

## Lyon-Lincoln Electric Cooperative

### 606 – INTERCONNECTION OF DISTRIBUTED GENERATION

#### I. OBJECTIVE

To establish the application procedure and qualification criteria for all customers for the delivery, interconnection, metering and purchase of electricity from distributed generation facilities and to comply with applicable laws and rules governing distributed generation.

#### II. POLICY

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.

#### III. DEFINITIONS

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

- a) 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.*
- b) 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.*
- c) 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.*
- d) Avoided Costs - *the incremental costs to the cooperative's power supplier (generator) of electric energy or capacity or both which, but for the purchase from the qualifying facility, the cooperative's power supplier (generator) would generate itself or purchase from another source.*

- e) *Interconnection Rules - means any applicable Cooperative Cogeneration Rules developed in accordance with Minnesota Statutes 216B.164 and 216B.1611. This includes the issues outlined in the Cooperative Minnesota Distributed Energy Resource Interconnection Process, (C-MIP) which includes the Overview Process, the Simplified Process, the Fast Track Process and the Study Process, the Interconnection Agreement. The interconnection rules also include issues outlined in the State of Minnesota Distributed Generation Interconnection Requirements and future interconnection technical requirements that may supersede the existing technical interconnection requirements in the future.*
- f) *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 the Simplified Process Application or Interconnections Application listed in the Cooperative Minnesota Distributed Energy Resources Interconnection Process, (C-MIP). The member signature on the interconnection application indicated the members shall follow the steps outlined in the Cooperative Cogeneration Rules in the C-MIP. The interconnection between the qualifying facility or net metered facility and the utility must comply with the technical requirements as stated in the State of Minnesota Distributed Generation Interconnection Requirements or any future technical interconnection requirements adopted by the Cooperative.*
- g) *Interconnection Plan - a written submission from the member to the cooperative that is consistent with that contemplated by Minnesota Rules 7835.2900 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 or net metered facility shall follow the steps outlined in 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. This Interconnection Plan shall be contained within the Interconnection Application contemplated within Paragraph 2 of this Policy.*
- h) *Contract - the written agreement between the member/qualifying facility and the cooperative relating to the subject of distributed generation, which is substantially similar in form to that attached as Exhibit B to this policy.*
- i) *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 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 from the cooperative regarding such limiting or other control devices which factor into the calculation of total generator nameplate capacity.*

- j) Total Generator Capacity – the nominal voltage (V), current (A), maximum active power (kWac), apparent power (kVA) at which a distributed energy resource, (DER), is capable of sustained operation. For a qualifying facility with multiple units, the total generator capacity is equal to the sum of all individual DER units' nameplate rating in the qualifying facility. The DER system's total generation capacity may, with the Cooperative's agreement, be limited through use of control systems, power relays or similar device settings or adjustments as identified in IEEE 1547. The member must fully, accurately and completely disclose in its interconnection application 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 from the Cooperative regarding such limiting or other control devices which factor into the calculation of total generator capacity.

In the event an inconsistency exists between terms in this policy and those established by Statute, Rule, Public Utility Commission or Court Order, then the definition so established shall supersede the definition used in this policy and shall govern.

#### IV. ELIGIBILITY

All members are eligible for distributed generation, interconnection with the cooperative's distribution system and application of net metering 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 Cooperative an Interconnection Application/Plan in the form prescribed in Exhibit A hereto. The Application shall be approved by 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 that is in a form substantially similar to that approved by the Minnesota Rules, Chapter 7835.9910 and which is attached as Exhibit B hereto.
5. The qualifying facility shall pay the Cooperative for all reasonable costs of interconnection including those costs outlined in the Minnesota Interconnection Process and the Minnesota Interconnection Technical Requirements as established in Minnesota Public Utilities Commission 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 qualifying facility's distributed generation system shall be installed where the primary purpose of the generator is to offset existing energy use at the established electric service account and not in situations where the primary purpose is to sell the output to the Cooperative. For purposes of interpreting this paragraph, the "primary purpose" shall be deemed to be to offset existing energy use when either the actual or anticipated monthly energy use at the qualifying facility location equals or exceeds fifty percent (50%) of the average monthly energy use within Cooperative's system for the qualifying facilities rate class.
8. 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 causing problems with the service of other customers.
9. The Cooperative may require the qualifying facility to discontinue parallel generation operations when necessary for system safety.
10. 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 commission rules and other standard limitations.

