



Fergus Falls, Minnesota

SMALL POWER PRODUCER RIDER
(Net Energy Billing Rate)

Table with 2 columns: DESCRIPTION and RATE CODE. Rows include Option 1 (Less than or equal to 40 kW), Option 2 (Less than 1,000 kW), and Other (Available to all) with various renewable energy credits and charges.

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RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

AVAILABILITY:

Option 1: This rider is available to any Qualifying Facility (QF) with generation Capacity not exceeding 40 kW.

Option 2: This rider is available to any QF with generation Capacity at least 40 kW but less than 1,000 kW, unless elected by a QF with less than 40 kW Capacity. Customers that want to collect the Capacity Credit will have to select the Firm Power option with a special meter installation.



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CUSTOMER CHARGE:

Option 1	Monthly
Residential	\$0.85
Farm	\$0.88
General Service	\$1.08
Large General Service	\$1.21

Option 2	Monthly
Non-Firm Power	\$1.22
Firm Power	\$1.23

OPTIONAL PRODUCTION METER CHARGE: \$3.41 per month

METER AGGREGATION CHARGE: \$0.00 per month if this option is selected by the Customer.

PAYMENT SCHEDULE: Payment per kWh for Energy delivered to utility in excess used.

DESCRIPTION	ENERGY CREDIT
Option 1: Less than or equal to 40 kW	Average Retail Utility Energy Rate
Residential	9.29¢ per kWh
Farm	8.73¢ per kWh
General Service	8.33¢ per kWh
Large General Service	5.85¢ per kWh
Option 2:	Base Avoided Costs
Non-Firm Power: Less than 1,000 kW	3.999¢ per kWh
Firm Power: 40kW to 1,000 kW	3.999¢ per kWh
Option 2:	Capacity Credit
Firm Power: 40kW to 1,000 kW	1.536¢ per kWh
Other:	REC Rate
Wind Renewable Energy Credit	0.157¢ per kWh
Solar Renewable Energy Credit – 41 kW to 1,000 kW	0.300¢ per kWh
Solar Renewable Energy Credit – Less than or equal to 40 kW	2.000¢ per kWh

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SPECIAL CONDITIONS OF SERVICE:

- 1. The interconnection process and standards set forth and referenced in the Minnesota Distributed Energy Resource Interconnection Process (MN DIP) shall apply to Customers interconnecting with the Company's facilities. The MN DIP is available upon request and at www.otpc.com.
2. The Customer will be required to sign the Uniform Statewide Contract with the Company in the form prescribed by Minn. Rule 7835.9910.
3. The Customer may also be required to execute the Company's Standard Interconnection Agreement and be responsible for interconnection costs authorized by law.
4. If the QF does not meet the 65% on-peak Capacity Factor requirement in any month, the compensation will be the Energy portion only.

INDIVIDUAL SYSTEM CAPACITY LIMITS:

- 1. Customers with a facility of 40-Kilowatt Capacity or more and participating in net Metering and net billing shall be required to limit the total generation capacity of individual distributed generation systems to remain on this tariff by either:
a. for wind generation systems, limiting the total generation system capacity Kilowatt alternating current to 120 percent of the Customer's on-site maximum electric demand;
b. for solar photovoltaic and other distributed generation, limiting the total generation system annual Energy production Kilowatt-Hours alternating current to 120 percent of the Customer's on-site annual electric Energy consumption.
2. Limits under paragraph 1(a) applicable to measuring on-site maximum electric Demand must be based on standard 15-minute intervals, measured during the previous 12 calendar months, or if no Demand Metering available is subject to limits based on data for similarly situated Customers combined with any actual data for the facility.
3. The total generation capacity of individual distributed generation systems is determined by the total Capacity of all of the Customer's systems which are on the same set of aggregated Meters. On-site maximum electric Demand and on-site annual electric Energy consumption are determined by total Demand or electric Energy consumption associated with the same set of aggregated Meters.
4. For wind generation systems, the Company will estimate Customer Demand use for purposes of calculating the 120 percent rule by determining a Demand-billed Customer's highest billed on-site kW Demand in all bills issued during the most recent calendar year. For non-Demand Customers,



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(e.g Residential, Farm) the Company shall impute the equivalent peak Demand level by first determining the Customer’s most recent on-site annual (12-month) billed kWh sales. Those kWh sales shall be divided by the product of 22% annual load factor and the number of actual hours in that year (either 8,760 hours in a standard year or 8,784 hours in a leap year). The resulting quotient will serve as the Customer’s estimated on site maximum electric Demand.

