

POLICY NO. 300.11

SUBJECT: Distributed Generation Policy

I. INTRODUCTION

- A. This policy shall apply to the interconnection and extended parallel operation of all qualifying distributed generation installations having a design capacity of 10 megawatts or less as well as the electric service to such generating installations.
- B. Any individual, corporation, or partnership wishing to interconnect with Agralite's Distribution System shall become a member of Agralite in accordance with the Bylaws of the Cooperative.
- C. The member shall be responsible for all costs involved with application submittal, engineering studies, and incremental costs resulting from interconnecting the Distributed Generation (DG) System with Agralite. Incremental interconnection costs shall include all reasonable and applicable costs of connection, switching, metering, transmission, distribution, safety provisions 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 member's DG System, to the extent such costs are in excess of the corresponding costs which the Cooperative would have incurred had it not interconnected with the DG System.
- D. Stand-alone DG Systems shall not be considered a qualifying facility as their primary purpose is for energy sales and not offsetting existing energy use. At the discretion of Agralite, stand-alone DG Systems may be approved for interconnection and parallel operation with Agralite's Distribution System, but shall not be eligible for net energy billing status or retail rate compensation by the Cooperative. These systems may receive compensation under prevailing avoided cost based rates from Agralite's power supplier.
- E. Agralite and members with proposed DG systems which have a **total nameplate capacity less than 40 kW**, utilize a Grid Tie Inverter or an Interconnection Relay, and qualify under PURPA rules and regulations will follow and make use of the standards, procedures, requirements, forms, and agreements contained in the following Agralite documents:
 1. "Distributed Generation Policy"
 2. "Application Form: DG Systems Rated Less Than 40 kW"
 3. "Procedure: DG Systems Rated Less Than 40 kW"
 4. "Requirements: DG Systems Rated Less Than 40 kW"
 5. "Schedule D: DG Interconnection Agreement for Systems Rated Less Than 40 kW"
- F. Agralite and members with proposed DG Systems which have a **total nameplate capacity of 40 kW to 10MW** or DG Systems that are less than 40 kW but do not meet the criteria set forth in Section I.E will follow and utilize the standards,

procedures, requirements, forms, and agreements contained in the following Agralite documents. If the DG System will be selling energy on the wholesale market or the DG System's total nameplate capacity is greater than the expected distribution substation minimum load, then the member shall contact MISO (Midwest Independent System Operator) and follow their procedures.

1. "Distributed Generation Policy"
2. "Application Form: DG Systems"
3. "Engineering Data Submittal Form"
4. "Procedure: DG Systems"
5. "Requirements: DG Systems"
6. "Schedule D: DG Interconnection Agreement"

G. Definitions

1. Cooperative – Agralite Electric Cooperative (Agralite)
2. Distributed Generation (DG) in connection with this Policy and its corresponding documents is defined as generation built within close proximity to the generating member's load where the primary purpose of the generation is to offset energy use. DG includes, but may not be limited to the following:
 - a. small scale generators such as photovoltaics (PV), fuel cells, small wind turbines;
 - b. micro-turbines or reciprocating engines fueled by renewable fuels such as landfill gas or methane gas from digesters;
 - c. any qualifying facility (QF) under the Public Utility Regulatory Policies Act of 1978 (PURPA)
3. DG Coordinator – The Cooperative shall designate a single point of contract for the procedures involved with interconnecting a generation system. This person may not be able to directly answer or resolve all of the issues involved in the review and implementation of the interconnection, standards, and requirements, but shall be available to provide coordination assistance with the member.
4. Generation System (DG System) is the interconnected generator(s), controls, relays, switches, breakers, transformers, inverters, and associated wiring and cables up to the Point of Common Coupling.
5. Grid Tie Inverter is a device that converts DC electricity to AC electricity and has been specially designed and constructed to safely interconnect with an Area Electric Power System (Agralite's Distribution System). For this Policy and its corresponding documents, a Grid Tie Inverter is also designed and tested to meet the requirements of IEEE 1547 and ANSI 929 standards and has been certified with a UL 1741 label.
6. Interconnection Relay is a protection device that detects Area Electric Power Systems (Area EPS- Agralite's Distribution System) supply problems and automatically disconnects the DG System from the Area

EPS. For this policy and its corresponding documents, an Interconnection Relay is also designed and tested to meet the requirements of IEEE 1547 and has been certified with a UL 1741 and/or a UL 508 and 508A label.

7. Nameplate Capacity is the total nameplate capacity rating of all the Generation included in the Generation System. For this definition the maximum rated kW capacity on the nameplate shall be used.
8. Point of Common Coupling (PCC) is the point where the member's DG System is connected to Agralite's Distribution System.
9. Public Utilities Regulatory Policies Act – 1978 (PURPA) is a US federal law enacted in 1978 which was intended to encourage more energy-efficient and environmentally friendly commercial energy productions. PURPA defined a new class of energy producer called a Qualifying Facility.
10. Qualifying Facilities (QFs) are either small-scale producers of commercial energy who normally self-generate energy for their own needs but may have occasional or frequent surplus energy, or incidental producers who happen to generate usable electric energy as a byproduct of other activities.