11. 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 and proof of the same shall be furnished annually to the Cooperative.
12. Failure of the qualifying facility to operate its generators at a measured capacity below the 40 kW capacity 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/qualifying facility with the date, time and kW reading that substantiate this finding.
  - B) The Cooperative shall compensate the member/qualifying facility for all metered electricity produced by said qualifying facility during the thirty (30) day period during which the failure occurred, at the Cooperative's Avoided Cost.
  - C) The Cooperative shall continue to pay the member/qualifying facility for subsequent electricity produced and delivered pursuant to this distributed generation agreement, at the Cooperative's Avoided Cost 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 Professional Engineer, that confirms the problem with the generator has been remedied.

After the above has successfully occurred and for a period of twelve months thereafter, the member/qualifying facility will be compensated for electricity produced and delivered pursuant to this Agreement at the Cooperative's Avoided Cost. Thereafter, the member/qualifying facility will again be compensated pursuant to the Contract, at the Cooperatives average retail energy rate, beginning on the first day after the twelfth month following successful completion of the conditions identified in subdivision 12(c) 1 and 2 herein.

13. Any member account eligible for net metering and the net billing rate may not be eligible for any other special rates unless agreed to by the Cooperative.

14. The Cooperative shall own and have full rights to all renewable energy attributes relative to the purchase of this energy.
15. Patronage allocations for purchases under this net-metering relationship shall be based only on the net energy amount purchased from the cooperative for the year.
16. 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 to the member within fifteen (15) days of the billing date, whichever is selected and indicated in the Contract.
17. In the event of a metering malfunction, it will be assumed that no member owned distributed generation electricity was provided to the electrical grid during the period of equipment failure unless the consumer can provide metered delivery data.
18. The member must be, and continue to be, current with payment on its electric account with Cooperative.
19. 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 12 above, then Cooperative will have the right to (1) cancel the 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 generator's 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 from 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 may be between the Cooperative's wholesale supplier and the distributed generator. In either case, Cooperative or Cooperative's wholesale supplier and the owner of the distributed generator will cooperate in the transition from the form of contract set forth in Minn. Rules 7835.9910 to a new form of contract appropriate to a distributed generator with a capacity of 40 kW or greater.

#### V. RESPONSIBILITY:

It shall be the responsibility of the General Manager to implement this policy. The Management of 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.

Approved by the Board of Directors \_\_\_\_\_  
Board President

Adopted: 2/4/2011  
Effective: 1/1/2011  
Revised: 11/24/2014  
Reviewed: 02/22/2016  
Revised:02/25/2019

**RURAL ELECTRIC COOPERATIVE  
UNIFORM CONTRACT FOR COGENERATION AND SMALL POWER  
PRODUCTION FACILITIES**

THIS CONTRACT is entered into \_\_\_\_\_, 2019, by  
\_\_\_\_\_  
\_\_\_\_\_ (hereafter called "Cooperative")  
and \_\_\_\_\_ (hereafter called "QF").

**RECITALS**

The QF has installed electric generating facilities, consisting of  
\_\_\_\_\_ (Description of  
facilities), rated at \_\_\_\_\_ kilowatts AC of electricity, on property located at  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

The QF is prepared to generate electricity in parallel with the Cooperative.

The QF's electric generating facilities meet the requirements of the rules adopted by the Cooperative on Cogeneration and Small Power Production and any technical standards for interconnection the Cooperative has established that are authorized by those rules.

The Cooperative is obligated under federal and Minnesota law to interconnect with the QF and to purchase electricity offered for sale by the QF.

A contract between the QF and the Cooperative is required.

