

# **Minnesota Municipal Power Agency**

## **Distributed Generation Tariff**

The long term contractual arrangements between the Minnesota Municipal Power Agency (MMPA) and its members do not allow for a member to purchase directly from another entity. Therefore, MMPA is offering to purchase the output of generation offered for sale by a member's customer ("Customer"). MMPA has adopted rates, terms, and conditions of this tariff ("Tariff") as a means of making such purchases from the Customer.

### **Availability**

Available to Customers who (i) have a generator that is interconnected to an MMPA member's distribution system ("Distributed Generation" or "DG"), (ii) have such generator with a nameplate capacity of at least 40 kW but no more than 10 MW, (iii) offer to sell their output on a short term and (iv) meet the qualifications set forth below.

### **Qualifications**

1. The DG facility must be fueled by natural gas (or another similarly clean fuel) or be a renewable energy resource as defined under state regulation.
2. The DG facility must be a generator that is able to put power onto the member's grid at any time – not just when a service interruption occurs – and in phase with the electricity distributed by the member.
3. The DG facility must be an operable, permanently installed generator that is owned and operated by the customer receiving retail electric service from the member at the same site.
4. The DG facility output must be separate and distinct from the retail customer load. No net billing will be provided.

### **Interconnection and Metering**

A Customer seeking to connect its DG facility to the member's distribution system must follow the "City of Olivia Municipal Utilities Distributed Energy Resource Interconnection Process." All costs of the interconnection, including those incurred by the member and MMPA, shall be borne by the Customer.

A Customer shall have metering of the generator output at the point of interconnection with the member distribution system. Such metering must meet the meter requirements of MMPA and the Midwest Independent System Operator ("MISO"). Metering data must be accessible by MMPA. The costs of metering and all communication devices, including user fees, shall be borne by the Customer.

The MMPA members will maintain a copy of these procedures at their websites.

**Must-Buy**

MMPA shall purchase all the DG facility output offered for sale by the Customer.

**Contract**

The Customer will be required to enter into a contract with MMPA. The form of contract is provided as Attachment A hereto.

**Contract Term**

The contract term shall start on the first of the month following acceptance of the DG facility's registration in MISO. The contract term shall end on the date that registration in MISO is no longer effective, but such end date shall be no greater than one year after the start date of the Contract Term. If the Customer desires a contract term greater than one year, the Customer and MMPA will negotiate an individual contract which is outside of the rates, terms and conditions of this Tariff.

**Payments**

Payments to the Customer for generation output shall be as described below and on Attachment B hereto.

**Energy Delivery Schedule**

The Customer will be required to submit an energy delivery schedule for the DG facility to MMPA by 8:00 a.m. prevailing time each business day. The schedule is to be for a consecutive 7-day period, starting at midnight on the day of schedule notification. MMPA will factor such schedule into its demand forecast and energy demand bid to the MISO.

**Outages**

The Customer will provide to MMPA an annual planned outage schedule by September 30 of each year. The Customer will notify MMPA of any unplanned outage within 5 minutes of being completely off-line.

**Standby Service**

The Customer is not required to buy standby power to meet the station service requirements of the DG facility when off-line. However, if standby power is not purchased, it may not be available. Any standby service the Customer elects to take must be at the member's current rate for standby service. Such service will be contracted directly with the applicable MMPA member.

**Changes to Rates, Terms and Conditions**

This Tariff is dependent on the provisions of the MISO tariff and the Resource Adequacy Business Practices Manual (together, the "MISO Rules") concerning Load Modifying Resources. Any changes thereto will automatically carry forward to this Tariff and shall become effective on the date of effectiveness of such changes under the MISO tariff.

ATTACHMENT A

This agreement (“Service Agreement”) is made by and between Minnesota Municipal Power Agency (“MMPA” or “Buyer”), \_\_\_\_\_ ( \_\_\_ or “Member”) and \_\_\_\_\_ ( \_\_\_ or “Customer”) and is effective as of the date of the signatures below (each individually a “party”, together, the “parties”).

WHEREAS Buyer has a Distributed Generation Tariff (“Tariff”) under which it may purchase products from a generator facility connected at the distribution voltage level on the Member system; and

WHEREAS Customer owns and operates a generator facility connected to the distribution voltage level of the Member system (“DG facility”); and

WHEREAS Customer wishes to sell the output of the DG facility to MMPA under the rates, terms and conditions of the Tariff.

