

POLICY 475

COOPERATIVE PURCHASE OF EXCESS MEMBER OWNED GENERATION CAPACITY

I. OBJECTIVE

To comply with the Public Utility Regulatory Policies Act (hereafter “PURPA”), enhance the continued diversification of Illinois’ energy resource mix and protect the Illinois environment through the use of renewable fuel sources while honoring the Southern Illinois Electric Cooperative’s (hereafter “Cooperative”) obligation to provide electricity to all members on a cooperative basis in accordance with the Illinois Not-for-Profit Act and Revenue Code Section 501(c)(12).

II. DEFINITIONS

Avoided Costs means the incremental costs to the Cooperative of electric energy or capacity or both which, but for the purchase from the eligible renewable electrical generating facility, the Cooperative would generate itself or purchase from another source.

Avoided Energy Costs are the avoided variable costs associated with the production of electric energy. These costs represent the avoided costs of fuel and some operating and maintenance expenses or the cost of purchased energy. Identifiable capacity charges included in purchase power agreements shall not be included in the calculation of avoided energy costs.

Avoided Total Costs means the total avoided system energy and new capacity costs (and not the average embedded system cost of capacity) or the avoided cost of a capacity purchase which result from the purchase of energy and capacity from an eligible renewable electrical generating facility.

Capacity Costs are the costs associated with providing the capability to deliver energy. They consist primarily of the capital costs of facilities used to generate and transmit electricity.

Eligible Cooperative Member means a Cooperative member that owns or operates a solar, wind, or other eligible renewable electrical generating facility with a rated capacity of not more than 40 kilowatts (hereafter “kW”) that is located on the member’s premises and is utilized to offset the member’s own electrical requirements.

Eligible Renewable Electrical Generating Facility (hereafter “EREGF”) means a generator powered by solar electric energy, wind, dedicated crops grown for electricity generation, anaerobic digestion of livestock or food processing waste, fuel cells or microturbines powered by renewable fuels, or hydroelectric energy.

Net Electricity Metering (hereafter “Net Metering”) means the measurement, during the billing period applicable to an existing member, of the net amount of electricity supplied by

the Cooperative to the member's premises or provided to the Cooperative by the member. Existing members receiving service as of December 31, 2016, and billed as Net Metering, as set forth in the above sentence, will be allowed to continue under existing Net Metering provisions for a period of ~~five (5)~~ ten (10) years, ending May 31, 2027. Thereafter the member shall be billed in accordance with Avoided Costs provisions.

III. APPLICABILITY

This policy applies to eligible Cooperative members that choose to interconnect their EREGF with the Cooperative's distribution system and operate the same in parallel with the Cooperative system.

IV. PROVISIONS

A. The eligible Cooperative member shall first comply with the provisions of the Cooperative's Policy 472 - Interconnection and Parallel Operation of Distributed Generation.

B. The Cooperative will install and maintain metering equipment capable of measuring the flow of electricity both into and out of the member's facility at the same rate and ratio. If the member requests an additional meter, the cost of installing and maintaining the same shall be paid by the member.

C. The Cooperative shall compensate the eligible member for any kilowatt-hours generated onto the Cooperative's distribution system at the Cooperative's Avoided Costs of electricity supply over the monthly periods or as otherwise determined by the terms of a power purchase agreement negotiated between the member and Cooperative. Alternative arrangements may include but are not limited to:

- monthly capacity fees representing Capacity Costs,
- net billing,
- time of use rates,
- facilities charge adjustments,
- stand-by rates,
- Avoided Energy Costs
- Avoided Total Costs,

all of which should reflect the cost of providing power to the eligible member and does not discriminate between eligible members and members without an EREGF.

D. For EREGFs with a nameplate rating of 40 kW or more, the eligible member shall comply with Southern Illinois Power Cooperative's metering and interconnection requirements.

E. Subject to the provisions described in the above Definition Section titled Net Electricity Metering, beginning January 1, 2017, for all EREGFs, Net Metering will no longer be offered. The Cooperative shall charge the member for the electricity supplied to

and used by the member at the Cooperative's applicable rate schedule for the member. The Cooperative shall then compensate the member for electricity supplied and used by the Cooperative at the Cooperative's Avoided Costs of electricity supply.

F. All renewable energy credits, greenhouse gas emission credits and renewable energy attributes related to any electricity produced by the EREGF and purchased by the Cooperative shall belong to the eligible member.

G. The Cooperative shall purchase excess member owned generation capacity until the load of its eligible members equals 5% of the total peak demand supplied by the Cooperative during the previous year. The Cooperative may in its sole discretion purchase excess capacity beyond the 5% level.

H. This policy is subject to all federal, state and local laws, the Cooperative's articles of incorporation, bylaws and existing policies (all as from time to time amended by the Cooperative) and the terms and conditions of the Cooperative's existing power supply contracts and loan agreements. To the extent any provision of this policy conflicts with those obligations, these provisions are void.

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