designed with the capability to interconnect with and receive output from large, distributed generation (“DG”) facilities, and costs to be charged to the QF for necessary upgrades to the Cooperative’s system may not be cost-effective for the QF. Therefore, the Cooperative may recommend that QF applicants with systems larger than 20 kW interconnect with the transmission system of the Cooperative’s wholesale supplier, Dairyland Power Cooperative.

Unless otherwise modified herein or in the Cooperative’s Interconnection Application and Interconnection Agreement, the Cooperative follows the standards established in “Interconnection Requirements of Wisconsin Electric Cooperatives (IRWEC) – Version 1.3” as they relate to application, contracting for service, design requirements, equipment certification and testing.

The electric energy produced by the distributed generation system must originate at the member’s premises. Any distributed generation systems owned by the same individual, organization, corporation, or affiliates will be considered one system and the generation capacity will be aggregated.

The energy production capacity of a member-owned DG system will be deemed to be the manufacturer’s name plate rating or the actual output, whichever is greater. For example, in the event a member’s maximum output measured exceeds 20 kW, the facility and interconnection shall then be governed by the rules and rates applicable to facilities over 20 kW, regardless of the nameplate capacity of the facility.

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METERING / BILLING / RATE

Metering Requirements for Qualifying Facilities: The Cooperative will provide metering devices for the QF at the Member's expense to accurately record purchases of energy. Specific metering requirements for QFs with nameplate capacity of 20 kW or less are set forth in Appendix A. Specific metering requirements for QFs over 20 kW are set forth in Appendix B.

Purchases from QFs: The Cooperative will purchase energy from QFs at the applicable rates set forth in the appendices to this policy. For all QFs with a rated nameplate capacity of 100 kW or less, the Cooperative will make available to requesting Members the Cooperative's standard avoided cost rates for purchases of energy, to be revised from time to time as determined by the Cooperative's Board of Directors. Unless otherwise determined by the Cooperative's Board of Directors, standard rates for purchases shall not exceed the Cooperative's avoided costs.

Sales to Qualifying Facilities: The Cooperative will sell to the Member whatever energy and capacity is requested including backup, supplemental, maintenance and interruptible power. All energy and capacity supplied to the Member by the Cooperative shall be paid for by the Member at the rates set forth in the Cooperative's standard retail rate schedule applicable to the class of service provided. The Cooperative may credit payment for purchases from the QF against the Member's current bill for electric service or any other past due amount owed the Cooperative by the Member.

Additional Costs: The Member shall reimburse the Cooperative for its incremental costs resulting from interconnecting with the QF. The incremental interconnection costs shall include all reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, inspection, and administrative costs incurred by the Cooperative directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with the QF, to the extent such costs exceed the corresponding costs which the Cooperative would have incurred had it not interconnected.

The Cooperative may determine from the QF application and other information provided that, prior to interconnection with the QF, an engineering and/or distribution system study is necessary to determine the requirements and specifications for interconnection and the extent of any distribution system modifications necessary to permit such interconnection. The Member shall be responsible for paying the fees for engineering and distribution system study reviews. Upon request, a good faith estimate may be provided to the Member prior to any studies taking place. The Cooperative may require that such fees be paid before the reviews will be conducted.

The Cooperative may charge the Member for the Cooperative's actual costs, for both labor and equipment, of any distribution system upgrades required to interconnect with and receive output from the QF. After receiving the Member's Interconnection Application and such other information that the Cooperative may require to evaluate the Member's application, the Cooperative will determine whether any distribution system upgrades are required to interconnect with and receive output from the Member. The Cooperative will provide the Member with a written statement of any distribution system upgrades that are required and the costs thereof and may require the Member to make payment before the Cooperative will make such upgrades to its distribution system.

METERING FOR OTHER SERVICE FACILITIES

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Metering for dual-fuel or off-peak heat installations must be wired in parallel such as through a double or triple meter socket. Subtractive metering shall not be done with net metering.

SAFETY, SYSTEM PROTECTION AND POWER QUALITY RULES OF INTERCONNECTION

The DG facilities shall be installed in a manner consistent with the rules specified below. These rules may be revised by the Cooperative at any time.

a. Interconnection of member's generating installation with the Cooperative's power system is not permitted until proper application has been made to and approval received from the Cooperative. The Cooperative may withhold approval for good reason such as failure to comply with applicable Cooperative or governmental rules or laws. The member shall furnish a wiring affidavit and, if required, a state inspection certificate, and sign an interconnection agreement specifying reasonable technical connection and operating aspects for the DG facility.

b. Where necessary, for reasons of public or employee safety or the potential for a DG facility causing problems with the service of other members, the Cooperative may require a separate distribution transformer(s) for a member having a DG facility.

c. The member's facility must have a system for automatically isolating a generator from the Cooperative's system upon loss of the Cooperative's power supply. Paralleling equipment must be certified by a nationally recognized testing laboratory as established in IRWEC.

d. The cooperative requires that the applicant furnish and install a load-break interconnection disconnect switch that provides a visual, open-air break on all energized conductors of the interconnection circuit. The interconnection disconnect switch shall be accessible at all times, located for ease of access to utility personnel, and shall be capable of being locked in the open position. The switch shall be clearly and permanently labeled "Interconnection Disconnect Switch".