**AGREEMENTS**

The QF and the Cooperative agree:

1. The Cooperative will sell electricity to the QF under the rate schedule in force for the class of customer to which the QF belongs.
  
2. The Cooperative will buy electricity from the QF under the appropriate rate schedule approved by the Cooperative. The QF elects the rate schedule category hereinafter indicated:

Applicable only to QF less than 40 kW.

\_\_\_\_\_ a. Average retail cooperative energy rate.



\_\_\_ b. Simultaneous purchase and sale billing rate.

\_\_\_ c. Roll-over credits.

\_\_\_ d. Time-of-day purchase rates.

Applicable only to QF 40 kW – 100 kW.

\_\_\_ a. Time-of-day purchase rates.

A copy of the presently approved rate schedule is attached to this contract.

3. The rates for sales and purchases of electricity may change over the time this contract is in force, due to actions of the Cooperative, and the QF and the Cooperative agree that sales and purchases will be made under the rates in effect each month during the time this contract is in force.

4. The Cooperative will compute the charges and payments for purchases and sales for each billing period. Any net credit to the QF, other than kilowatt-hour credits under clause 2(c), will be made under one of the following options as chosen by the QF.

\_\_\_ a. Credit to the QF's account with the Cooperative.

\_\_\_ b. Paid by check or electronic payment service to the QF within fifteen (15) days of the billing date.

5. Renewable energy credits associated with generation from the facility are owned by:

\_\_\_\_\_.

6. The QF must operate its electric generating facilities within any rules, regulations, and policies adopted by the Cooperative.

7. The Cooperative's rules, regulations, and policies must conform to Minnesota Statue 216B.164 regarding Cogeneration and Small Power Production.

8. The QF will operate its electric generating facilities so that they conform to the national, state, and local electric and safety codes, and will be responsible for the costs of conformance.

9. The QF is responsible for the actual, reasonable costs of interconnection which are estimated to be \$\_\_\_\_\_. The QF will pay the Cooperative in this way:

\_\_\_\_\_

- 
- 
10. The QF will give the Cooperative reasonable access to its property and electric generating facilities if the configuration of those facilities does not permit disconnection or testing from the Cooperative's side of the interconnection. If the Cooperative enters the QF's property, the Cooperative will remain responsible for its personnel.
  11. The Cooperative may stop providing electricity to the QF during a system emergency. The Cooperative will not discriminate against the QF when it stops providing electricity or when it resumes providing electricity.
  12. The Cooperative may stop purchasing electricity from the QF when necessary for the Cooperative to construct, install, maintain, repair, replace, remove, investigate, or inspect any equipment or facilities within its electric system. The Cooperative may stop purchasing electricity from the QF in the event the generating facilities listed in this contract are documented to be causing power quality, safety or reliability issues to the Cooperative's electric distribution system. The Cooperative will notify the QF before it stops purchasing electricity in this way:

- 
- 
- 
13. The QF will keep in force general liability insurance, from a qualified insurance agency with a B+ or better rating by "Best", against personal or property damage due to the installation, interconnection, and operation of its electric generating facilities. The amount of insurance coverage will be \$ \_\_\_\_\_.
  14. The QF and Cooperative agrees to attempt to resolve all disputes arising hereunder promptly, equitably and a good faith manner.
  15. In the event a dispute arises under this contract, refer to dispute resolution process in Cooperative Rules Implementing Minnesota Statute §216B.164.
  16. This contract becomes effective as soon as it is signed by the QF and the Cooperative. This contract will remain in force until either the QF or the Cooperative gives written notice to the other that the contract is canceled. This contract will be canceled thirty (30) days after notice is given. If the listed electric generating facilities are not interconnected to the Cooperative's distribution system within twelve months of the contract

being signed by the QF and the Cooperative, the contract terminates. The QF and the Cooperative may delay termination by mutual agreement.

