

SHELBY ELECTRIC COOPERATIVE

BOARD POLICY 308

NET METERING AND COOPERATIVE CREDIT FOR EXCESS MEMBER-GENERATED ELECTRIC ENERGY

I. OBJECTIVE

To provide for net metering of members generating electric energy utilizing an eligible renewable electrical generating facility (EREGF), as defined below, and to provide for a credit by the Cooperative to the eligible member for excess electric energy produced by the EREGF and received by the Cooperative from the eligible member, while honoring the Cooperative's obligation to provide electricity to all members on a cooperative basis as required by the Illinois Not-for-Profit Corporation Act and Internal Revenue Code Section 501(c)(12) and complying with the Cooperative's wholesale power contract obligations with Prairie Power, Inc. and PPI's Policy #504 (Net Metering and Delivery of Excess Member-Consumer-Generated Electricity).

II. DEFINITIONS

To the extent the following terms are used in this policy, the following definitions shall apply. To the extent that the same term is used in this policy and Prairie Power, Inc.'s Policy #504, the definition of such term contained in Prairie Power, Inc.'s Policy #504 shall control, in the event of a conflict between the definitions.

"Annual period" means the twelve-month period commencing on April 1 of a year and ending on March 31 of the following year.

"Billing period" means the period of time over which the Cooperative bills a member for electric energy consumed during that time and for other applicable charges from the Cooperative.

"Eligible member" means a member in good standing with Shelby Electric Cooperative that owns and operates an EREGF where the EREGF is located at and associated with the Cooperative member's specified service metering point and is intended primarily to offset that Cooperative member's own electric energy requirements at that specified service metering point.

"Eligible renewable electrical generating facility" or "EREGF" means one or more generator(s) owned by an eligible Cooperative member and located at and associated with the Cooperative member's specified service metering point where: (A) the total combined nameplate rating for such generator(s) at the specified service metering point is (1) not more than 10 kilowatts or (2) more than

10 kilowatts but not exceeding 40 kilowatts, that was, on or prior to October 12, 2016, (a) connected to and operating on the member's low-voltage electric premises wiring associated with the specified service metering point or (b) had pending for approval an active application for such connection to and operation on the member's low-voltage electric premises wiring associated with the specified service metering point and for which such connection was thereafter approved and installation was substantially completed by May 1, 2017, but only to the extent the total combined nameplate rating of the EREGF exceeded 10 kilowatts at the time of its installation, and (B) such generator(s) are powered by solar electric energy, wind, dedicated crops grown for electricity generation, agricultural residues, untreated wood waste and unadulterated wood waste, landscape trimmings, livestock manure, anaerobic digestion of livestock waste or anaerobic digestion of food processing waste, fuel cells powered by renewable fuels or microturbines powered by renewable fuels, or hydroelectric energy.

“Excess Electricity Value” means the weighted average of the five weekday On Peak Energy Charge Rate and the two weekend-day Energy Charge Rate as specified in Rate Schedule A¹ of the Wholesale Power Contract between the Cooperative and PPI which is mathematically defined as:

Excess Electric Value =

$$(5 \times \text{PPI's On Peak Energy Charge Rate} + 2 \times \text{PPI's Energy Charge Rate})$$

$$\text{divided by } 7$$

Any mid-year change in the value of PPI's five weekday On Peak Energy Charge Rate, PPI's two weekend-day Energy Charge Rate, or both, shall be implemented for the entirety of the billing period month in which the change was adopted and made effective by PPI.

“MISO” means the Midcontinent Independent System Operator, Inc., or its successors in interest.

“Nameplate rating” means the maximum electric energy production capability of a generator, specified in alternating current (“AC”) kilowatts after the inverter device(s).

“Net electricity metering” or **“net metering”** means the process of measuring, during the billing period applicable to an eligible member, the net electrical energy sales volume at a single specified service metering point by the Cooperative's retail meter when an EREGF is owned by the eligible member and is connected to and operating on the eligible member's low-voltage electric premises wiring associated with the specified service metering point.

¹See Appendix A for Rates

“Net purchaser of electricity” means an eligible member whose total amount of electric energy generated by an EREGF is less than the eligible member’s total electric energy usage during an applicable billing period.

“Net seller of electricity” means an eligible member whose total amount of electric energy generated by an EREGF is greater than the eligible member’s total electric energy usage during an applicable billing period.

“Prairie Power, Inc.” or **“PPI”** means Prairie Power, Inc., an Illinois not-for-profit corporation, or its successors in interest, which is an electric generation and transmission cooperative of which the Cooperative is a member and from which, by contract, the Cooperative obtains its wholesale supply of electricity.

III. APPLICABILITY

This net metering policy applies to an eligible member that chooses to connect the eligible member’s EREGF to the member’s low-voltage electric premises wiring associated with a specified service metering point. This policy is not simultaneously available to a Qualifying Facility (QF) taking service under the provisions of PPI Policy #509 (Interconnection Policy for Co-generators and Small Power Producers Under Public Utility Regulatory Policies Act (PURPA)) or Shelby Electric Cooperative Policy No. 321. This policy is not simultaneously available to a Small DG taking service under the provisions of PPI Policy #510 (Small DG Facilities Incentive) or Shelby Electric Cooperative Policy #323.

