

MENARD ELECTRIC COOPERATIVE

POLICY MANUAL

SECTION IV – Operating Rules for Cooperative Members

47.1 NET METERING AND COOPERATIVE CREDIT FOR EXCESS MEMBER-GENERATED ELECTRIC ENERGY

Objective

To provide for net metering of members generating electric energy utilizing an eligible renewable electrical generating facility (EREGF), as defined below, and to provide for a credit by the Cooperative to the eligible member for excess electric energy produced by the EREGF and received by the Cooperative from the eligible member, while honoring the Cooperative's obligation to provide electricity to all members on a cooperative basis as required by the Illinois Not-For-Profit Act and Internal Revenue Code Section 501(c)(12) and complying with the Cooperative's wholesale power contract obligations with Prairie Power, Inc. (PPI) and PPI's Policy #504 (Net Metering and Delivery of Excess Member-Consumer-Generated Electricity), PPI's Policy #510 (Small Distributed Generation Facilities Incentive), and PPI's Policy #509 (Interconnection Policy for Cogenerators and Small Power Producers under Public Utility Regulatory Policies Act (PURPA)). This policy does not provide for physical interconnection and parallel operations requirements of an EREGF. See the Interconnection and Parallel Operation of Distributed Generation policy (Section IV, #46) for such provisions.

Definitions

To the extent the following terms are used in this policy, the following definitions shall apply. To the extent that the same term is used in this policy and PPI's Policy #504, the definition of such term contained in PPI's Policy #504 shall control, in the event of a conflict between the definitions.

Annual Period means the calendar year commencing on January 1 and ending on December 31.

Base Rate means the Cooperative rate schedules exclusive of residential heating incentives (i.e., Rate 10, 20, 30, 31, 50, 51, 52, 60 and any respective Sherman franchise counterparts).

Billing Period means the period of time over which the Cooperative bills a member for electric energy consumed during that time and for other applicable charges from the Cooperative.

Eligible Member means a Cooperative member in good standing that owns and operates an EREGF where the EREGF is located at and associated with the member's specified service metering point and is intended primarily to offset the member's own electric energy requirements at that specified service metering point.

MENARD ELECTRIC COOPERATIVE

POLICY MANUAL

SECTION IV – Operating Rules for Cooperative Members

47.2 NET METERING AND COOPERATIVE CREDIT FOR EXCESS MEMBER-GENERATED ELECTRIC ENERGY

Excess Electricity Value means, for the respective Annual Period, the weighted average of the five weekday On-Peak Energy Charge Rates and the two weekend-day Energy Charge Rates as specified in Rate Schedule A of the Wholesale Power Contract between the Cooperative and PPI, with a capacity component and an avoided losses component then added to that weighted average result. Mathematically, the Excess Electricity Value is defined as:

$$\frac{(5 \times \text{PPI's On Peak Energy Charge Rate}) + (2 \times \text{PPI's Energy Charge Rate})}{7} + \frac{\text{Capacity Component} + \text{Losses Component}}$$

Any mid-year change in the value of PPI's five weekday On Peak Energy Charge Rates, PPI's two weekend-day Energy Charge Rates, the capacity component or the losses component, shall be implemented for the entirety of the billing period month in which the change was adopted and made effective by PPI.

Interconnection Date means the date the EREGF was originally interconnected to the Cooperative's distribution system and parallel operations began.

Nameplate Rating means the maximum electric energy production capability of a generator, specified in alternating current ("AC") kilowatts (kW) after the inverter device(s).

Net Billing Policy means the Net Billing of Excess Member-Generated Electric Energy policy, as approved by the Cooperative Board of Directors from time to time (Section IV, #50).

Net Electricity Metering (or "net metering") means the process of measuring, during the Billing Period applicable to an Eligible Member, the net electrical energy sales volume at a single specified service metering point by the Cooperative's retail meter when an EREGF is owned by the Eligible Member and is connected to and operating on the Eligible Member's low-voltage electric premises wiring associated with the specified service metering point.

