

UPPER PENINSULA POWER COMPANY

MPSC Vol No 8-ELECTRIC

Original Sheet No. D-72.80

D2. Distributed Generation Rider

DG

EFFECTIVE IN
All territory served.

AVAILABILITY

This Rider can be attached to any metered tariff, excluding riders, unless otherwise noted on the applicable metered tariff. The Distributed Generation Program is offered as authorized by 2008 PA 295, as amended by 2016 PA 342, 1939 PA 3, as amended by 2016 PA 341, Section (6) (a) (14).

The Distributed Generation Program is available for eligible Distributed Generation customers beginning the first business day of the month following receipt of a Commission order in MPSC Case No. U-20276. A customer participating in the Company's existing Net Metering Program approved by the Commission before a final order is issued in MPSC Case No. U-20276 shall have the option to take service under this tariff at the time service under the terms and conditions of the previous net metering program terminates in accordance with MCL 463.0183(1). In addition, under MCL 460.1183 and MCL 460.6a(14), any customer "participating" in the Net Meter Program or this new Distributed Generation Program before the new Distributed Generation Rider ("DG Rider") is approved may continue net metering for 10 years from original participation date or may opt to receive service under a DG tariff.

The Distributed Generation Program is voluntary and available on a first come, first served basis for new customer participants or existing customer participants increasing their aggregate generation. The combined Net Metering Program (tariffs: PG-NM, PG-2, and PG-3) and Distributed Generation Program size is equal to 1.0% of the Company's previous year's peak demand measured in kW for the Company's retail load.

Within the Program capacity, 0.5% is reserved for Category 1 Distributed Generation (PG-NM) customers, 0.25% is reserved for Category 2 Distributed Generation (PG-2) customers and 0.25% is reserved for Category 3 Distributed Generation (PG-3) customers. The Company shall notify the Commission upon the Program reaching capacity in any Category. If an existing customer who participates in the Company's existing Net Metering Program increases their aggregate generation following the effective date of this rider, then all generation on site will be subject to the terms and conditions of this tariff.

CHARACTER OF SERVICE:

As specified under the applicable Base Rate. The term Base Rate refers to the Rate Schedule under which the Customer takes service and that this Rider is associated with.

Continued to Sheet No. D-72.81

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Original Sheet No. D-72.81

D2. Distributed Generation Rider

DG

Continued from Sheet No. D-72.80

DISTRIBUTED GENERATION DEFINITIONS

1. A Category 1 (PG-NM) distributed generation customer has one or more Eligible Electric Generators with an aggregate nameplate capacity of 20 kW or less that use equipment certified by a nationally recognized testing laboratory to IEEE 1547-2018 testing standards and is in compliance with UL 1741-SA located on the customer's premises and metered at a single point of contact.
2. A Category 2 (PG-2) distributed generation customer has one or more Eligible Electric Generators with an aggregate nameplate capacity greater than 20 kW but not more than 150 kW located on the customer's premises and metered at a single point of contact that use equipment certified by a nationally recognized testing laboratory to IEEE 1547-2018 testing standards and is in compliance with UL 1741-SA located on the customer's premises and metered at a single point of contact.
3. A Category 3 (PG-3) distributed generation customer has one or more methane digesters with an aggregate nameplate capacity greater than 150 kW but not more than 550 kW located on the customer's premises and metered at a single point of contact that use equipment certified by a nationally recognized testing laboratory to IEEE 1547-2018 testing standards and is in compliance with UL 1741-SA located on the customer's premises and metered at a single point of contact.
4. Eligible Electric Generator - a renewable energy system or a methane digester with a generation capacity limited to no more than 100% of the customer's electricity consumption for the previous 12 months and does not exceed the following:
 - a. For a renewable energy system, 150 kW of aggregate generation at a single site
 - b. For a methane digester, 550 kW of aggregate generation at a single site
5. Inflow - the metered inflow delivered by the Company to the customer during the billing month or time-based pricing period.
6. Outflow - the metered quantity of the customer's generation not used on site and exported to the utility during the billing month or time-based pricing period.
7. Renewable Energy Resource - a resource that naturally replenishes over a human, not a geological, timeframe and that is ultimately derived from solar power, water power or wind power. Renewable energy resource does not include petroleum, nuclear, natural gas, or coal. 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. Thermal energy produced from a geothermal heat pump

