

Special Rate Rider Q

Community-Based Energy Development (C-BED)

Description

This Community-Based Energy Development Rider ("C-BED Rider") is available to any Qualifying Beneficiary of a new community-based renewable energy 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 Beneficiary 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 and a dual-percentage of GRE's All-Requirements Members, if required.
- 3) The generation facilities comprising a Qualifying C-BED Project must meet all applicable requirements for generator interconnection under the "State of Minnesota Distributed Generation Interconnection Requirements" documents and/or the Midwest Independent Transmission System Operator (MISO).
- 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 Beneficiary

The beneficiary of a Qualifying C-BED Project must satisfy at least one of the following criteria to be considered a "Qualifying Beneficiary":

- 1) a Minnesota resident individually or as a member of a Minnesota limited liability company organized under chapter 322B and formed for the purpose of developing a C-BED project;
- 2) a Minnesota nonprofit organization organized under chapter 317A of Minnesota state laws;
- 3) a Minnesota cooperative association organized under chapter 308A or 308B of Minnesota state law, including a rural electric cooperative association or a generation and transmission cooperative on behalf of and at the request of a member distribution utility;
- 4) a Minnesota political subdivision or local government including, but not limited to, a municipal electric utility, or a municipal power agency on behalf of and at the request of a member distribution utility, 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;
5) a tribal council; or

- 6) a legal entity (i) formed for a purpose other than to participate in C-BED projects; (ii) whose principal place of business or principal executive office is located in Minnesota; and (iii) that provides labor, services, equipment, components, or debt financing to a C-BED project.

A public utility, as defined in 216B.02, subdivision 4, is ineligible for consideration as a Qualifying Beneficiary.

Qualifying Revenue

“Qualifying revenue” includes, but is not limited to the following criteria.

- 1) Royalties, distributions, dividends, and other payments flowing directly or indirectly to individuals who are qualifying beneficiaries;
- 2) Reasonable fees for consulting, development, professional, construction, and operations and maintenance services paid to qualifying beneficiaries;
- 3) Interest and fees paid to financial institutions that are qualifying beneficiaries;
- 4) The value-added portion of payments for goods manufactured in Minnesota; and
- 5) Production taxes.

“Discount rate” means the ten-year United States Treasury Yield as quoted in the Wall Street Journal as of the date of application for determination under subdivision 10, plus five percent; except that the discount rate applicable to any qualifying revenues contingent upon equity investor earning a specified internal rate of return is the ten-year United States Treasury Yield, plus eight percent.

“Value-added portion” means the difference between total sales price and the total cost of components, materials, and services purchased from or provided outside of Minnesota.

Qualifying C-BED Project

A community-based generation project means a new renewable energy project, either as a stand-alone project or as part of a partnership under subdivision 8, that:

- 1) Is physically located in Minnesota;
- 2) Uses a renewable technology listed in section 216B.1691, subdivision 1, as the exclusive fuel source;
- 3) Has no single qualifying beneficiary, including any parent company or subsidiary of the qualifying beneficiary, owning more than 15 percent of a C-BED wind energy project unless (i) the C-BED wind energy project consists of only one or two turbines; or (ii) the qualifying beneficiary is a public entity listed under paragraph (c), clause (4).
- 4) Demonstrates that at least 51 percent of the net present value of the gross revenues from a power purchase agreement over the life of the project are qualifying revenues; and
- 5) Has 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.

A developer of a C-BED project may seek a predetermination of C-BED eligibility from the Minnesota Commissioner of Commerce at any time, and must obtain determination of C-BED eligibility from the commissioner of commerce, based on the project's final financing terms, before construction may begin. In seeking a determination of eligibility under subdivision 10, a developer of a C-Bed project must submit to the commissioner of commerce detailed financial projections demonstrating that, based on net present value analysis, and applying the discount rate to qualifying revenues from a power purchase agreement, the project meets the requirements of subdivision 2, paragraph (h), clause (1).

A project is not required to obtain a determination of C-BED eligibility under paragraph (a) if it has received, prior to the effective date of this act, an opinion letter from the Commissioner indicating that the project qualifies as a C-BED project under this section.

The Commissioner's determination of C-BED eligibility of a project that obtained its initial opinion letter regarding C-BED eligibility from the Commissioner or written notification from the Midwest Independent Transmission System Operator (MISO) that the project retains a position in the interconnection queue before the effective date of this act must be based on the laws applicable at the time the initial opinion letter of C-BED eligibility was issued or the Midwest Independent System Operator interconnection queue position was obtained. A project subject to this paragraph may elect to have the determination of eligibility governed by the law in effect at the time of the determination.

Joint Venture

A C-BED project may be jointly developed with a non-C-BED project provided that the terms of this C-BED Rider shall only apply to the portion of the energy production of the total project that is directly proportional to the energy produced by the C-BED 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 Beneficiaries may negotiate and execute a PPA that differs from this standard term.

Rate – Purchases from C-BED

GRE shall pay the Qualifying Beneficiaries according to a negotiated rate schedule that:

- 1) Provides for a rate that is higher in the first ten years of the agreement than in the last ten years.
- 2) The Qualifying Beneficiaries shall not transfer ownership of the Qualifying C-BED Project during the initial term of the power purchase agreement if the transfer will result in the project's no longer qualifying under section 216B.1612, subdivision 2, paragraph (h).
- 3) 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 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 with minimal rate impact to current member-consumers. 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.

Rate – Service to Qualifying Beneficiaries

Power and energy delivered to the Qualifying Beneficiaries at the same location as the Qualifying C-BED Project shall be:

- 1) Billed by the local retail electricity provider under the appropriate retail rate schedule;
or
- 2) Arranged under MISO Station Power provisions of Schedule 20.

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 Beneficiaries 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 Beneficiaries 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 Beneficiaries 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 Beneficiaries, its employees, agents, contractors or subcontractors.
- 7) The Qualifying and non-qualifying Beneficiaries must provide sufficient security, as determined by GRE, to secure performance under the PPA.

Great River Energy
Maple Grove, Minnesota

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