

PARALLEL GENERATION-PURCHASE PG-2M-STANDARD OFFER

AVAILABILITY

To customers contracting for electric service who satisfy the requirements of "qualifying facility" status under Part 292 of the Federal Energy Regulatory Commission's regulations under the Public Utility Regulatory Policies Act of 1978, generating electrical energy with total customer owned generating capacity of 550 KW or less, and desiring to sell electrical energy to the Company. Customers are not required to take electric service deliveries from the Company. Customers shall enter into a five, ten, fifteen or twenty year service agreement with the Company. Customers with generation capacity of 150 KW or less have the option of selling energy to the Company under this PG-2M tariff, or the CGS Category 1 tariff or the CGS Category 2 tariff.

- (1) *QFs with generation design capacity at or below 150 kW shall be eligible to receive compensation based on the Company's full avoided cost rates including capacity and energy, regardless of the Company's capacity need as determined and approved by the Commission in its Order in Case No. U-21081.*
- (2) *QFs with generation design capacity between 150 kW and 550 kW shall be eligible to receive compensation for energy at the Company's avoided energy cost rate as outlined below. The Commission's Order in Case No. U-21081 determined that the Company did not have a capacity need; therefore, no capacity payment will be payable to systems with a design capacity above 150 kW.*

MONTHLY RATES

Facilities Charge

Residential, Non-Demand Secondary customers, and customers not taking electric service deliveries from the Company with customer owned generation capacity of less than 100 kW: Cg1 single or three phase facilities charge
Demand Customers and customers not taking electric service deliveries from the Company with customer owned generation capacity equal to or greater than 100 kW: Cg3 facilities charge

Charges for Deliveries from Company

Deliveries from the Company to the customer shall be billed in accordance with the standard applicable rate schedules of the Company.

Avoided Energy Cost Rate for Deliveries to Company

For all energy supplied by the customer to the Company, the customer shall receive an energy payment equal to the kilowatt-hours supplied to the Company multiplied by the following energy rate:

<u>Year</u>	<u>Energy Rate</u> \$/kWh
2021	\$0.02718
2022	\$0.06439
2023	\$0.06567
2024	\$0.06699
2025	\$0.06834
2026	\$0.06969
2027	\$0.07108
2028	\$0.07252
2029	\$0.07396

Customers shall receive the applicable energy credits shown above for their initial five years (60 months) of service under this tariff, thereafter, the on-peak energy credit shall equal the average of the on-peak Day Ahead Locational Marginal Prices ("DA LMP") at the MIUP.WEPM load zone node, **and the off-peak energy credit**

(Continued on Sheet No. D-60.02)

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PARALLEL GENERATION-PURCHASE PG-2M-STANDARD OFFER
(Continued from Sheet No. D-60.01)

Avoided Energy Cost Rate for Deliveries to Company (cont.)

shall equal the average of the off-peak DA LMP at the MIUP.WEPM load zone node. The rates shall be reset annually on January 1 of each year based on the hourly average DA LMP at the MIUP.WEPM load zone node of the most recently completed November 1 to October 31 period.

Capacity Payment

QFs with generation design capacity at or below 150 kW shall receive a capacity payment reflecting the most recent Midcontinent Independent System Operator (“MISO”) capacity auction market result in the relevant Local Resource Zone if the customer generation capacity can be counted as capacity in the MISO Capacity Auction (Resource Adequacy) market. The capacity price will be updated each June 1 to reflect the most recent year-round auction clearing price in MISO. The current on-peak rate until May 31, 2023 will be \$.02801/kWh. If the MISO capacity auction deviates from its current annual format, the applicable capacity price will be calculated from the most recently cleared capacity seasons spanning a 12 month period.

Renewable Premium

At the Company's sole discretion, a premium to be paid on a per kWh basis may be applied to generators that generate a renewable credit that is transferred to the Company. Customers retain the right to refuse a renewable premium and keep the renewable credits or tags. Premiums are to be set when the contract is signed and will not change during the contract period.

Distribution Loss Factors

The following factors shall be applied to the on-peak and off-peak energy factors and capacity payments to reflect system losses. The energy and capacity values will be **multiplied** by these adjustment factors:

Customers served on a residential rate schedule	1.06343
Customers served on a secondary rate schedule	1.05529
Customers served on a primary rate (low & med voltage) schedule	1.02031
Customers served on a primary rate schedule or special contract (high voltage)	1.00000
Generator only customers metered at a secondary voltage less than 4,160 volts	1.05529
Generator only customers metered at a primary voltage less than or equal to 4,160 volts	1.02031
Generator only customers metered at a primary voltage greater than 4,160 volts and less than 69,000 volts	1.02031
Generator only customers metered at a primary voltage greater than or equal to 69,000 volts	1.00000

Line loss savings will be evaluated on a case by case basis.

ON-PEAK and OFF-PEAK HOURS

The on-peak and off-peak time periods will correspond to the tariffed rate schedule under which the customer purchases energy from the Company. Customers not purchasing energy from the Company will be assigned a peak period of 8 am to 8 pm.

HOLIDAYS

The days of the year which are considered holidays are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

MINIMUM CHARGE

The monthly minimum charge shall be the facilities charge.

