
DISTRIBUTED GENERATION SERVICE RIDER

Rate Code: 931

AVAILABILITY

The Rider for Distributed Generation is available between any Customer, who has entered into the “State of Minnesota Interconnection Agreement for the Interconnection of Extended Parallel Distributed Generation Systems with Electric Utilities,” and the Company for the interconnection and operation of on-site extended parallel distributed generation system, as follows:

1. The distributed generation system must be fueled by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels of no more than 10 MW of interconnected capacity at a point of common coupling to Company’s distribution system.
2. The interconnection and operation of distributed generation systems at each point of common coupling shall be considered as a separate application of the Rider.
3. Service hereunder is subject to Company’s interconnection process for distributed generation systems.
4. All provisions of the applicable standard service schedule shall apply to distributed generation service under this Rider except as noted below.

In lieu of service under this Rider, Customer and Company may pursue reasonable transactions outside the Rider; or Customer may take service, as applicable, under Company’s Small Power Producer Riders as established under Minnesota Rules Chapter 7835 – Cogeneration and Small Power Production.

SERVICES

Services provided under this Rider may include services from the Company to Customer and from Customer to Company. The following rates, charges, credits and payments are applicable for such services in addition to all applicable charges for service being taken under Company’s rate schedules, as noted in the “Application of Schedule” section above:

Service Charge: \$12.34 per month for customer account expense

Distribution Maintenance Charge (\$/Month): This charge will be based upon customer-specific distribution facilities required for operation of the distributed generation system.

Distribution Maintenance Charge (\$/Month)= (Excess Distribution Facilities Investment x 0.344%)

Monthly Minimum Charge: The sum of the Services Charge and the Distribution Maintenance Charge.

Services from Company to Customer

Interconnection Services

Interconnection services include services such as engineering/design studies, Company system upgrades and testing. The technical requirements, addressing the safe and reliable interconnection of the customer's equipment to the Company's system are described in the Company's *Guidelines for Generation, Tie-Line, and Substation Interconnections* ("Technical Handbook") a copy of which is available at the company's web page at <http://www.otpco.com>.

Supply Services

Supply services include standby services such as Scheduled Maintenance, Backup and Supplemental service as provided under Company's Standby Service, Rate Designation C-10M.

Transmission Services

The Company will arrange the following services, as required, to the Customer without additional charge. The Company reserves the right to monitor the impacts of these costs and if found to be inequitable to other ratepayers, the Company will seek regulatory approval to develop appropriate charges for these services.

Transmission services can include reservation and delivery of capacity and energy on either a firm or non-firm basis and those ancillary services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation over transmission providers' transmission system. These ancillary services include services such as scheduling, system control and dispatch service, reactive supply and voltage control from generation sources service, regulation and frequency response service, generator imbalance service, operating reserve – spinning reserve and operating reserve – supplemental reserve.

Distribution Services

Distribution services include reservation and delivery of capacity and energy and those indirect services that are necessary to support the delivery of capacity and energy over Company's distribution system. These indirect services include allocated support services or expenses such as operation and maintenance, customer accounting, customer service and information, administrative and general costs, depreciation, interest and taxes. These costs are contained in the Company's Standby Service, Rate Designation C-10M and any of the other approved Company tariffs. The Company reserves the right to monitor the impacts of these costs and if found to be inequitable to ratepayers, the Company will seek regulatory approval to develop appropriate charges for these services.

Services from Customer to Company

Capacity/Energy

Customer may sell all of the energy produced by the distributed generation system to the Company, use all the distributed generation energy to meet its own electrical requirements, or use a portion of the energy from the distributed generation system to meet its own electrical needs and sell the remaining energy to the Company.

If the Customer offers to sell energy to the Company, then such energy and/or capacity will be purchased by the Company under the rates, terms and conditions for such purchases as established by the Company.

Capacity and/or energy payments shall be based on Company's annual calculation of avoided energy and capacity costs. The capacity credits in effect at the time Customer enters into a power purchase agreement with Company shall remain in effect for the length of the agreement. Energy payments for use under the power purchase agreement shall reflect the current schedule. The Company's avoided energy costs shall include consideration of the actual value to the Company or avoided costs associated with renewable energy credits or emissions credits. Upon written request by Customer and after signing a non-disclosure agreement, Company shall provide Customer the current schedule of capacity and energy credits.