Net Purchaser of electricity means an Eligible Member whose total amount of electric energy (kWh) generated by an EREGF is less than the Eligible Member's total electric energy (kWh) usage during an applicable Billing Period.

Net Seller of electricity means an Eligible Member whose total amount of electric energy (kWh) generated by an EREGF is greater than the Eligible Member's total electric energy (kWh) usage during an applicable Billing Period.

MENARD ELECTRIC COOPERATIVE

POLICY MANUAL

SECTION IV – Operating Rules for Cooperative Members

47.3 NET METERING AND COOPERATIVE CREDIT FOR EXCESS MEMBER-GENERATED ELECTRIC ENERGY

Prairie Power, Inc. (PPI) means Prairie Power, Inc., an Illinois not-for-profit corporation, or its successors in interest, which is an electric generation and transmission cooperative of which the Cooperative is a member and from which, by contract, the Cooperative obtains its wholesale supply of electricity.

QF Policy means the Cooperative policy entitled Interconnection of and Service to Qualifying Facilities Under Public Utility Regulatory Policies Act (PURPA), as approved by the Cooperative Board of Directors from time to time (Section IV, #49).

Applicability

This policy applies to an Eligible Member who has connected the Eligible Member's EREGF to the Eligible Member's low-voltage electric premises wiring associated with a specified service metering point.

Provisions

- 1) An Eligible Member shall first comply with the provisions of Menard Electric Cooperative's Policy on Interconnection and Parallel Operation of Distributed Generation, as it relates to the connection of an EREGF to, and the operation of such EREGF on, the member's low-voltage electric premises wiring associated with the specified service metering point.
- 2) The Cooperative's retail service meter serving the Eligible Member's specified service metering point where the EREGF is located shall remain in place and be capable of measuring the flow of electricity both into and out of the Eligible Member's specified service metering point and recording the flow of electric energy (kWh) in both directions. If the existing retail service meter serving the Eligible Member's specified service metering point is not capable of meeting these requirements, or if the member requests an additional meter, the cost of installing and maintaining same shall be paid by the member. The Cooperative, in its sole discretion and at the expense of the Eligible Member, may install a meter between the EREGF and the Eligible Member's specified service metering point for purposes of assuring compliance with this policy in relation to the Nameplate Rating of the EREGF.

MENARD ELECTRIC COOPERATIVE

POLICY MANUAL

SECTION IV – Operating Rules for Cooperative Members

47.4 NET METERING AND COOPERATIVE CREDIT FOR EXCESS MEMBER-GENERATED ELECTRIC ENERGY

- 3) Energy produced at a location other than the single specified service metering point where the EREGF is connected to and operating on the Eligible Member's low-voltage electric premises wiring associated with the specified service metering point shall not qualify for Net Electricity Metering under this policy.
- 4) Net metering is available exclusively to members receiving service under a Base Rate. Transition of a member's specified service to a qualified Base Rate is required in conjunction with net metering.
- 5) For an Eligible Member with an EREGF, the Cooperative shall measure and charge or credit for the net electric energy, measured in kilowatt-hours (kWh), supplied to the Eligible Member or provided by the Eligible Member as follows:
 - a) The Cooperative shall determine whether the Eligible Member is a Net Purchaser of electricity or a Net Seller of electricity during the Billing Period.
 - b) If the Eligible Member is a Net Purchaser of electricity during the Billing Period, the Cooperative shall charge the member for the net electric energy (kWh) supplied to and used by the member at the retail Base Rate selected by the Eligible Member.
 - c) If the Eligible Member is a Net Seller of electricity during the Billing Period, the Cooperative will calculate a financial credit for any metered excess kilowatt-hours of electric energy delivered to the Cooperative. Such credit shall be equal to the excess electric energy (kWh) multiplied by the Excess Electricity Value. The Cooperative shall carry over any unused credits and apply those during subsequent Billing Periods to offset only electric energy-related charges derived specifically from the consumption of electric energy measured in units of kilowatt-hours until all credits are used or until the end of the Annual Period, whichever occurs first.
 - d) At the end of the Annual Period that electric service is supplied by means of Net Electricity Metering, or in the event that the Eligible Member terminates service with the Cooperative during the Annual Period, any remaining monetary credits in the Eligible Member's account shall be liquidated to the Eligible Member.