(Continued on Sheet No. D-60.03)

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(Continued from Sheet No. D-60.02)

PRO-RATION OF DEMAND COST FOR AUTHORIZED MAINTENANCE

For customers billed on rates with demand charges, the demand charges other than "Customer Demand" shall be prorated if the maintenance schedule of the customer owned generation facility has been approved in advance in writing by the Company. Said pro-ration shall be based on the number of authorized days of scheduled maintenance. The customer shall pay the demand rate for the higher than normal demands due to the generation outage only for the days of authorized maintenance.

SPECIAL RULES

1. *The Company shall install appropriate metering facilities to record all flows of energy necessary to bill the customer in accordance with the charges and credits of this rate schedule.*
2. *The customer shall furnish, install, and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.*
3. *The requirements for interconnecting a generator with the Company's facilities are contained in the Michigan Public Service Commission's Electric Interconnection Standards Rules ([R460.481-460.489](#)) 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.*

PARALLEL GENERATION RULES

See Schedule PGXM.

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PARALLEL GENERATION-RULES PGXM

PARALLEL GENERATION RULES FOR RATE SCHEDULES PG-2M, PG-3M AND PG-4M

The following rules shall apply to all customer owned generation facilities that are interconnected with the company's power supply:

- 1. Interconnection of a generating facility with the Company shall not be permitted until application has been made to and approval received from the Company. The Company may withhold approval for good reason such as failure to comply with applicable utility or governmental rules or laws. The Company shall require a contract specifying reasonable technical connection and operating aspects for the parallel generating facility.*
- 2. The Company may require that for each generating facility there be provided between the generator or generators and the Company system a lockable load-break disconnect switch. For installations interconnected at greater than 600 volts a fused cutout switch may be substituted, where practicable. The switches shall be accessible to the Company for the purpose of isolating the parallel generating facility from the Company system when necessary.*
- 3. The Company shall require a separate distribution transformer for a customer having a generating facility where necessary, for reasons of public or employee safety or where the potential exists for the generating facility causing problems with the service of other customers. Ordinarily this requirement should not be necessary for an induction-type generator with a capacity of 5 Kw or less, or other generating units of 10 Kw or less that utilize line-commutated inverters.*
- 4. Where necessary, to avoid the potential for a facility causing problems with the service of other customers, the Company shall limit the capacity and operating characteristics of single-phase generators in a manner consistent with its existing limitations for single-phase motors. Ordinarily single-phase generators should be limited to a capacity of 10 Kw or less.*
- 5. The Company shall require that each generating facility have a system for automatically isolating the generator from the Company's system upon loss of the Company supply, unless the Company desires that the local generation be continued to supply isolated load. For synchronous and induction generators such protection against continued operation when isolated from the Company system will ordinarily consist of overcurrent protection, fuse or circuit breaker, plus a voltage or frequency controlled contactor which would automatically disconnect the unit whenever its output voltage or frequency drifted outside predetermined limits, such as plus or minus 10% of the rated values. Other suitable protective systems against abnormal voltages or frequencies may be accepted by the Company.*
- 6. The Company shall require that the customer discontinue parallel generation operation when it so requests and the Company may isolate the generating installation from its system at times:
 - a. When considered necessary to facilitate maintenance or repair of Company facilities.*
 - b. When considered necessary during system emergencies.*
 - c. When considered necessary during such times as the generating facility is operating in a hazardous manner, or is operating such that it adversely affects service to other customers or to nearby communication systems or circuits.**
- 7. The owner of the generating facility shall be required to make the equipment available and permit entry upon the property by Company and communication utility personnel at reasonable times for the purposes of testing isolation and protective equipment, and evaluating the quality of power delivered to the Company's system; and testing to determine whether the local generating facility is the source of any electric service or communication systems problems.*
- 8. The power output of the generating facility shall be maintained such that frequency and voltage are compatible with normal Company service and do not cause that Company service to fall outside the prescribed limits of commission rules and other standard limitations.*
- 9. The generating facility shall be operated so that variations from acceptable voltage levels and other service impairing disturbances do not result in adverse effects on the service or equipment of other customers, and in a manner which does not produce undesirable levels of harmonics in the Company power supply.*

(Continued on Sheet No. D-60.07)

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PARALLEL GENERATION-RULES PGXM
(Continued from Sheet No. D-60.06)

PARALLEL GENERATION RULES (Cont.)

- 10. The owner of the generating facility shall be responsible for providing protection for the owner's installed equipment and for adhering to all applicable national, state and local codes. The design and configuration of certain generating equipment such as that utilizing line-commutated inverters sometimes requires an isolation transformer as part of the generating installation for safety and for protection of the generating facilities.***
- 11. The owner of a generating facility interconnected or proposed to be interconnected with the Company system may appeal to the commission should any requirement of the Company service rules be considered to be excessive or unreasonable. Such appeal will be reviewed and the customer notified of the commission's determination.***
- 12. The Company will notify telephone utility and cable television firms in the area when it knows that customer owned generating facility is to be interconnected with its system. This notification shall be as early as practicable to permit coordinated analysis and testing in advance of interconnection, if considered necessary by the electric or telephone utility or cable television firm.***
- 13. The owner of the generating facility shall be required to pay all interconnection costs, including any metering transformers, incurred by the Company. Said costs, including financing costs, shall be paid by the owner within two years of the installation date of the interconnection facilities.***
- 14. The owner of the generating facility shall be required to have liability insurance on the generating facility of at least \$100,000 or be able to prove financial responsibility.***
- 15. Electric service to a customer owned electric generation installation may be disconnected for failure to comply with these parallel generation rules.***
- 16. The Company may purchase renewable energy credits (RECs) from qualifying facilities (QFs).***

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