

**MINNESOTA POWER & LIGHT COMPANY**  
**ELECTRIC RATE BOOK - VOLUME I**

SECTION IX PAGE NO. 1  
 REVISION ORIGINAL

**COMMUNITY-BASED ENERGY DEVELOPMENT (C-BED)**

**TERRITORY**

Applicable to Community-Based Energy Development (C-BED) projects located in the State of Minnesota.

**APPLICATION**

To any qualifying owner of a C-BED project who meets Company's Electric Service Regulations and any applicable Riders, technical standards and rules.

The C-BED project must be a new wind energy project that:

- (1) has no single qualifying owner owning more than 15 percent of a C-BED project that consists of more than two turbines; or
- (2) for C-BED projects of one or two turbines, is owned entirely by one or more qualifying owners, with at least 51 percent of the total financial benefits over the life of the C-BED project flowing to qualifying owners; or
- (3) in which a qualifying owner, or any combination of qualifying owners, develop a joint venture project with a nonqualifying wind energy project developer. However, the terms of this Schedule may only apply to the portion of the energy production of the total project that is directly proportional to the equity share of the C-BED project owned by the qualifying owners; and
- (4) has a resolution of support adopted by the county board of each county in which the C-BED project is to be located, or in the case of a C-BED project located within the boundaries of a reservation, the tribal council for that reservation;

where a qualifying owner means:

- (1) a Minnesota resident;
- (2) a limited liability corporation that is organized under the laws of this State and that is made up of members who are Minnesota residents;
- (3) a Minnesota nonprofit organization organized under chapter 317A;
- (4) a Minnesota cooperative association organized under chapter 308A or 308B, other than a rural electric cooperative association or a generation and transmission cooperative;
- (5) a Minnesota political subdivision or local government other than a municipal electric utility or municipal power agency, including, but not limited to, a county, statutory or home rule charter city, town, school district, or public or private higher education institution or any other local or regional governmental organization such as a board, commission, or association; or
- (6) a tribal council.

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 Director - Rates

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**TYPE OF SERVICE**

Output of the C-BED project shall be provided at 60 hertz and at the voltage and phase relationship as agreed to by Company and a qualifying owner.

**RATE**

A qualifying owner may sell all the energy produced by the C-BED project to Company or use a portion of the energy from the C-BED project and sell the remaining to Company. The following information provides guidelines for the negotiated power purchase agreements for service under this C-BED Schedule.

Company may purchase all or a portion of the energy made available by the qualifying owner from the C-BED project. A qualifying owner and Company shall negotiate the rate and power purchase agreement terms consistent with this Schedule. In the alternative, at the discretion of a qualifying owner, the qualifying owner and Company may negotiate a power purchase agreement with terms different from this Schedule. Company must receive Minnesota Public Utilities Commission approval of a power purchase agreement for a C-BED project. Nothing in this Schedule shall be construed to obligate Company to enter into a power purchase agreement.

The energy rate shall not exceed 2.7¢/kWh net present value rate over the 20-year life of the power purchase agreement with the rate higher in the first ten years of the power purchase agreement than in the last ten years. The rate shall equal the net present value of the nominal payments to the C-BED project divided by the total expected energy production of the C-BED project over the life of its power purchase agreement calculated with Company's normal discount rate used for its other business purposes of 7.75%. The receipt of the payment of this rate constitutes a transfer of the property rights of all renewable attributes or renewable energy credits associated with the generation from the C-BED project to Company, unless otherwise agreed to by the qualifying owners of the C-BED project and Company.

A qualifying owner shall provide sufficient security as determined by Company based on standard industry practice, risk-adjusted for the C-BED project, that considers such things as ownership arrangement, project accreditation, credit rating and experience of financing sources and project management and wind project development experience to secure performance under the power purchase

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agreement, and shall not transfer the C-BED project to a nonqualifying owner during the initial 20 years of the power purchase agreement.

A C-BED project that is operating under a power purchase agreement under this Schedule is not eligible for net energy billing under Minn. Stat. § 216B.164, subd. 3, or for production incentives under Minn. Stat. § 216C.41.

**SERVICE CONDITIONS**

1. A C-BED project must be: (1) safely integrated into and operated within Company's grid without causing any adverse or unsafe consequences; and (2) consistent with Company's resource needs as identified in Company's most recent resource plan submitted under Minn. Stat. § 216B.2422 and meet Company's cost and reliability requirements to fulfill some or all of the identified need at a minimal impact to customer rates.

2. All electricity delivered to Company by a qualifying owner shall be measured by one or more meters installed at a single point of common coupling or as determined by Company. The meter(s) for C-BED service shall measure the flow of capacity and energy from a qualifying owner to Company only. Any flow of capacity and energy from Company to a qualifying owner shall be separately metered.

3. Service shall be provided under this Schedule if Company has sufficient capacity available in existing transmission and distribution facilities to provide such service at the location where service is requested.

4. A qualifying owner shall pay Company the installed cost of any additional required facilities, including any required studies and testing, which are not supported by this Schedule.

5. Company shall not be liable for any loss or damage, including consequential damages, caused by or resulting from any limitation in providing service under this Schedule.

**RATE, SERVICE, PROCESS AND TECHNICAL DOCUMENTS AVAILABILITY**

Related Company rate, service, process and technical documents for distributed generation are available at [www.mnpower.com/distributed\\_generation](http://www.mnpower.com/distributed_generation) or by contacting Company at 218-722-2625 or 30 West Superior Street, Duluth, MN 55802.

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