5. For solar photovoltaic and other distributed generation systems, where 12 months of usage data is not available, the Company will estimate Customer Energy use for purposes of calculating the 120 percent rule by averaging four months of usage. If four months of usage is not available, the Company will estimate usage based on home size for Residential Customers and other substantiating documentation for Commercial and Demand billed Customers.

6. System Capacity Limits with little or no data will be calculated using the following methodology:

If at least four months usage data is available, the Company will use the following formulas: Customer usage data divided by the number of months of usage data multiplied by 12 months. The result is an annualized consumption estimate base on available usage data.

For the less than four months of usage the Company will be using its own Load Research Data for similarly situated Customers, by estimating the size, type and timeframe the facility was built. Otter Tail would also accept estimates from builders/contractors.

NET METERING BANKING KWH CREDIT OPTION (Option 2): The Customer with a facility of 40-Kilowatt capacity or more and participating in net Metering and net billing may select compensation in the form of a Kilowatt-Hour Energy credit on the Customer’s Energy bill, carried forward and applied to subsequent Energy bills, with an annual true-up in accordance with Minn. Rule 7835.4017. The Company will credit Customers electing to “bank” annually via an on-bill credit for that Customer’s Account posted on the bill following the billing cycle that includes December 31 and reflects payment for the bank balance for kWh credits accumulated up through the closing date on that bill which includes December 31. The effect of netting Customer generation against Customer use occurs on a roughly annual basis, but for administrative purposes may be a few days off from a calendar year.

AGGREGATION OF METERS:

The Company will aggregate for billing purposes a Customer's designated distributed generation bi-directional Meter with one or more aggregated retail Meters if a Customer requests that it do so and the following conditions are satisfied:

1. the Meters must be located on contiguous property owned by the Customer requesting the aggregation;
2. the Account(s) associated with the Meters must be in the name of the same Customer;



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3. the total of all aggregated Meters must be subject in the aggregate to the size limitation under the single Rate Code chosen by the Customer applicable to all of the aggregated Meters; and
4. the total of all aggregated Meters is subject in the aggregate to the Individual System Capacity Limits.

As the term is used here, “contiguous property” means property owned or leased by the Customer sharing a common border, without regard to interruptions in contiguity caused by easements, public thoroughfares, transportation rights-of-way, or Company rights-of-way. The Company must comply with a request by a Customer-Generator to aggregate additional Meters within 90 days. The specific Meters must be identified at the time of the request. In the event that more than one Meter is identified, the Customer must designate the rank order for the aggregated Meters to which the net Metered credits are to be applied. At least 60 days prior to the beginning of the next annual billing period, a Customer may amend the rank order of the aggregated Meters.

The aggregation of Meters applies only to charges that use Kilowatt-Hours as the billing determinant. All other charges applicable to each Meter Account shall be billed to the Customer. The Company will first apply the Kilowatt-Hour credit to the charges for the designated Meter and then to the charges for the aggregated Meters in the rank order specified by the Customer. If the Net Metered Facility supplies more electricity to the Company than the Energy usage recorded by the Customer-Generator's designated and aggregated Meters during a monthly billing period, the Company will apply, at the election of the Customer, any excess production based on a monthly credit or the Annual Net Metering (kWh) Banking Option. Where a monthly credit is selected, the Company shall apply monetary credits to the Customer's monthly bill for the excess Kilowatt-Hours.

DEFINITIONS:

Bi-Directional Meter: A Bi-Directional Meter located at the main service will record Energy delivered to the Customer from the Company, and Energy received by the Company from the Customer. Installation of a new bi-directional Meter may not be required if the configuration of a Customer’s facilities allows and a previously installed Bi-Directional Meter provides the information necessary for billing purposes.

Capacity Factor: The number of Kilowatt-Hours delivered during a period divided by the product of (the maximum one hour delivered Capacity in Kilowatts in the period) times (the number of hours in the period).

Net Metered Facility (NMF): An electric generation facility constructed for the purpose of offsetting Energy use through the use of the Renewable Energy or high-efficiency distributed generation sources.

Production Meter: A Production Meter will record Energy generated by the QF or NMF system only.
Renewable Energy Credits (REC): Tradable, non-tangible Energy commodities in the United States that represent proof that 1 Megawatt-hour (MWh) of electricity was generated from an eligible renewable energy resource (renewable electricity).



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Qualifying Facility: A cogeneration or small power production facility which satisfies the conditions established in Code of Federal Regulations, title 18, part 292

Solar Renewable Energy Credits (SRECs): RECs that are specifically generated by solar Energy.