- 17.** Termination of this contract is allowed (i) by the QF at any time without restriction; (ii) by Mutual Agreement between the Cooperative and the QF; (iii) upon abandonment or removal of electric generating facilities by the QF; (iv) by the electric generating facilities failing to operate for during any twelve (12) consecutive month period; (v) by the Cooperative if the QF fails to comply with applicable interconnection design requirements or fails to remedy a violation of the interconnection process; (vi) in the event of an emergency on the Cooperative's distribution system; (vii) or breach of this contract by QF unless otherwise cured upon written notice of the Cooperative.
- 18.** This contract can only be amended or modified by mutual agreement in writing signed by the QF and the Cooperative.
- 19.** The QF must notify the Cooperative prior to any change in the electric generating facilities' capacity size or generating technology according to the interconnection process adopted by the Cooperative.
- 20.** In the event this contract is terminated, the Cooperative shall have the rights to disconnect its facilities or direct the QF to disconnect its generating facilities.
- 21.** This contract shall continue in effect after termination to the extent necessary to allow either the Cooperative or the QF to fulfill rights or obligations that arose under the contract.
- 22.** Transfer of ownership of the generating facilities shall require the new owners and the Cooperative to execute a new contract. Upon the execution of a new contract with the new owners this contract shall be terminated.
- 23.** Neither the QF or the Cooperative will be considered in default as to any obligation if the QF or the Cooperative is prevented from fulfilling the obligation due to an act of God, labor disturbance, act of public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, an order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or other cause beyond the QF's or Cooperative's control. However, the QF or Cooperative whose performance under this contract is hindered by such an event shall make all reasonable efforts to perform its obligations.
- 24.** The QF and the Cooperative shall at all times indemnify, defend, and save each other harmless from any and all damages, losses, claims, including

claims and actions relating to injury or death of any person or damage to property, costs and expenses, reasonable attorneys' fees and court costs, arising out of or resulting from the QF's or the Cooperative's performance of its obligations under this contract, except to the extent that such damages, losses or claims were caused by the negligence or intentional acts of the QF or the Cooperative.

25. The QF's and the Cooperative's liability to each other for failure to perform its obligations under this contract shall be limited to the amount of direct damage actually occurred. In no event, shall the QF or the Cooperative be liable to each other for any punitive, incidental, indirect, special, or consequential damages of any kind whatsoever, including for loss of business opportunity or profits, regardless of whether such damages were foreseen.
26. The Cooperative does not give any warranty, expressed or implied, to the adequacy, safety, or other characteristics of the QF's interconnected system.
27. The Cooperative and the QF will each be responsible for its own acts or omissions and the results thereof to the extent authorized by law and shall not be responsible for the acts or omissions of any others and the results thereof.

THE QF AND THE COOPERATIVE HAVE READ THIS CONTRACT AND AGREE TO BE BOUND BY ITS TERMS. AS EVIDENCE OF THEIR AGREEMENT, THEY HAVE EACH SIGNED THIS CONTRACT BELOW ON THE DATE LISTED BY SIGNER.

QF

By: \_\_\_\_\_

MEMBER \_\_\_\_\_

DATE: \_\_\_\_\_

COOPERATIVE

By: \_\_\_\_\_

CEO, General Manager \_\_\_\_\_

DATE: \_\_\_\_\_

**Contract Version:** *April 1, 2019*

D. Distributed Generation (DG) Grid Access Charge (Post April 1, 2016 interconnection)

1. For all distributed generation systems interconnected after April 1, 2016, the cooperative will bill the customer a Distributed Generation (DG) Grid Access Charge. The DG Grid Access Charge will be based on the cooperative's fixed costs not already paid for by the customer. The cooperative will use its year end Form 7 to develop the DG Grid Access Charge on an annual basis.
2. The Distributed Generation (DG) Grid Access Charge is \$3.30/KW of nameplate capacity of the DG system above the first 3.5KW of nameplate capacity. The DG Grid Access Charge will not exceed the cooperative's fixed costs to serve the customer based on the year end Form 7 report and there will be a cap of \$49/month for each DG system. The cap is based on the total fixed cost to serve minus the current monthly facility charge.
3. The cooperative is given the authority to recover fixed costs in this manner through MN State Statute 216B.164, Subd. 3: Purchases; small facilities.