MENARD ELECTRIC COOPERATIVE

POLICY MANUAL

SECTION IV – Operating Rules for Cooperative Members

47.5 NET METERING AND COOPERATIVE CREDIT FOR EXCESS MEMBER-GENERATED ELECTRIC ENERGY

- e) Any credit to an Eligible Member under this policy derived from the Eligible Member being a Net Seller of electricity shall be applied only against the charge for electric energy (kWh) delivered to the Eligible Member. No part of such credit shall be applied to, and the Eligible Member shall remain responsible for, (a) taxes, fees, and other charges that would otherwise be applicable to the net amount of electric energy purchased by the Eligible Member from the Cooperative, and (b) other charges to the Eligible Member under any Cooperative policies, Bylaws, rules, regulations, or rates, that are not based on a unitized charge per kilowatt-hour, including, but not limited to, basic service charges, facilities charges, demand charges, or transformation charges. The Eligible Member will always be required to pay these charges to remain connected to the Cooperative's distribution system.
- 6) Any upgrades or modifications to the installed EREGF which cause the total combined Nameplate Rating for such generator(s) at the specified service metering point to become more than 10 kW shall disqualify the member as an Eligible Member for Net Electricity Metering.
- 7) All renewable and environmental attributes, such as renewable energy credits, related to any electricity produced by the Eligible Member's EREGF and purchased by the Cooperative shall belong to the Eligible Member.
- 8) This policy is subject to all federal, state and local laws, Menard Electric Cooperative's Articles of Incorporation, By-Laws, existing policies, loan agreements, the terms and conditions of the Cooperative's existing wholesale power contract with PPI, and the terms of PPI's Policy #504. To the extent any provision of this policy conflicts with those obligations, those provisions of this policy are deemed null and void.

Expiration of Net Electricity Metering

- 1) The Cooperative shall make available Net Electricity Metering to an Eligible Member until the earlier of:
 - i. the final Billing Period for an Eligible Member, whereby such member is no longer taking service at the specified metering point where the EREGF is interconnected; or
 - ii. the Billing Period occurring seven (7) years after the Interconnection Date of the EREGF; or

MENARD ELECTRIC COOPERATIVE

POLICY MANUAL

SECTION IV – Operating Rules for Cooperative Members

47.6 NET METERING AND COOPERATIVE CREDIT FOR EXCESS MEMBER-GENERATED ELECTRIC ENERGY

- iii. this policy or PPI Policy #504 is otherwise amended or terminated to disallow Net Electricity Metering.
- 2) Upon the expiration of Net Electricity Metering for each Eligible Member, the Cooperative shall assess the Nameplate Rating of the interconnected EREGF to determine its applicability for other distributed generation programs offered by the Cooperative. The Cooperative shall provide written notification to the Eligible Member as soon as reasonably possible indicating whether:
- i. the EREGF is eligible as a Small DG, as such term is defined within the Net Billing Policy. If so, no action is required from the Eligible Member or new member taking service at the specified metering point where the EREGF is interconnected. The Cooperative shall transition the EREGF to service as a Small DG in accordance with the Net Billing Policy at the beginning of the month immediately following the Billing Period described above; or in the alternative
 - ii. the EREGF may be eligible as a Qualifying Facility (QF), as such term is defined within the QF Policy. If so, the Cooperative shall transition the EREGF to service as a Qualifying Facility (QF) which is absent an alternative payment arrangement with PPI and without payment of avoided cost until such time the Eligible Member or new member taking service at the specified metering point where the EREGF is interconnected negotiates alternate terms with PPI for the purchase of electric energy and electric capacity.
- 3) In accordance with state law, no new applications for service under this Policy shall be accepted.

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