

Special Rate Rider X

Community-Based Energy Development Rider

Description

This Community-Based Energy Development Rider (“C-BED Rider”) is available to any Qualifying Owner of a new community-based wind-powered electric generating facility in Minnesota that satisfies the requirements contained within this C-BED Rider and delivers and sells the capacity and energy output, including all associated renewable attributes, to Great River Energy (“GRE”), subject to GRE approval.

1. The information in this C-BED Rider provides guidelines for negotiated Power Purchase Agreements (“PPA”) that provide service under this Rider. Nothing in this C-BED Rider shall be construed to obligate GRE to enter into a PPA with a C-BED developer, Qualifying Owner(s) or any other entity. The parties to a PPA derived from this C-BED Rider may agree to terms different from the ones contained in this C-BED Rider.
2. Any PPA derived from this C-BED Rider is contingent upon GRE obtaining approval from the GRE Board of Directors, a dual-percentage of GRE’s Members, and the Rural Utilities Service, if required.
3. The generation facilities comprising a Qualifying C-BED Project must meet all applicable requirements for the interconnection of distributed generation.
4. A Qualifying C-BED Project that sells energy under a PPA derived from this C-BED Rider shall not be eligible for net energy billing under Minnesota Statutes Section 216B.164, subdivision 3 nor for production incentives under Minnesota Statutes Section 216C.41.
5. This C-BED Rider is intended to comply with the requirements to adopt a C-BED tariff as stipulated in Minnesota Statutes 216B.1612.

Qualifying Owner

The owner(s) of a Qualifying C-BED Project must satisfy at least one of the following criteria to be considered a “Qualifying Owner”:

1. a Minnesota resident;
2. a limited liability corporation that is organized under the laws of Minnesota and that is made up of members who are Minnesota residents;
3. a Minnesota nonprofit organization organized under chapter 317A of Minnesota state laws;
4. a Minnesota cooperative association organized under chapter 308A or 308B of Minnesota state law, other than a rural electric cooperative association or a generation and transmission cooperative;
5. a Minnesota political subdivision or local government other than a municipal electric utility or municipal power agency, including but not limited to, a county, statutory or home rule charter city, town, school district, or public or private higher education institution or any other local or regional governmental organization such as a board, commission or association; or
6. a tribal council.

Qualifying C-BED Project

A community-based generation project must satisfy all of the following criteria to be considered a "Qualifying C-BED Project":

1. Be physically located in Minnesota;
2. Commence commercial operation after July 1, 2006;
3. Use wind as the exclusive fuel source;
4. If the project consists of only one or two wind turbines, then it must be owned entirely by one or more Qualifying Owners, and at least fifty-one (51) percent of the total financial benefits over the life of the project must flow to these Qualifying Owners;
5. If a project consists of more than two wind turbines, then no single Qualifying Owner may own more than fifteen (15) percent of the project; and
6. Have a resolution of support adopted by the county board of each county in which the Project is to be located, or in the case of a Project located within the boundaries of a reservation, the tribal council for that reservation.

Joint Venture

A Qualifying Owner, or any combination of Qualifying Owners, may develop a joint venture project with a non-qualifying wind energy project developer provided that:

1. The terms of this C-BED Rider shall only apply to the portion of the energy production of the total project output that is directly proportional to the equity share of the project owned by the Qualifying Owner(s); and
2. The Qualifying Owner(s) shall not transfer ownership of the Qualifying C-BED Project to a non-qualifying owner during the first twenty (20) years of the project.

Participation

To the extent feasible, the developer of a Qualifying C-BED Project must provide, in writing, an opportunity to invest in the project to each property owner on whose property a high-voltage transmission line is constructed that will transmit the energy generated by the project to market. This paragraph applies if the property is located and the owner resides in the county where the project is located.

Contract

The standard term for a PPA under this C-BED Rider shall be twenty (20) years. GRE and the Qualifying Owner(s) may negotiate and execute a PPA that differs from this standard term.