II. INTERCONNECTION PROCESS

A. DG Systems (Rated Less than 40 kW)

1. This section is applicable to the interconnection of a DG System with Agralite's Distribution System which meets all of the following criteria:
 - a. Total nameplate capacity is less than 40 kW
 - b. Utilizes a Grid Tie Inverter or an Interconnection Relay
 - c. Qualifies under PURPA rules and regulations
2. Members seeking to interconnect a DG System with Agralite's Distribution System meeting the above criteria shall follow the procedures outlined in the document "Procedures: DG Systems Rated Less than 40 kW". The following gives an overview of the steps involved in the process. Refer to the aforementioned document for the complete process.
 - a. The member submits a complete application form ("Application Form: DG Systems Rated Less than 40 kW") with supporting documentation and includes the \$100 non-refundable application fee.
 - b. Agralite reviews the application and responds to the member with whether or not the project is approved. If the project is approved, the Cooperative will also supply the member with an Interconnection Agreement, cost estimates and a payment schedule.
 - c. If the member decides to proceed then they must supply additional items to the Cooperative.

- d. The member and Agralite will order and install applicable equipment and conduct required testing and inspection, including an inspection by the State Electrical Inspector.
- e. Final testing is completed by both the member and Agralite.

B. DG Systems (Rated 40 kW and above)

1. This section is applicable to the interconnection of a DG System with Agralite's Distribution System having a total nameplate capacity of 40 kW to 10 MW or a DG System that is less than 40 kW, but does not meet the criteria set forth in section III.A.1. In addition, if the member will be selling energy on the wholesale market or the DG System's total Nameplate Capacity is greater than the expected distribution substation minimum load, then the member shall contact MISO (Midwest Independent System Operator) and follow their procedures.
2. Members seeking to interconnect a DG System with Agralite's Distribution System meeting the above criteria shall follow the procedures outlined in the document "Procedures: DG Systems". The following gives an overview of the steps involved in the process. Refer to the aforementioned document for the complete process.
 - a. The member submits a complete application form ("Application Form: DG Systems") with supporting documentation and includes the non-refundable application fee. Refer to the document "Procedures: DG Systems" or to the Cooperative's DG Coordinator for application fee cost.
 - b. Agralite completes a preliminary review of the interconnection request and responds to the member with whether or not the project is approved. If the project is approved, the Cooperative will communicate, among other things, the need, scope and cost of engineering studies.
 - c. If the member decides to proceed then they must provide upfront payment for the engineering study and any other requested information to the Cooperative.
 - d. Agralite Electric Cooperative completes engineering study.
 - e. Agralite provides the member with the results of the engineering study, special requirements, cost estimates and payment schedule.
 - f. The member supplies upfront payment as identified in the payment schedule, a signed Interconnection Agreement, a final timeline, and detailed information on the proposed equipment.
 - g. Agralite completes the review of the final DG System design.
 - h. The member provides copies of signed Power Purchase Agreements to Agralite.
 - i. The member installs DG System, submits required documentation and completes equipment inspections and testing. Agralite orders

- and installs their equipment, assists member, and provides input and review for inspections and testing.
- j. Final testing is completed by both the member and Agralite.
- k. Agralite provides written approval for normal operation of the DG System.
- l. The member provides Agralite with updates (as tested) documentation and drawings.

III. PURCHASE OF ELECTRICITY BY THE COOPERATIVE

A. The Cooperative shall pay or credit the member monthly for all energy furnished during the month in accordance with the applicable rate schedule and the appropriate rate. All rates may be adjusted by the Power Cost Adjustment (PCA) when applicable.

1. Due to actions of the Cooperative or the Minnesota Public Utilities Commission, purchase of electricity may change over the time that a particular Interconnection Agreement is in place. Purchases will be made under the rates in effect each month during the time the Interconnection Agreement is in force.
2. Copies of presently filed rate schedules are available from the Cooperative's DG Coordinator. The applicable rate schedule shall be made part of the Interconnection Agreement.
3. Members shall be paid in accordance with the rate schedule in force for the class of service to which the member's account belongs.
4. Payment to the member shall coincide with normal billing dates for the service.
5. The Cooperative will compute the charges and payments for purchases and sales for each billing period. Any credit to the member will be made under one of the following options:
 - a. Credit to the member's account with the Cooperative
 - b. Paid by check to the member within 15 days of the billing date

B. Member Owned DG System with Total Nameplate Capacity less than 40 kW

1. Members shall have the option of the following rate schedules as defined in the Minnesota PUC Rules, Chapter 7835.
 - a. Net Energy Billing Rate (7835.3300)
 - 1) Net energy input to the Cooperative's Distribution System will be compensated at the average retail energy rate (Schedule C).
 - b. Simultaneous Purchase and Sale Billing Rate (7835.3400)
 - 1) This option is only available if mutually agreed upon between the member and the Cooperative.
 - 2) Energy and Capacity input to the Cooperative's Distribution System will be compensated under prevailing

avoided cost based rates from Agralite's power supplier
(Schedule A, PG1).

- C. Member owned DG System with Total Nameplate Capacity between 40 kW and not greater than 10 MW.
 - a. Energy and capacity input to the Cooperative's Distribution System will be compensated under prevailing avoided cost based rates from Agralite's power supplier (Schedule A, B, PG1).

IV. PURCHASE OF ELECTRICITY BY THE MEMBER

- A. The member shall pay the present rate for the class of service to which the member's account belongs.
- B. The payment from the member to the Cooperative shall coincide with normal billing dates for the service.

V. RESPONSIBILITY

The General Manager shall be responsible for the administration of this policy.

Effective Date: 12/30/10

Adopted with New Subdivisions: 1/27/11

Review Date: 8/27/15

Secretary