D2. Parallel Generation - Modified Net Metering Program

PG-2

EFFECTIVE IN

All territory served.

AVAILABILITY

Available to retail customers taking full requirements service with renewable electric generation facilities that are interconnected with the Company's power supply and rated at greater than 20 kW and not more than 150 kW, where customer's delivery offsets retail electric power supply at the same site. If a customer has more than one electric generator, the generator's rating(s) shall be summed and the sum may not exceed 150 kW.

The Company's Net Metering Program is available on a first come, first served basis until the nameplate capacity of all participating generators is equal to the maximum program limit of 1% of the Company's previous year's peak demand measured in kW for the Company's retail load, allocated to include no more than 0.25% for customers generating at greater than 20 kW and not more than 150 kW.

MONTHLY RATES

Distribution Charges:

A customer enrolled in the Modified Net Metering Program shall pay the Distribution Charges at the Company's standard service tariff applicable to the customer for the customer's total consumption of energy from the Company to the customer.

Power Supply Charges:

A customer enrolled in the Modified Net Metering Program shall pay the Power Supply Charges associated with the Company's standard service tariff applicable to the customer.

Energy Charges: Charges that are related to a \$/kWh charge will be charged when the customer's net usage results in a monthly net flow of energy from the Company to the customer. When the customer's monthly net usage results in a net flow of energy from the customer to the Company, the customer's \$/kWh charges shall be credited based on the Excess Generation rate below.

Demand Charges: The customer shall pay the demand charge associated with the Company's standard service tariff applicable to the customer for the customer's total consumption of energy from the Company to the customer.

Excess Generation:

Excess generation shall be credited at the customer's applicable standard tariff's power supply service energy charges (\$/kWh). The credit shall appear on the customer's next bill. Any credit not used to offset current charges shall be carried forward for use in subsequent billing periods.

Continued to Sheet No. D-72.20

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D2. Parallel Generation - Modified Net Metering Program

PG-2

Continued from Sheet No. D-72.10

Metering

The Company may determine the customer's usage using the customer's existing meter if it has separate registers measuring power flow in each direction. If the company uses the customer's existing meter, the Company shall test and calibrate the meter to assure accuracy in both directions. If the customer's meter is not capable of measuring power flow in both directions, and if meter upgrades or modifications are required, the Company shall provide a meter or meters capable of measuring the flow of energy in both directions to the customer at cost. Only the incremental cost above that for meter(s) provided by the Company to similarly situated non-generating customers shall be paid by the eligible customer. Generator meters will be provided by the Company. The cost of the generator meter shall be considered a cost of operating the net metering program.

Costs and Fees

The Company's Modified Net Metering Program has the following fees and costs:

Application fee: \$25
Interconnection application fee: \$75
Engineering Review: \$0

Distribution Study: Actual Costs or

Maximum Approved by the Commission

Distribution Upgrades: Actual Costs or

Maximum Approved by the Commission

Company Testing and Inspection fee: \$0

All Interconnection Costs: Actual Costs or

Maximum Approved by the Commission

TERMS AND CONDITIONS

- 1. A renewable energy resource comes from the sun or from thermal inertia of the earth and minimizes the output of toxic material in the conversion of the energy and includes, but is not limited to, all of the following:
 - a. Biomass
 - b. Solar and solar thermal energy
 - c. Wind energy
 - d. Kinetic energy of moving water, including the following:
 - i. Waves, tides or currents
 - ii. Water released through a dam
 - e. Geothermal energy
 - f. Municipal solid waste
 - g. Landfill gas produced by municipal solid waste.

Continued to Sheet No. D-72.30

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D2. Parallel Generation - Modified Net Metering Program

PG-2

Continued from Sheet No. D-72.20

TERMS AND CONDITIONS

- 2. The generation equipment must be located on the customer's premises, serving only the customer's premises and must be intended primarily to offset a portion or all of the customer's requirements for electricity.
- 3. At the customer's option, the customer's electric needs shall be determined by one of the following methods:
 - a. The customer's annual energy usage, measured in kWh, during the previous 12-month period.
 - b. When metered demand is available, the maximum integrated hourly demand measured in kW during the previous 12-month period.
 - c. In instances where complete and correct data is not available or where the customer is making changes on-site that will affect total usage, the Company and the customer shall mutually agree on a method to determine the customer's electric needs.
- 4. At the customer's option, the generation capacity shall be determined by one of the following methods:
 - a. Aggregate nameplate capacity of the generator(s).
 - b. An estimate of the expected annual kWh output of the generator(s).

Customer's shall not be allowed to switch their generation back and forth between two or more rate schedules to circumvent the intent of the rate design.

- 5. A customer using biomass blended with fossil-fuel as their renewable energy source must submit proof to the Company substantiating the percentage of the fossil fuel blend either by (1) separately metering the fossil fuel, or (2) providing other documentation that will allow the Company to correctly apply a generation credit to the output associated with the customer's renewable fuel only.
- 6. If a customer has more than one generator, the generator's ratings shall be summed. This sum shall be greater than 20 kW and not more than 150 kW.
- 7. The customer is required to provide the Company with a capacity rating in kW of the generating unit and a projected monthly and annual kilowatt-hour output of the generating unit when completing the Company's Net Metering Application.
- 8. The requirements for interconnecting a generator with the Company's facilities are contained in the Michigan Public Service Commission's Electric Interconnection and Net Metering Standards Rules (R460.601a 460.656) and the Company's Michigan Utility Generator Interconnection Requirements, copies of which will be provided to customers upon request. All requirements must be met prior to commencing service.

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