Continued to Sheet No. D-72.82

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Original Sheet No. D-72.82

D2. Distributed Generation Rider

DG

Continued from Sheet No. D-72.81

- a. Any of the following cleaner energy resources:
- i. Municipal solid waste, including the biogenic and anthropogenic fractions
 - ii. Landfill gas produced by municipal solid waste
 - iii. Fuel that has been manufactured in whole or significant part from waste, including, but not limited to, municipal solid waste. Fuel that meets the requirements of this subparagraph includes, but is not limited to, material that is listed under 40 CFR 241.3(b) or 241.4(a) or for which a nonwaste determination is made by the United States Environmental Protection Agency pursuant to 40 CFR 241.3(c). Pet coke, hazardous waste, coal waste, or scrap tires are not fuel that meets the requirements of this subparagraph.

CUSTOMER ELIGIBILITY

In order to be eligible to participate in the Distributed Generation Program, customers must generate a portion or all of their own retail electricity requirements with an Eligible Electric Generator which utilizes a Renewable Energy Resource, as defined above.

A customer's eligibility to participate in the Distributed Generation Program is conditioned on the full satisfaction of any payment term or condition imposed on the customer by pre-existing contracts or tariffs with the Company, including those imposed by participation in the Distributed Generation Program, or those required by the interconnection of the customer's Eligible Electric Generator to the Company's distribution system.

CUSTOMER BILLING - CATEGORY 1 (PG-NM), 2 (PG-2) AND 3 (PG-3) CUSTOMERS

Inflow

1. Full Service Customers - The customer will be billed according to their retail rate schedule, plus surcharges, and Power Supply Cost Recovery (PSCR) Factor on metered Inflow for the billing.
2. Retail Open Access Customers - The customer will be billed as stated on the customer's Retail Open Access Rate Schedule on metered Inflow for the billing period.

Outflow - The customer will be credited on Outflow for the billing period. The credit shall be applied to the current billing month and shall be used to offset power supply and PSCR charges on that bill. The credit shall not offset any delivery charges or other surcharges. Any excess credit not used will be carried forward to subsequent billing periods. Unused Outflow credit from previous months will be applied to the current billing month, if applicable, to offset the power supply component and PSCR components of the customer's bill. The Outflow Credit is nontransferable.

Continued to Sheet No. D-72.83

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MPSC Vol No 8-ELECTRIC

Original Sheet No. D-72.83

D2. Distributed Generation Rider

DG

Continued from Sheet No. D-72.82

1. Full Service Customers - The customer will be credited according to their rate schedule's Power Supply Charges, including the Power Supply Cost Recovery (PSCR) Factor, on metered Outflow for the billing period.
2. Retail Open Access Customers - The customer will be credited at rates determined by their Retail Service Supplier on metered Outflow for the billing period.

System Access Contribution (SAC)

Customers attaching this rider to residential secondary rate schedules, or to commercial secondary rate schedules that do not have delivery demand charges, shall be subject to the SAC charge. The SAC charge shall be as follows:

Residential Customers: \$XX.XX per kW of installed AC capacity, per month

Secondary Commercial Customers with no delivery demand charge: \$XX.XX per kW of installed AC capacity, per month.

APPLICATION FOR SERVICE

In order to participate in the Distributed Generation Program, a customer shall submit completed Interconnection and Distributed Generation Program Applications, including the application fee of \$50 to the Company. The Distributed Generation Program application fee is waived if the customer is transitioning from the Net Metering Program. If a customer does not act or correspond on an application for over 6 months, when some action is required by the customer, the application may be voided by the Company.

GENERATOR REQUIREMENTS

The Eligible Electric Generator(s) 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 requirement for electricity.