NOW THEREFORE, the parties covenant and agree to the following:

1. The DG facility information shown on the attached Exhibit 1 is accurate as of the date below.
2. The DG facility meets all of the requirements of the Tariff.
3. Customer will sell the output of the DG facility in accordance with the provisions of the Tariff.
4. Buyer will purchase the output of the DG facility from Customer and make payments to Customer in accordance with the provisions of the Tariff.
5. Buyer and Member have determined that Customer is entitled to Credits in the form of additional payments to Customer as follows:
6. Any disputes will be resolved by the senior representatives of the parties.
7. Other:

IN WITNESS WHEREOF, the parties have executed this Service Agreement through their duly authorized officers as of the date set forth below.

MMPA \_\_\_\_\_  
Name, Title and Date

Member \_\_\_\_\_  
Name, Title and Date

Customer \_\_\_\_\_  
Name, Title and Date

EXHIBIT 1  
to  
Service Agreement

Name of Facility:

Location:

Name Plate Rating:

Type of Facility:

Fuel Source:

Interconnection Point:

Meter Number and Location:

Accreditation Test date:

24 Hour Contact for DG Facility:

## ATTACHMENT B

MMPA will make payments to the Customer for Zonal Resource Credits and Energy. MMPA may reduce payments to the Customer or render charges to the Customer for failure to deliver energy when called upon by MISO.

“Credits” in the form of additional payments may be provided to the Customer in recognition of any benefits the DG facility provides to the MMPA member distribution system or to MMPA.

Payments by MMPA to a Customer will be net of the above and made within thirty (30) days after the end of the month in which service was provided to MMPA.

### Zonal Resource Credits

The DG facility may receive recognition for the capacity it may provide to the MISO system. That recognition is now known as a Zonal Resource Credit (ZRC, as defined in the MISO rules) and is determined by the facility’s Unforced Capacity (UCAP, as defined in the MISO rules). The UCAP methodology is implemented to address the fact that not all DG facilities contribute equally to reliability and will differ according to the resource characteristics of the DG facility (intermittency, fuel type, etc.).

The UCAP used to determine ZRCs for the DG facility will be based on the application of then effective MISO rules and the test results for the facility.

In order to maintain one’s ZRC benefit, the DG facility must be:

- Claimed only by MMPA,
- Greater or equal to 100kW
- Schedulable by MISO or the Local Balancing Authority (LBA, as defined in the MISO rules) within 12 hours’ notice,
- Able to respond to MISO calls for energy dispatch at least 5 times as specified by MISO rules for emergency event purposes, and
- Able to sustain energy production for a minimum of 4 consecutive hours.

Additional qualification requirements may apply to the DG facility as listed in the MISO rules. The DG facility must be reviewed for accreditation as a Load Modifying Resource on an annual basis.

MMPA shall pay the Customer each month an amount equal to the product of:

- (ii) the ZRC quantity of the generator facility as qualified by MISO for such month, and

- (iii) the value of a ZRC as determined by the MISO Planning Resource Auction (PRA, as defined in the MISO rules) for such month.

In the event that MISO calls upon the DG facility to deliver energy to the distribution system during a MISO emergency, and the DG facility does not respond timely, then MMPA may impose a penalty on the Customer equal to the sum of the penalties for each failure hour during the month, determined by the product of:

- (i) the amount of energy not delivered during such hour,
- (ii) the Real Time (RT), Ex Post Locational Marginal Price (LMP) for the DG facility location as determined by MISO for such hour, and
- (iii) 1.15, to recognize costs such as MISO Revenue Sufficiency Guarantee (RSG), MISO and MMPA administration costs, etc.

MMPA has the right to terminate any Service Agreement under this Tariff if Customer fails to produce requested energy when called upon by MISO more than once in a calendar year.

### Energy

MMPA shall pay the Customer each month an amount equal to the sum of the payments for each delivery hour during the month, determined by the product of:

- (i) the amount of energy delivered by the metered DG facility at the point of interconnection for such hour,
- (ii) The RT, LMP for the DG facility location as determined by MISO, and
- (iii) 0.85 to account for RSG costs, MISO and MMPA administration costs, etc.

### Credits

The following credits in the form of additional payments may apply:

- (i) Distribution Credits – a Customer may receive a credit equal the member’s avoided distribution costs resulting from the installation of the DG facility, as determined by the member.
- (ii) Line Loss Credits – a Customer may request the member to provide a specific line loss study and receive line loss credits if the study supports such credits in the member’s sole opinion. The Customer is responsible for the cost of the study regardless of the study’s outcome.
- (iii) Renewable Energy Credit – a Customer may receive this credit if it is a renewable energy resource as defined under state regulations. The credit will vary based on DG facility output and market prices

(as determined by an independent party) and account for administrative costs incurred by MMPA in getting the DG facility recognized in the Midwest Renewable Energy Tracking System.