Rate – Purchases from C-BED

GRE shall pay the Qualifying Owner(s) according to a negotiated rate schedule such that:

1. The net present value of the payments over the 20-year life of the PPA shall not exceed 2.7 cents per kilowatt-hour (kWh), unless otherwise agreed to by GRE in its sole discretion.
2. The net present value of the energy rate shall mean a rate equal to the net present value of the nominal payments to a project divided by the total

expected energy production of the project over the life of its power purchase agreement.

3. The rate will normally be higher in the first ten years of the agreement than in the last ten years.
4. The discount rate required to calculate the net present value shall be GRE's normal discount rate used for its other business purposes.
5. The payment of this rate includes payment for the property and reporting rights of all renewable attributes associated with the Qualifying C-BED Project such that GRE shall have sole possession of any and all renewable energy credits, tradable emission credits, green tags or any other renewable and environmental benefits associated with the Project. GRE shall have the unrestricted right to use or sell these renewable attributes in any manner it deems appropriate.

Bid Priority

Periodically, GRE may elect to purchase renewable energy from one or more Qualifying C-BED Projects. When evaluating which Qualifying C-BED Projects to purchase from, GRE will consider the net present value of the rate after adding the expected cost of curtailments and wheeling costs. All other terms being equal, GRE will give preference to a Qualifying C-BED Project possessing a Network Resource Interconnection Service ("NRIS") designation from the Midwest Independent Transmission System Operator ("MISO") over a Qualifying C-BED Project possessing an Energy Resource Interconnection Service ("ERIS") designation.

When GRE needs to construct new generation or purchase the output from new generation, then in order to fulfill its obligations under Minnesota Statutes Section 216B.1691, GRE will take reasonable steps to determine if one or more Qualifying C-BED Projects are available that would meet GRE's cost and reliability requirements, applying standard reliability criteria, to fulfill some or all of the identified need at minimal impact to current customers. Standard reliability criteria shall mean the Qualifying C-BED Project can be safely integrated into and operated within GRE's grid without causing any adverse or unsafe consequences and is consistent with GRE's resource needs as identified in its most recent integrated resource plan submitted in accordance with Minnesota Statutes Section 216B.2422.

Aggregation of Qualifying C-BED Projects is encouraged. Nothing in this section shall be construed to obligate GRE to enter into a PPA under this C-BED Rider.

General Terms and Conditions

1. A Qualifying C-BED Project must be capable of being integrated into the electric system and operate in a safe manner as determined by the transmission or delivery service provider.
2. The Qualifying Owner(s) must enter into an appropriate interconnection agreement with the transmission or delivery service provider meeting all applicable technical specifications and interconnection requirements.

3. All electricity delivered to GRE from a Qualifying C-BED Project shall be measured by one or more meters installed at a single point of common coupling or as determined by GRE. The meter(s) used to determine payment under this C-BED Rider shall measure the flow of energy from a Qualifying C-BED Project to GRE only. Any flow of energy from the local distribution Cooperative to a Qualifying C-BED Project shall be separately metered.
4. Service shall be provided under this C-BED Rider if there is sufficient capacity available in existing transmission and distribution facilities to provide such service at the location where service is requested.
5. The Qualifying Owner(s) shall pay for the installed cost of any additional required metering and interconnection facilities, including any required studies and testing, which are not supported by this C-BED Rider.
6. The Qualifying Owner(s) must indemnify GRE and the distribution Cooperative against all liability which may result from any and all claims for damages to property and injury or death to persons which may arise out of or caused by erection, maintenance, presence, or operation of the Qualifying C-BED Project or by any related act or omission of the Qualifying Owner(s), its employees, agents, contractors or subcontractors.
7. The Qualifying Owner(s) must provide sufficient security, as determined by GRE, to secure performance under the PPA.

Rate – Service to Qualifying Owner

Power and energy delivered to the Qualifying Owner(s) at the same location as the Qualifying C-BED Project shall be billed by the local retail electricity provider under the appropriate retail rate schedule.