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e. The Cooperative may discontinue DG generation operations and isolate the generating installation from the Cooperative's system for any of the following reasons:

1. To facilitate maintenance or repair of the Cooperative's facilities.
2. During system emergencies
3. At such times as the member's equipment is operating in a hazardous manner or operating such that it adversely affects service to other members or to nearby communications systems or circuits.
4. Non-compliance with technical, contract/agreement, and/or policy requirements.

f. The member shall make equipment available and permit entry upon the property by the Cooperative employees and other communication utility personnel at reasonable times for the purposes of testing isolation and protective equipment and evaluating the quality of power delivered to the Cooperative's system; and testing to determine whether the local generating system is the source of any electric service or communication systems problems.

g. The power output of the equipment must be maintained such that frequency and voltage are compatible with normal Cooperative service and does not cause that service to fall outside the prescribed limits of the Wisconsin Public Service Commission rules and other standard limitations.

h. The member's equipment must be operated so that variations from acceptable voltage levels and other service impairing disturbances do not result in adverse effects on the service or equipment of other consumers, and in a manner that does not produce undesirable levels of harmonics in the Cooperative's power supply.

i. The member is responsible for providing protection for the installed equipment and must comply with all applicable national, state, and local codes. The design and configuration of certain DG equipment sometimes requires an isolation transformer as part of the DG installation for safety and protection of the DG equipment.

CONTRACT/AGREEMENT

The Cooperative may require a written agreement by and between the member and the Cooperative specifying technical and operating aspects of DG. In the event of a conflict between this policy and such agreement, the agreement shall control.

LIABILITY OF THE PARTIES

Each of the parties shall indemnify and hold harmless the other party against any and all damages to persons or property occasioned, without the negligence of such other party, by the maintenance and operation by such parties of their respective lines and other electrical equipment. Members requesting an interconnect under this policy shall provide proof of liability insurance coverage. This policy will also require minimum liability insurance limits as set forth in IRWEC.

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DISCLAIMER

Information contained in this Policy is subject to update or modification by Vernon Electric Cooperative at any time and at the sole discretion of Vernon Electric Cooperative. Such information includes (but is not limited to) policies, procedures, rates, tariffs and applications. Some information may change as a result of external factors such as new legislation or regulations. Prior to making use of the information contained herein, please check with the appropriate Vernon Electric Cooperative staff.

For the above reasons, Vernon Electric Cooperative requests that the recipient NOT reproduce or distribute this document or rely solely on its contents to make any business or personal decisions regarding renewable energy resources.

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RENEWABLE ENERGY/DISTRIBUTIVE GENERATION (DG) SERVICE

Appendix A

AVAILABILITY

Available to all members who own or lease renewable generating facilities meeting the qualifications of Qualifying Facilities under PURPA and with capacity of 20 kW or less. Service and rates provided hereunder are subject to the established rules and regulations of the Cooperative and are subject to change.

CHARACTER OF SERVICE

Single and multiphase, 60-cycle at 120/240 volts. Renewable energy systems 20 kW AC or less

NET METERING & EXCESS GENERATION

For a member subject to this Appendix A, the Cooperative shall, at the member's expense, install a bi-directional meter capable of measuring both the inflows and outflows of energy from the member. The member's energy consumption shall be offset by energy produced from the member's generation facilities for the billing month. When the energy produced exceeds energy consumed for the billing month, the member shall be credited for the excess energy volumes at the per kWh rates set forth below in this Appendix A.

The member shall be billed monthly on a net energy billing basis and shall pay the fixed charge and energy charge specified in the rate schedule under which the member is served. Excess generation will be credited against any amounts owed to the Cooperative on a monthly basis. Refunds on credit amounts owed to the member will be done on an annual basis or when the credit amount is more than \$500.00.

Excess energy generated will be credited on a monthly basis to the member at:

June, July, & August @6.63¢ per kWh September – May @ 3.17¢ per kWh

The rate is subject to change at any time based on changes to the wholesale power rate, renewable energy market conditions and pricing, or state laws.

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RENEWABLE ENERGY/DISTRIBUTIVE GENERATION (DG) SERVICE FOR QUALIFYING FACILITIES OF MORE THAN 20 KW

Appendix B

AVAILABILITY

Available to all members who own or lease renewable generating facilities meeting the qualifications of Qualifying Facilities under PURPA and with capacity of more than 20 kW. Service and rates provided hereunder are subject to the rules and regulations of the Cooperative and are subject to change.

CHARACTER OF SERVICE

Single and multiphase, 60-cycle at 120/240 volts.

Renewable energy systems 20 kW AC or more.

NET METERING & EXCESS GENERATION

For a member subject to this Appendix B, the Cooperative shall, at the member's expense, install metering capable of measuring both the inflows and outflows of energy from the member in real time.

Excess energy generated and delivered to the Cooperative's distribution system will be credited at the Cooperative's avoided cost rate. As an all-requirements customer of Dairyland Power Cooperative, the Cooperative's avoided cost rate is the avoided cost of Dairyland Power. Excess generation will be credited against any amounts owed to the Cooperative on a monthly basis. Refunds on credit amounts owed to the member will be done on an annual basis or when the credit amount is more than \$500.00.