Seasons:

Summer On-Peak: June 1 through September 30 including those hours from 8:00 a.m. to 10:00 p.m. Monday through Friday.

Winter On-Peak: October 1 through May 31 including those hours from 7:00 a.m. to 10:00 p.m. Monday through Friday.

Standard Interconnection Agreement: An interconnection agreement under the Minnesota Interconnection Process for Distributed Generation Systems for applications submitted prior to June 17, 2019 and deemed complete within 60 days, or an Interconnection Agreement as defined in the MN DIP for interconnection applications submitted on or after June 17, 2019. The Company's Standard Interconnection Agreement is available upon request or at www.otpc.com.

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TERMS AND CONDITIONS: The use of this rider requires that special precautions be taken in the design of associated metering and control systems. The Customer is required to follow the Company's interconnection process (the MN DIP). Prior to installation, Customers will provide the Company information required by the MN DIP concerning the Customer's Generator and related equipment for the Company's review. By approving the Customer's connection to the Company's system, the Company makes no warranties, expressed or implied as to the safety or fitness of the Customer's Generator and equipment. Additionally, the following terms and conditions describe these precautions and shall be followed on all Customer-owned QF or NMF system. Minn. Rule 7835.2100, subp. 1, subp. 2, and subp. 3. set standards for compliance, interconnection, and generation systems.

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- 1. The Customer will be compensated monthly for all Energy received from the QF or NMF system less the Customer Charge and Meter Aggregation Charge, if applicable. For Customers who selected the Net Metering Banking kWh Credit Option, compensation is described above. The schedule for these payments is subject to annual review.
2. If the QF or NMF system is located at a site outside of the Company's service territory and Energy is delivered to the Company through facilities owned by another utility, Energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.
3. A QF or NMF system must have a generation Capacity of at least 30 kW, not to exceed the parameters of this rate schedule, to qualify for wheeling by the Company of the QF or NMF system output. In the event that the QF or NMF system desires, and qualifies for, wheeling by the Company of the QF or NMF system output, arrangements will be made subject to special provisions to be determined by all utilities involved. This also applies to QF's or NMF system



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outside the Company's service territory.

- 4. A Bi-Directional Meter will be furnished, owned and maintained by the Company to measure the Energy to the Company for QF or NMF system billing purposes and Energy production.

If the Customer requests from the Company an additional Production Meter(s), beyond Company required Production Meter(s), an additional charge will be applied.

Per Minn. Statute 216C.414, Subd. 3, Customers who are participating in the Made in Minnesota Program must, at their own expense, obtain a Meter from the public utility. Furthermore, Subd. 5 states "Renewable Energy Credits associated with Energy provided to a public utility for which an incentive payment is made belong to the utility."

Customers, who sell Otter Tail their entire SREC's production, are required to have a Production Meter. These Customers will receive a Production Meter at no cost until the Company has met its Solar Energy objectives.

Customers, who want to keep their SREC's have the option to have the Company install a Meter and pay a monthly production metering fee.

- 5. The QF or NMF system shall make provisions for the installation of Company owned on-site metering. All Energy received from and delivered to the Company as well as QF or NMF system production shall be metered.
6. Power and Energy purchased by the QF or NMF system from the Company shall be billed under the available retail rates for the purchase of electricity.
7. The Customer shall execute the Uniform Statewide Contract (electric service contract) with the Company in the form prescribed by Minn. Rule 7835.9910, which may include, among other provisions, a minimum term of service. Before the Customer signs the Uniform Statewide Contract the Company shall provide the Customer a copy of or link to current interconnection standards (the MN DIP) in accordance with Minn. Rule 7835.4750.
8. Any existing contract executed between a utility and a Qualifying Facility with installed Capacity of less than 40 kW remains in force until terminated by mutual agreement of the parties or as otherwise specified in the contract.
9. The Customer owns all RECs unless other ownership is expressly provided for by a contract between a Customer and the Company, or state law, rule or specific Commission Order specifying a different outcome. Any credits sold will be transferred to the Company and the Generator will be compensated at Otter Tail's most recent transaction price of RECs or SRECs (whichever is relevant). If the Company has not purchased or sold RECs or SRECs within the most recent 3-year

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period, the Company will obtain pricing quotes and compensate the Generator at the mid-range of the quotes.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply and by any Voluntary Rate Riders selected by the Customer, unless otherwise noted in this schedule. See Sections 12.00, 13.00 and 14.00 of the Minnesota electric rates for the matrices of riders.