IV. PROVISIONS

- A. An eligible member shall first comply with the provisions of the Cooperative’s Board Policy 307 for Interconnection and Parallel Operation of Distributed Generation, as it relates to the connection of an EREGF to, and the operation of such EREGF on, the member’s low-voltage electric premises wiring associated with the specified service metering point. Application for net metering shall be submitted to the Cooperative. At a minimum, the member shall specify basic information about the EREGF including but not limited to the Nameplate rating, location, and specify a single metering point. The Cooperative shall provide such information to PPI.
- B. The Cooperative’s retail service meter serving the eligible member’s specified service metering point where the EREGF is located shall remain in place and be capable of measuring the flow of electricity both into and out of the eligible member’s specified service metering point and recording the flow of electric energy (kWh) in both directions. If the existing retail service meter serving the eligible member’s specified service metering point is not

capable of meeting these requirements, or if the member requests an additional meter, the cost of installing and maintaining a retail service meter having that capability or an additional meter shall be paid by the member.

Energy produced at a location other than the single specified service metering point where the EREGF is connected to and operating on the eligible member's low-voltage electric premises wiring associated with the specified service metering point, shall not qualify for net-metering under this policy.

- C. Members on a two meter rate shall convert to a single meter rate prior to installation of the EREGF.

V. CALCULATION

For an eligible member with an EREGF, the Cooperative shall measure and charge or credit for the net electric energy (kWh) supplied to the eligible member or provided by the eligible member as follows:

- A. The Cooperative shall determine whether the eligible member is a net purchaser of electricity or a net seller of electricity during the billing period.
- B. If the eligible member is a net purchaser of electricity during the billing period, the Cooperative shall charge the member for the net electric energy (kWh) supplied to and used by the member at the retail rate the eligible member would be charged if the member was not an eligible member.
- C. If the eligible member is a net seller of electricity during the billing period, the Cooperative will calculate a monetary credit for any metered excess kilowatt-hours of electric energy (kWh) delivered to the Cooperative at a rate equal to the following corresponding to the billing period:
 - (1) For EREGF's Taking Service On and After March 1, 2023.
 - a. EREGF's taking service on and after March 1, 2023 shall be credited no more than the Excess Electricity Value.
 - b. This rate is only available to the eligible member actively taking service under this Policy as of March 1, 2023 and until the earlier of (i) that

eligible member is no longer taking such service;
(ii) 12/31/2034; or (iii) this Policy is otherwise amended or terminated.

- D. During a billing period, any excess bill credit balance shall be applied to future billing periods, however no bill credit balance shall carry forward beyond the end of the Annual Period. Except as set forth in this paragraph at the end of the annual period that service is supplied by means of net metering, or in the event that the eligible member terminates service with the Cooperative, during the Annual Period, any remaining credits in the eligible member's account shall expire and no credit or payment shall be due to the member for such expired credits.
- E. Any credit to an eligible member under this policy derived from the eligible member being a net seller of electricity shall be applied only to the charge for electric energy (kWh) delivered to the eligible member. No part of such credit shall be applied to, and the eligible member shall remain responsible for (a) taxes, fees, and other charges that would otherwise be applicable to the net amount of electric energy (kWh) purchased by the eligible member from the Cooperative, and (b) other charges to the eligible member under any Cooperative policies, bylaws, rules, regulations, or rates, that are not based on a unitized charge per kilowatt-hour, including, but not limited to, basic service charges, facilities charges, demand charges, or transformation charges. The member will always be required to pay these charges to stay connected to the Cooperative's distribution system.
- F. All renewable and environmental attributes, such as renewable energy credits, greenhouse gas emission credits and renewable energy attributes related to any electricity produced by the eligible member's EREGF and purchased by the Cooperative shall be treated as owned by the eligible member.
- G. The Cooperative shall make net metering available to eligible members until the aggregate installed EREGF nameplate ratings of the Cooperative's eligible members using net metering equals 5% of the Cooperative's annual demand (kW) AC coincident with PPI's annual peak demand (kW) AC during the previous calendar year. Once the 5% threshold is reached, the Cooperative shall not accept any

new applications for service under this Policy. Members installing EREGF after the Cooperative ceases offering net metering may apply for service under Policy No. 323 (Small DG) or Policy No. 321 (QF).

- H. This policy is subject to all federal, state, and local laws, the Cooperative's articles of incorporation, bylaws and existing policies, loan agreements, the terms and conditions of the Cooperative's existing wholesale power contract with Prairie Power, Inc. and the terms of Prairie Power, Inc.'s Policy #504. To the extent any provision of this policy conflicts with those obligations, those provisions of this policy are deemed null and void.

VI. EXPIRATION

No new applications for service under this Policy shall be accepted after 12/31/2024. Any in-process applications received prior to 12/31/2024 and later approved shall be installed by 12/31/2025.

Adopted: January 22, 2008

Amended: July 27, 2010

Amended: October 25, 2016

Amended: April 25, 2023 (effective July 1, 2023)

Appendix A Excess Electricity Value

Scheduled Start Date	Scheduled End Date	On Peak Energy Charge Rate (\$/kWh)	Energy Charge Rate (\$/kWh)	Excess Electricity Value (\$/kWh)
02/17/2023	02/28/2023	NA	NA	HMEV*
03/01/2023	12/31/2023	\$.03841	\$0.02841	\$0.03555
01/01/2024	12/31/2034	TBD	TBD	TBD

***Hourly Marginal Electricity Value or HMEV** means the average of the hourly MISO Day Ahead Locational Marginal Prices for electric energy at the applicable PPI Commercial Pricing (CP) Node during the applicable billing period of the Cooperative.