

MENARD ELECTRIC COOPERATIVE

POLICY MANUAL

SECTION IV – Operating Rules for Cooperative Members

50.1 NET BILLING OF EXCESS MEMBER-GENERATED ELECTRIC ENERGY

A) Objective

To provide an incentive for members generating electric energy from an eligible small distributed generation (Small DG) facility, as defined below, and to provide for the purchase of energy produced in excess of the members' electrical consumption, 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), PPI's Policy #510 (Small Distributed Generation Facilities Incentive), and PPI's Policy #504 (Net Metering and Delivery of Excess Member-Consumer-Generated Electricity). This policy does not provide for physical interconnection and parallel operations requirements of a Small DG facility. See the Interconnection and Parallel Operation of Distributed Generation policy (Section IV, #46) for such provisions.

B) 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 #510, the definition of such term contained in PPI's Policy #510 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.

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 a Small DG facility located at and associated with the member's single specified service metering point.

Eligible Renewable Electrical Generating Facility (EREGF), as such term is defined in the policy for Net Metering and Cooperative Credit for Excess Member-Generated Electric Energy, means one or more generator(s) owned by an Eligible Member and located at and associated with the member's specified service metering point, where (i) such generator(s) are powered by solar electric energy, wind, dedicated crops grown for electricity generation, agricultural residues, untreated wood waste and unadulterated wood waste, landscape trimmings, livestock manure, anaerobic digestion of livestock or food processing waste, fuel cells or microturbines powered by renewable fuels, or hydroelectric energy and, (ii) the total combined Nameplate Rating for such generator(s) at the specified service metering point is not more than 10 kilowatts (kW).

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Nameplate Rating means the maximum electric energy production capability of resource(s) located at and associated with a single specified service metering point, as stated in terms of alternate current (AC) kilowatts after any power inverter device(s).

Net Metering Policy means the Net Metering and Cooperative Credit for Excess Member-Generated Electric Energy policy, as approved by the Cooperative Board of Directors from time to time (Section IV, #47).

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 the Cooperative obtains its supply of electricity in accordance with a wholesale power contract.

Small Distributed Generation Facility (Small DG) means one or more electricity production resource(s) which meet all of the following criteria: (i) owned by a Cooperative member, (ii) located in the retail service area of the Cooperative, (iii) connected to and operating on the Cooperative member's low-voltage electric premises wiring associated with a single specified service metering point, (iv) such resource(s) produce electric energy using biomass, waste, renewable resource(s) including wind, solar energy and water, and (v) the total combined Nameplate Rating for such resource(s) at the single specified service metering point is less than or equal to 100 kilowatts, and (vi) such resource(s) are intended primarily to offset the member's own electrical energy requirements, as determined by a calculation performed at the time of interconnection application to ensure the total combined Nameplate Rating for such resource(s) shall offset no more than 110% of the Eligible Member's actual load over the most recent 12 months, however if 12 months of actual data is not available, the estimated average amount of load used by similar members during the same 12-month period will be utilized, and (vii) such resource(s) are not taking service pursuant to Rider NM or in accordance with Cooperative Policy #IV.49 for Interconnection of and Service to Qualifying Facilities under PURPA.

C) Applicability

Except as otherwise provided herein, this policy applies to an Eligible Member who applies for and is approved to interconnect a Small DG facility to the Eligible Member's low-voltage electric premises wiring associated with a single specified service metering point. Further, this incentive is available to any EREGF taking service in accordance with the Net Metering Policy when the availability of net electricity metering has been discontinued.