Distribution Payments

Distribution payments to Customer equal the Company's avoided distribution costs resulting from the installation and operation of the distributed generation system. Upon written request by Customer and after signing a non-disclosure agreement a list of substation areas or feeders that could be likely candidates for distribution credits as determined through the Company's normal distribution planning process. Upon receiving an application from Customer for the interconnection and operation of a distributed generation system, Company shall perform an initial screening study to determine if the project has the potential to receive distribution payments. Customer shall be responsible for the cost of such screening study. If Company's study shows that there exists potential for distribution payments, Company shall, at its own expense, pursue further study to determine the distribution payment, as part of its distribution capacity study. If the study is not part of Company's normal distribution capacity study, then such a study shall be pursued with Customer's approval at Customer's expense.

Emission Payments

Any emission payments shall be included in the development of the Company's avoided energy costs.

Renewable Energy Credits

The Company will receive any renewable energy credits associated with Customer generated energy sold to the Company. Any renewable energy credits associated with Customer generated energy

used on-site and not delivered to the Company will remain with the Customer who owns the generator.

DEFINITIONS

Definitions associated with customer generation systems can be found in Attachment 1 of Standby Services, Rate Designation C-10M.

TERMS AND CONDITIONS

The following terms and conditions apply to this Rider (specific conditions are elaborated upon in Company's Technical Handbook):

1. Company will install all metering equipment necessary to monitor services provided to ensure adequate measurements are obtained to support necessary application of rates, charges, credits and payments. Customer will be charged an up-front contribution in aid of construction for the installed cost of such metering equipment.
2. The Customer will be compensated monthly for all energy delivered to Company. The schedule for these payments is subject to annual review.
3. The Customer shall make provision for on-site metering. All energy received from and delivered to the Company shall be separately metered. On-site use of the distributed generation system output shall be unmetered for purposes of compensation. The Company may require metering of the generation output.
4. The Customer shall pay for all interconnection costs incurred by the Company, made necessary by the installation of the distributed generation system.
5. Power and energy purchased by the Customer from the Company shall be under the available retail rates for the purchase of electricity.
6. The Customer's 60-hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the Customer.
7. The Customer will provide equipment to maintain a 100% power factor (+ or - 10%) during periods of generator operation.
8. The Company reserves the right to disconnect the Customer's generator from its system if the generator or related equipment interferes with the operation of the Company's equipment or with the equipment of other Company Customers.

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9. Prior to installation, a detailed electrical diagram of the generator and related equipment must be furnished to the Company for its approval for connection to the Company's system. No warranties, express or implied, will be made as to the safety or fitness of the said equipment by the Company due to this approval.
 10. The Customer shall execute an electric service contract with the Company which may include, among other provisions, a minimum term of service.
 11. Equipment shall be provided by the Customer that provides a positive means of preventing feedback to the Company during an outage or interruption of that system.
 12. The Customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.

BILLING AND PAYMENT: Billing and payment shall be governed by the terms and conditions set forth in the currently applicable schedule, tariff or rider, and may be combined or individually provided at Company's discretion.

To the extent that Company receives service from Customer under this Rider, payment for such services shall be netted against any charges for Company-supplied services hereunder.

CUSTOMER CONNECTION CHARGE: Refer to Rate Schedule, Rate Designation M-61M and Payment Policy Rate Schedule, Rate Designation M-62M.

CUSTOMER SERVICE GUARANTEE: Refer to Rate Schedule, Rate Designation M-65M. Service connection will be made by the date promised or OTP will pay the customer \$50.00 for each working day up to \$250.00 that we are late. If repair to your rental security light is not made within 5 working days after notification, OTP will provide one month of free electric service for that unit. If your electric service bill is inaccurate, it will be corrected and we will award you 10 percent of the error, with the minimum being \$10.00 and a maximum of \$500.00. (Does not apply to estimated or prorated bills or self-read meters.)

PAYMENT: Refer to Payment Policy Rate Schedule, Rate Designation M-62M, superseding amendments, or provisions allowed by law.

CONTRACT PERIOD: The minimum term of service taken under this Rider shall be one (1) year unless otherwise authorized by Company.

REGULATIONS: General Rules and Regulations govern use under this schedule.