Systems will be limited in size, not to exceed the Customer's self-service needs of the Rate Schedule to which this Rider is attached. The customer's requirement for electricity shall be determined by one of the following methods:

1. The customer's annual energy usage, measured in kWh, during the previous 12-month period
2. 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 annual electric requirement. 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, along with a one-line of system and site plan when completing the Company's Distributed Generation Program Application.
3. The Company reserves the right to perform an on-site audit to ensure the size of the generation and associated outflow does not exceed the Customer's self-service needs of the Rate Schedule to which this rider is attached.

Continued to Sheet No. D-72.84

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MPSC Vol No 8-ELECTRIC

Original Sheet No. D-72.84

D2. Distributed Generation Rider

DG

Continued from Sheet No. D-72.83

The customer need not be the owner or operator of the eligible generation equipment but is ultimately responsible for ensuring compliance with all technical, engineering and operational requirements suitable for the Company's distribution system.

GENERATOR INTERCONNECTION REQUIREMENTS

The requirements for interconnecting a generator with the Company's facilities are contained in the Michigan Public Service Commission's Electric Interconnection Standards Rules (R460.601 - 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. All such interconnection requirements must be met prior to the effective date of a customer's participation in the Distributed Generation Program. The customer must sign an Interconnection and Operating Agreement with the Company and fulfill all requirements as specified in the Agreement. The customer shall pay actual interconnection costs associated with participating in the Distributed Generation Program, subject to limits established by the Michigan Public Service Commission.

The Company must approve in writing any subsequent changes in the interconnection configuration before such changes are allowed. Operating in parallel with the Company's system without the Company's written approval of the interconnection and written approval of any subsequent changes to the interconnection will subject the Customer's equipment to disconnection.

METERING REQUIREMENTS

Metering requirements shall be specified by the Company, as detailed below. All metering must be capable of recording inflow and outflow and all parameters metered on the customer's otherwise applicable retail rate schedule, for both Full Service and Retail Open Access customers.

DISTRIBUTION LINE EXTENSION AND/OR EXTRAORDINARY FACILITIES

The Company reserves the right to make special contractual arrangements with Distributed Generation Program customers whose utility service requires investment in electric facilities. The Company further reserves the right to condition a customer's participation in the Distributed Generation Program on a satisfactory completion of any such contractual requirements.

CUSTOMER TERMINATION FROM THE DISTRIBUTED GENERATION PROGRAM

A participating customer may terminate participation in the Company's Distributed Generation Program at any time for any reason on sixty days' notice. If a customer who terminates participation in the Distributed Generation Program wishes to re-enroll, that customer must reapply as a new program participant, subject to program size limitations, application queue and application fees.

Continued to Sheet No. D-72.85

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D2. Distributed Generation Rider

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Continued from Sheet No. D-72.84

The Company may terminate a customer from the Distributed Generation Program if the customer fails to maintain the eligibility requirements, fails to comply with the terms of the interconnection and parallel operating agreement, or if the customer's facilities are determined not to be in compliance with technical, engineering, or operational requirements suitable for the Company's distribution system. The Company will provide sixty days' notice to the customer prior to termination from the Distributed Generation Program, except in situations the Company deems dangerous or hazardous. Such notice will include the reason(s) for termination.

Upon customer termination from the Distributed Generation Program, any existing credit on the customer's account will be forfeited. Distributed Generation Program credit is non-transferrable.

COMPANY TERMINATION OF THE DISTRIBUTED GENERATION PROGRAM

Company termination of the Distributed Generation Program may occur upon receipt of Commission approval. Upon Company termination of the Distributed Generation Program, any existing credit on the customer's account will be forfeited. Distributed Generation Program credit is non-transferrable.

DISTRIBUTED GENERATION PROGRAM STATUS AND EVALUATION REPORTS

The Company will submit an annual status report to the Commission Staff by March 31 of each year including Distributed Generation Program data for the previous 12 months, ending December 31. The Company's status report shall maintain customer confidentiality.

RENEWABLE ENERGY CREDITS

Renewable Energy Credits (RECs) are owned by the customer. The Company may purchase Renewable Energy Credits from participating Distributed Generation Program customers who are willing to sell RECs generated if the customer has a generator meter in place to accurately measure and verify generator output. REC certification costs are the responsibility of the customer. The Company will enter into a separate agreement with the customer for the purchase of any RECs.

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