



Distributed Generation/Net-Metering rated less than 40kW

Revised Date: 08-22-2017

I. OBJECTIVE:

To establish the application procedure and qualification criteria for all Cooperative members for the delivery, interconnection, metering and purchase of electricity from qualifying distributed generation facilities (QF) rated less than 40 kW, and to comply with applicable laws and rules governing distributed generation while protecting safe operation, engineering best practices and reliability for the entire membership.

II. POLICY CONTENT:

The Cooperative recognizes its obligation to provide an interconnection to qualifying facilities that are eligible for distributed generation and will comply with all applicable laws and rules governing distributed generation.

A. DEFINITIONS:

For purposes of this policy, the following terms have the meaning given them:

1. Net Metering / Net Billing – the process whereby the member and the cooperative compensate each other based on the difference in the amount of energy each sells to the other at the net metered facility.
2. Net Metered Facility – an electric generation facility constructed for the purpose of offsetting energy use through the use of renewable energy or high efficiency generation sources.
3. Average Retail Energy Rate – the average of the retail energy rates, exclusive of special rates based on income, age, or energy conservation, according to the applicable rate schedule of the cooperative for sales to the class of member of which the member/qualifying facility belong.
4. Avoided Costs – the incremental costs to the cooperative of electric energy or capacity or both which, but for the purchase from the qualifying facility, the cooperative would generate itself or purchase from another source.
5. Interconnection Rules – means any applicable Cooperative Cogeneration Rules developed in accordance with Minnesota Statutes 216B.164 and 216B.1611 that include issues outlined in the State of Minnesota Interconnection Process for Distributed Generation Systems, Distributed

Generation Interconnection Requirements, General Interconnection Application, Engineer Data Submittal and Interconnection Agreement.

6. Interconnection Application – the form to be used by the member to submit its formal request for interconnection to the cooperative and which shall be substantially similar in form to that Application attached as Exhibit A to this policy. The member signature on the interconnection application indicated the member shall follow the steps outlined in the Cooperative Cogeneration Rules and the State of Minnesota Interconnection Process for Distributed Generation System. The interconnection between the qualifying facility or net metered facility and the utility must comply with the requirements as stated in the State of Minnesota Distributed Generation Interconnection Requirements.
7. Interconnection Plan – a written submission from the member to the Cooperative that is consistent with Minnesota Rules 7835. and which sets forth the technical specifications for the generating equipment contemplated; the proposed date of interconnection; and projections of net output or consumption by the qualifying facility when available. The utility and qualifying facility shall follow the steps outlined in the State of Minnesota Interconnection Process for Distributed Generation System. The interconnection between the qualifying facility and the utility must comply with the requirements as stated in the State of Minnesota Distributed Generation Interconnection Requirements. This Interconnection Plan shall be contained within the Interconnection Application described within Paragraph 2 of this Policy.
8. Contract – the written agreement between the member owner/qualifying facility and the Cooperative, as established in the Cooperative Cogeneration Rules.
9. Total Generator Nameplate Capacity – the total kW output of a qualifying facility's generator. For purposes of this definition total output is determined by the nameplate capacity rating, or in the event that the nameplate capacity is not less than 40 kW, then the existence of any variable speed drive or other capacity limiting device shall be factored into determining total generator nameplate capacity. The member must fully, accurately and completely disclose in its interconnection plan to the Cooperative, the technical specifications for any capacity limiting device contemplated and the member shall furnish the Cooperative with any factory manuals or other similar documents requested by the Cooperative regarding such capacity limiting or other control devices which factor into the calculation of total generator nameplate capacity.
10. Measured Capacity – for the purposes of determining kW capacity, it shall be measured based on the highest fifteen (15) minute average demand interval recording of the QF in any one billing period. In the event an inconsistency exists between terms in this policy and those established by Statutes, Rule, or Court Order, then the definition so established shall supersede the definition used in this policy and shall govern.
11. DG Cost Recovery Fee – Minnesota Statute 216B.164 allows electric cooperatives and municipal utilities to charge a fee to recover the fixed costs

to serve a distributed generation qualifying facility. The recovery of fixed costs through a fee or other charges to recover the cooperative's cost of providing service is part of the rate structure of the cooperative that may change over time. (Will be listed on electric bill as "DG Grid Access").

McLeod Cooperative Power Association will charge a DG Cost Recovery Fee to distributed generation qualifying facilities that are over 3.5 kW, as permitted by Minnesota Law. Generation interconnected prior to March 1, 2016 is grandfathered under the original contract terms and is not subject to recovery fee. Any existing net-metering member installing new generation that exceeds the original kW contract capacity, will pay the recovery fee on any additional kW of generation that exceeds the kW capacity of the original contract.

B. ELIGIBILITY:

All Cooperative Members are eligible for distributed generation, interconnection with the Cooperative's distribution system and application of net metering contingent upon the following terms and conditions.

