



Policy: 206

**Subject: DG-1, SMALL DISTRIBUTED GENERATION QUALIFIED FACILITY (QF)
RATE RIDER**

Approved for Board Action: April 29, 2009
Dates Amended

A. APPLICATION

The Rider for Small Distributed Generation is applicable to any customer (Customer) taking service under one of Hawkeye REC's (Cooperative) standard electric rate schedules and the Customer has written approval from the Cooperative for the interconnection and operation of an on-site extended parallel qualifying small cogeneration and power distributed generation facility (Qualifying Facility or QF) of less than 40 kW. This Rider is intended to comply with any applicable federal and state requirements for purchases from QFs that meet the following criteria:

1. The distributed generation system must be an operable, permanently installed generation facility connected in parallel to the utility distribution system serving the Customer receiving retail electric service at the same site.
2. The distributed generation system must be powered or fueled by renewable (wind, hydro) resources, biomass, landfill gas, manure digesters, another similarly renewable fuel, or combination of such fuels.
3. The distributed generation system must be less than 40 kW of interconnected capacity at a point of common coupling to the Cooperative distribution system.
4. The interconnection and operation of the distributed generation system at each point of common coupling shall be considered as a separate application of the Rider.
5. All provisions of the applicable standard service schedule shall apply to distributed generation service under this Rider except as noted below.

B. CHARGES FOR SERVICE

Services provided under this Rider may include services from the Cooperative to Customer and from Customer to Cooperative. The following rates, charges, credits and payments are applicable for such services in addition to all applicable charges for service being taken under Cooperative's standard rate schedule:

Services from Cooperative to Customer

A monthly service charge, demand and energy charges equal to the charges contained in the base tariff to which this Rider is attached, will be applied to this Rider to recover costs associated with service to the Customer. Other costs the Customer may be charged include interconnection costs such as engineering/design studies, metering, cooperative system upgrades and testing as further described in Cooperative's "Cogeneration and Small Power Production" Section 25 of the Cooperative's Electric Tariffs.

Services from Customer to Cooperative

A member participating in this Rider may 1) sell all of the energy produced by the QF distributed generation system, 2) use all the QF distributed generation energy to meet its own electrical requirement, or 3) use a portion of the energy from the QF distributed generation system to meet its own electrical needs and sell the remaining energy.

Cooperative will purchase the net output from the QF distributed generation with a nameplate capacity of less than 40 kW. Cooperative will compensate the member based on the applicable Retail Rate for energy. For example, a member with the retail rate for single-phase, will be compensated for energy purchased from the member at \$0.1123/kWH.

C. TERMS AND CONDITIONS OF SERVICE

The following terms and conditions apply to this Rider:

1. Service hereunder is subject to Section 25 of Cooperative's Electric Tariff "Cogeneration and Small Power Production".
2. Cooperative 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 lump sum for the installed cost of such metering equipment and expected future operation and maintenance expenses for this metering equipment.
3. The Customer will be compensated monthly for all energy delivered to Cooperative's wholesale power supplier.
4. The Customer shall make provision for on-site metering. All energy received from and delivered to the Cooperative shall be separately metered. The Cooperative may require metering of the generation output.
5. The Customer shall pay for all interconnection costs incurred by the Cooperative made necessary by the installation of the distributed generation system.
6. Power and energy purchased by the Customer from the Cooperative shall be under the applicable retail rates for the purchase of electricity.
7. The Cooperative reserves the right to disconnect the Customer's generator from its system if it interferes with the operation of the Cooperative's equipment or with the equipment of other Cooperative Customers.
8. The Customer has provided the Distributed Generation Application forms with the required information to the Cooperative and received written permission from the

- Cooperative to interconnect with the Cooperative's distribution.
9. The Cooperative limits the participants on this rate to a maximum connected generator capacity that is installed on the Cooperative's distribution lines equal to 1.0% of the Cooperative's average monthly demands for a one year period excluding the demand from the dedicated commercial substations. The average monthly demand is calculated from the 12 months during the year that the historic peak demand occurred for the non-dedicated substation demands. For example, if the most recent peak demand (excluding dedicated commercial substation demand) occurred in 2006, then the average monthly demand for the year 2006 would be used to calculate the maximum connected generator capacity. This limit would apply until a new peak demand occurs that exceeds the previous peak demand for the non-dedicated commercial substations. The Cooperative reserves the right to change this limit in the future without notice to customers.
 10. This rate may be discontinued without notice to Consumers if Dairyland Power Cooperative cancels their DG-4 Small Distributed Generation Qualified Facility (QF) Rate Rider. The DG-1 rate is subject to annual review and modifications as necessary and is subject to additional terms and conditions, as may be adopted from time to time by the Cooperative's Board of Directors.

D. BILLING AND TERMS OF PAYMENT

Billing and terms of payment shall be governed as set forth in the Cooperative's applicable base rate schedule.

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