

SCHEDULE 61
RIDER FOR DISTRIBUTED GENERATION

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 can not 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, the 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.

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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Supplemental service is electric energy, or energy and capacity, supplied by the Cooperative to the member when the member's non-utility source of electricity (distributed generation system) is insufficient to meet the member's own load. Supplemental Service can take two forms: residual retail service and load-following service. **Residual Retail Service** is intended for a Dakota Electric member who has an alternate source of electric energy supply which normally supplies only a portion of the member's electrical load requirements and who requires firm service for the remaining portion of the member's electrical requirements. Such Residual Retail Service is available under the Cooperative's firm retail electric rate schedule to which this rider is attached. **Load Following Service** is intended for a Dakota Electric retail member who has an alternate source of electric energy supply which has an output that is variable and dependent on the thermal load characteristics of the retail member and therefore, serves all or a portion of the member's electrical load requirements for a portion of the time and requires use of utility service for supply of energy at all other times. This load following service will be evaluated and contracted for on an individual basis with a member based on the specific variable load requirements of the member. Since a member may have control over the thermal load characteristics that affect the output of distributed generation facilities in this situation, we believe the best way of providing service is on an individual contracted basis. This will recognize that some members may rely on utility service during high cost on-peak periods while other members may require such utility service only during lower cost off-peak periods.

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*.

Services

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:

Services from Cooperative to Member

A monthly service charge to recover incremental metering, operation, and maintenance costs may be applied upon Commission approval.

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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 and unscheduled outages as provided under Cooperative's *Rider for Standby Service*. Supplemental service is available under the Cooperative's firm retail electric rate schedule to which this Rider is attached.

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 of more than 60 kW 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 and Supplemental Service*.

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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 shall 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. Great River Energy Rate Rider T is available on GRE's Web site; greatriverenergy.com, and on DEA's Web site; dakotaelectric.com.

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 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.

Line Loss Credits

If the member requests the Cooperative to provide a specific line loss study, at the member's expense regardless of the study's outcome, the member may be eligible for additional line loss credits if the study supports such credits.

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Renewable Credits

If the 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 equal the avoided cost of renewable purchases as provided under the wholesale power supplier's applicable rates, terms and conditions for such purchases. In the event that the member producing the power receives renewable energy credits – that is, the member is paid by the purchasing company the avoided cost of renewable energy purchases – then this transaction will constitute a transfer from the member to the purchasing company of the property rights for those renewable attributes specific to the renewable energy generated by the member and for which the purchasing company paid renewable energy credits. The member may receive renewable credits or tradable emission credits but not both.

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 the member under terms established by the wholesale power supplier that equal the credit revenues associated with the DG facilities of such emission credits received by the wholesale power supplier. The member may receive either renewable credits or tradable emissions credits but not both.

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. Current documents are available on DEA's Web site: dakotaelectric.com.
2. 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. The member will be charged an up-front lump sum for the installed cost of such metering equipment.
3. 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.
4. 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.

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5. The member shall pay for all interconnection costs incurred by the Cooperative made necessary by the installation of the distributed generation system.
6. Power and energy purchased by the member from the Cooperative shall be under the applicable retail rates for the purchase of electricity.
7. 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.
8. The member shall execute an Electric Service Agreement with the Cooperative which may include, among other provisions, a minimum term of service.

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 a member under this Rider, payment for such services shall be netted against any charges for Cooperative-supplied services hereunder.