

OTSEGO ELECTRIC COOPERATIVE, INC.

SUBJECT: MEMBER-OWNED or DISTRIBUTED GENERATION

POLICY: **NOTE:** Failure to comply with this Policy shall result in immediate suspension of service due to presentation of health risks to Cooperative employees. The Cooperative reserves the right in the future to establish a class for billing based on use and availability of distributed generation such that minimum service charges and fees will be required to meet Cooperative costs of service as long as Member continues to be connected to the Cooperative's grid.

Emergency or Standby Generation

Member-owned emergency or standby generation that is intended to serve the member only during outages shall be connected to the member's service using an approved transfer switch. The installation shall be inspected and approved by a Cooperative approved licensed electrical inspector. In no case shall an emergency or standby generator be connected to Otsego Electric Cooperative's distribution lines.

Generation Connected in Parallel

Member-owned generation that is designed to supplement power supplied by the Otsego Electric Cooperative, and is operated in parallel with the Cooperative's supplied power, shall be connected using approved interconnection equipment that meets the IEEE 1547 Standard for Interconnecting Distributed Resources with Electric Power Systems, as well as all National Electric Code (NEC) and National Electric Safety Code (NESC) requirements. This includes the following requirements:

- The installation shall be inspected and approved by a Cooperative approved licensed electrical inspector.
- The generation equipment must be automatically disconnected from the Cooperative's facilities whenever the Cooperative has an outage and no Cooperative power is supplied to the member.
- A readily accessible means of visible disconnect must be available to Cooperative personnel at all times. Cooperative personnel must have the ability to lock and tag this disconnect in the open position when system maintenance is required.

If additional cost is required to meter power flows, the member will reimburse the Cooperative for all added costs. The Cooperative will meter power flows into the consumer's premises and charge the member based on the usual rate class. Power that flows out of the member's premises will be metered separately and a credit to the member's account will be calculated on this metered power flow.

- The amount of credit will be equal to the Cooperative's avoided cost of power as shown on RUS Form 7 in Part L. kWh Purchased and Total Cost – Average Cost Per. This avoided cost is the cost of power plus transmission, corrected for system losses, to the member's meter. Loss corrections for power and transmission will be equal to those used to compute current monthly consumer bills. The cost includes a correction for losses using the percentage losses in the prior calendar year.

All other costs included in the usual rate class to the member are costs that are for a fixed Demand Charge based on the amount of power purchased by the member from the cooperative as determined at one point in time annually plus the costs of fixed facilities that must exist to serve the member, for operations and maintenance and for other services that must be provided to the member in conjunction with electrical service. These must be provided whether or not the member has their own generation and, therefore, may not be avoided.

This policy will be reviewed one year after the first member-owned, distributed generation is connected in parallel with Otsego Electric Cooperative's distribution system.

CROSS REFERENCE: This policy supersedes any contradictory provisions in the Member Rates Policy except with regard to the applicable monthly service charge.

RESPONSIBILITY: CEO and Board of Directors