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D) 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 a Small DG facility to, and the operation of such Small DG facility on, the member's low-voltage electric premises wiring associated with the single specified service metering point.
- 2) The cooperative's retail service meter serving the Eligible Member's single specified service metering point where the Small DG facility is located shall remain in place and be capable of measuring, aggregating and retaining the flow of electricity both into and out of the metering point on a clock-hour basis. If the existing retail service meter serving the Eligible Member's single specified service metering point is not capable of meeting this requirement, or if the member requests an additional meter, the cost of installing and maintaining such meter 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 Small DG facility and the Eligible Member's single specified service metering point for purposes of assuring compliance with this policy in relation to the Nameplate Rating of the Small DG facility. Energy produced at a location other than the single specified service metering point where the Small DG facility is connected and operating shall not qualify for the incentive available in accordance with this policy.
- 3) For an Eligible Member with a Small DG facility, the Cooperative shall measure, charge and credit the Eligible Member for the electric energy respectively delivered to and received from the single specified service metering point as follows:
 - a) The Cooperative will charge the Eligible Member for the aggregated electric energy delivered to and used by the member during the Billing Period as reflected by the Delivered retail service meter register. The rate for delivered energy charges shall be in accordance with the Rate Code of the Eligible Member.
 - b) The Cooperative will calculate and apply a bill credit for the value of aggregated electric energy, capacity and avoided losses received from the Eligible Member during the Billing Period as reflected by the Received retail service meter register. The incentive rate for such credits shall be in accordance with the Energy Charge Rate and the On-Peak Energy Charge Rate stipulated in the wholesale power contract and shall include a capacity component and a losses component. Each determinant shall be established annually by PPI, effective each calendar year on January 1st. More specifically, the rate for received energy shall be:

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

Any mid-year change in the value of PPI's Energy Charge Rate, On Peak Energy Charge Rate, or both, shall be implemented for the entirety of the Billing Period in which the change was adopted and made effective by PPI.

- c) In the event the single specified service meter registers a flow of excess electric energy out of the metering point in an amount greater than 100 kilowatt-hours during any clock-hour in the Billing Period, the volume of excess electric energy incorporated into the aggregated service meter register calculation for the Billing Period shall be 100 kilowatt-hours for that clock-hour, rather than a greater amount.
 - d) Any bill credit derived from the aggregated flow of excess electric energy received from the Eligible Member during a Billing Period shall be applied to: (a) all charges associated with electric energy delivered to the member during the same Billing Period, including delivered energy charges, demand charges, power cost adjustment charges, taxes and fees, and (b) other charges applied 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, lighting charges and facility charges. If after application of bill credits the Eligible Member's monthly billing statement reflects a net negative monetary balance, such negative balance may be carried forward until used during future billing periods or until the end of the Annual Period, whichever comes first.
 - e) At the end of the Annual Period in which electric service is supplied by means of Net Billing, or in the event that the Eligible Member terminates service with the cooperative during an Annual Period, any net negative monetary balance in the Eligible Member's account shall be liquidated to the Eligible Member.
- 4) Any upgrades or modifications to the installed Small DG facility which cause the total combined Nameplate Rating for such resource(s) at the single specified service metering point to be more than 100 kilowatts shall disqualify the member as an Eligible Member for Net Billing under this policy.
 - 5) All renewable energy credits, greenhouse gas emission credits and renewable energy attributes related to any electricity produced by the Eligible Member's Small DG facility shall be treated as owned by the Eligible Member.

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- 6) The cooperative shall make available Net Billing to Eligible Members until December 31, 2030, unless terminated earlier due to actions taken by PPI. On or before December 31, 2029, the Cooperative shall review this policy and associated rate Rider(s) to decide whether to extend, modify, or allow the Net Billing settlement mechanism to expire.
- 7) This policy is subject to all federal, state and local laws, Menard Electric Cooperative's Articles of Incorporation, By-Laws and existing policies and the terms and conditions of the cooperative's existing wholesale power contract with PPI and loan agreements. To the extent any provision of this policy conflicts with those obligations, those provisions of this policy are deemed null and void.

APPROVED BY BOARD OF DIRECTORS 03-23-2021
APPROVED BY BOARD OF DIRECTORS 04-25-2023 (Effective July 1, 2023)
APPROVED BY BOARD OF DIRECTORS 08-22-2023
APPROVED BY BOARD OF DIRECTORS 11-26-2024 (Effective January 1, 2025)
APPROVED BY BOARD OF DIRECTORS 01-26-2026 (Effective January 1, 2026)