1. The member must meet the eligibility requirements set forth in the federal Public Utility Regulatory Policies Act of 1978 (PURPA) *18 C.F.R. 292.303, 292.304 and Minnesota's Distributed Generation laws. Minn. Stat §216B.164.
2. The member shall complete, sign and return to the Cooperative an Interconnection Application / Plan in the form prescribed in Exhibit A hereto. The Application shall be approved by the Cooperative prior to the member beginning the project.
3. At the Cooperative's request, the member shall meet with an individual designated by the Cooperative for the purpose of discussing the proposed generator characteristics and allowing the Cooperatives input in sizing the load for the proposed generator.
4. The member shall enter into a written contract with the Cooperative using the uniform cooperative contract contained in the Cooperative Cogeneration Rules.
5. The qualifying facility shall pay the Cooperative for all reasonable costs of interconnection including those costs outlined in Minnesota Statute 216B.164, the Minnesota Interconnection Process and the Minnesota Interconnection Technical Requirements as established in PUC Docket CI-01-1023.
6. The qualifying facilities total generator nameplate capacity shall be less than 40 kW and the facility shall operate at a measured capacity of less than 40 kW at all times.
7. The Cooperative may limit the capacity and operating characteristics of distributed generation single phase generators in a manner consistent with

the utility limitations for single phase motors, when necessary to avoid a qualifying facility from creating power quality concerns with the service of other customers.

8. The Cooperative may require the qualifying facility to discontinue parallel generation operations when necessary for system safety.
9. The power output from the qualifying facility must be maintained so that frequency and voltage are compatible with normal utility service and do not cause that service to fall outside the prescribed limits of interconnection rules and other standard limitations.
10. The qualifying facility shall keep in force liability insurance against personal or property damage due to the installation, interconnection, and operation of its electric generating facilities. The amount of insurance coverage shall be the maximum amount of said insurance for a qualifying facility or net metered facility as outlined in the State of Minnesota Distributed Generation Interconnection Requirements.
11. Failure of the qualifying facility to operate its generator at a measured capacity below the 40 kW limit established by M.S. 216B.164, Sub. 3 and as contemplated by this policy, shall result in the following:
 - a. The Cooperative will notify the member/qualifying facility of the fact that its generating equipment has failed to operate below the 40 kW maximum capacity and will provide the member with the date, time and kW reading that substantiate this finding.
 - b. The Cooperative shall compensate the member for all metered electricity produced by said QF during the thirty (30) day period during which the failure occurred, at the Cooperative's Generation and Transmission Supplier's avoided cost rate.
 - c. The Cooperative shall continue to pay the member for subsequent QF electricity produced and delivered pursuant to this distributed generation agreement, at the Cooperative's Generation and Transmission Supplier's avoided cost rate until:
 - 1) The problem with the generator that caused it to operate at or above the statutory maximum capacity has been remedied; and
 - 2) The Cooperative has been provided documentation adopted by a Minnesota Registered Professional Engineer that confirms the problem with the QF generator has been remedied.
 - 3) After the above has successfully occurred, and for the remaining days in that month, the member will be compensated for electricity produced and delivered by the QF pursuant to this Agreement at the Cooperative's avoided cost rate. Thereafter, the member will again be compensated for electricity produced and delivered by the QF pursuant to the Net Metering Contract, beginning on the first day of the month following successful

completion of the conditions identified in subdivision 11(c) 1 and 2 herein.

12. In the event that the distributed generator fails to meet the requirements of this policy for a Total Generator Nameplate Capacity of less than 40 kW, and fails to satisfy the corrective requirements set forth in Section 11 above, the Cooperative will have the right to (1) cancel the Net Metering Contract with the owner of the distributed generator, and (2) enter into a new contract with the owner of the distributed generator that, among other changes, adjusts the distributed generators qualifying status and/or rated capacity and specifies avoided cost pricing for the distributed generator's output. To the extent that the Cooperative does not have the obligation to make purchases for qualifying facilities of 40 kW or greater due to transfer of the obligation to the Cooperative's wholesale supplier that has been approved by the Federal Energy Regulatory Commission, the new agreement will be between the Cooperative's wholesale supplier and the distributed generator. In either case, Cooperative (and as applicable Cooperative's wholesale supplier) and the owner of the distributed generator will cooperate in the transition from the form of contract set forth in the Cooperative's adopted Cogeneration Rules to a new form of contract appropriate to a distributed generator with a capacity of 40 kW or greater.
13. Members receiving a QF Net Metering rate will only be eligible for the load management rates or credits if their load management is recorded on a parallel metered service. Sub metered loads are incompatible with bi-directional metering and are ineligible for use on net-metered accounts.
14. Patronage allocations for purchases under this net-metering relationship may be based only on the net energy amount purchased from the cooperative for the year.
15. Payment for the purchase of distributed generation electricity herein shall be in the form of a credit on the member's monthly billing invoice or paid by check or direct deposit to the member within fifteen (15) days of the billing date, whichever is selected and indicated in the Contract.
16. In the event of a metering malfunction, the Cooperative will estimate as accurately as possible the QF's billing for that month, based on historical account data and production meter data.
17. The member must be, and continue to be, current with payment on its electric account with the Cooperative.

III. RESPONSIBILITY:

It shall be the responsibility of the General Manager to implement this policy. The Management of the Cooperative supports member owned distributed generation projects and will adhere to the laws, rules and regulations relating thereto for those projects with a capacity less than 40 kW.