

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,	)	
establishing the method and avoided cost calculation	)	
for <b>NORTHERN STATES POWER COMPANY</b> , a	)	Case No. U-21241
Wisconsin corporation, to fully comply with the	)	
Public Utility Regulatory Policies Act of 1978,	)	
16 USC 2601 <i>et seq.</i>	)	
_____	)	

At the November 18, 2022 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Tremaine L. Phillips, Commissioner  
Hon. Katherine L. Peretick, Commissioner

**ORDER**

On June 10, 2022, Northern States Power Company, a Wisconsin corporation (NSP-W) filed an application, with supporting testimony and exhibits, seeking approval of its biennial review of avoided cost methodologies and costs and related changes. Further, as part of its biennial review, NSP-W proposed criteria for evaluating whether a legally enforceable obligation has been formed by a Public Utility Regulatory Policies Act of 1978, PL 95-617; 92 Stat 3117, qualifying facility.

A prehearing conference was held on July 27, 2022, before Administrative Law Judge Martin D. Snider (ALJ). NSP-W and the Commission Staff participated in the proceeding. On September 15, 2022, the ALJ issued a protective order for use in this matter. On October 24, 2022, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Northern States Power Company shall file, within 30 days of the date of this order, its tariff sheets consistent with Attachment 1 to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov) and to the Michigan Department of Attorney General – Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Tremaine L. Phillips, Commissioner

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Katherine L. Peretick, Commissioner

By its action of November 18, 2022.

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Lisa Felice, Executive Secretary

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter, on the Commission’s own motion, )  
establishing the method and avoided cost calculation for )  
**NORTHERN STATES POWER COMPANY**, a ) Case No. U-21241  
Wisconsin corporation and wholly owned subsidiary of )  
Xcel Energy Inc., to fully comply with the Public Utility )  
Regulatory Policies Act of 1978, 16 USC 2601 *et seq.* )

**SETTLEMENT AGREEMENT**

As provided in Section 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278 and the Michigan Administrative Hearing System’s Administrative Hearing Rule 431, 2015, AG 792.10431, Northern States Power Company, a Wisconsin corporation (“NSP-W” or the “Company”) and the Michigan Public Service Commission Staff (“Staff”) agree as follows:

WHEREAS, in its December 22, 2021 Order in Case No. U-18093, the Michigan Public Service Commission (“MPSC” or the Commission”) directed NSP-W to file its Public Utility Regulatory Policies Act (“PURPA”) of 1978 avoided cost review no later than 60 days following issuance the order of the Minnesota Public Utilities Commission (“MPUC”) in the Company’s pending integrated resources plan (“IRP”) proceeding, or by June 30, 2022, whichever occurs sooner.

WHEREAS, on April 15, 2022, the MPUC issued its final order in the then pending IRP proceeding. Therefore, consistent with the December 22, 2021 Order in Case No. U-18093, on June 10, 2022, NSP-W filed with the MPSC its Application in this case, along with supporting

testimony and exhibits constituting its biennial review of avoided cost methodologies and costs. NSP-W's biennial review included: (i) updated hybrid proxy plant method calculations for avoided capacity costs; (ii) updated 10-year locational marginal price ("LMP") forecast to establish average on-peak and off-peak avoided energy cost credit rates; (iii) an updated 10-year capacity need forecast from the Company's most recent IRP approved by the MPUC; and (iv) a discussion of relevant information and data regarding other avoided costs (including line losses, environmental costs, and hedging value), as well as methods for calculating technology-specific avoided costs. Additionally, consistent with the Commission's January 21, 2021 Order issued in Case No. U-20905 *et al.*, as part of its biennial review, NSP-W proposes criteria for evaluating whether a legally enforceable obligation ("LEO") has been formed by a Qualifying Facility ("QF").

WHEREAS, on June 27, 2022, the Commission's Executive Secretary issued the Notice of Hearing scheduling a prehearing conference for July 27, 2022, before Administrative Law Judge Martin Snider, and directing NSP-W to mail a copy of the Notice of Hearing to (i) all cities, incorporated villages, townships, and counties in its Michigan service area, (ii) all intervenors in Case Nos. U-21097, U-20807, U-18234, U-21054 and U-20599, and (iii) all qualifying facilities in NSP-W's service territory. Further, NSP-W was directed to publish the Notice of Hearing in daily newspapers of general circulation through its Michigan service area. On July 13, 2022, NSP-W electronically filed its affidavit of mailing and proof of publication.

WHEREAS, at the July 27, 2022 prehearing conference, ALJ Snider presided, NSP-W and Staff participated. There were no intervenors.

WHEREAS, following the July 27, 2022 prehearing, the parties exchanged information and discussed NSP-W's filing at length. Staff thoroughly reviewed the Company's avoided cost calculation and LEO proposals through a number of means including the submission of information requests and reviewed the submittals from the Company. These requests included

support for calculations, and clarifications about the proposals and the other information listed within the Company's testimony and exhibits. This review included the Company's explanations of how the capacity need and capacity credit calculation were conducted including a review of several aspects of the approved Minnesota IRP in which the capacity need and replacement capacity calculation were conducted. Further, Staff reviewed the proposed LEO requirements noting that the LEO requirements proposed by NSP-W in the filing were developed using the Upper Peninsula Power Company settlement agreement which included the same requirements. In addition to Staff's review of the requests in the filing, as a part of Staff's review, Staff reviewed NSP-W's previous avoided cost calculation case and its order in Case No. U-18093 to ensure compliance with all aspects of the December 22, 2021 Commission order in that filing. The result of those discussions is this executed settlement agreement.

THEREFORE, for purposes of settlement of Case No. U-21241, the undersigned parties agree as follows:

1. NSP-W's biennial cost review filing in this case is reasonable and prudent and should be approved.
2. The revised avoided energy cost rates for QFs taking service set forth on Pg-4 tariff Sheet No. D-47.52, included in Attachment 1 hereto, are properly based on the updated 10-year LMP forecast using the methodology established by the Commission in its December 20, 2018 order in Case No. U-18093, and should be approved.
3. The revised avoided capacity payments, credits, and related conditions for QFs taking service are set forth on Pg-4 and Pg-5 tariff Sheet Nos. D-47.50, D-47.51, D-47.70 and D-47.71, included in Attachment 1 hereto, should be approved.
4. The updated energy loss factors reflected on Pg-5 tariff Sheet No. D-47.72 as included in Attachment 1 should be approved.

5. The maximum nameplate capacity rating for QFs to take service under the Pg-4 and Pg-5 tariffs should be changed to 5,000 kW-Ac.

6. All rates, payments, credits addressed in paragraphs 2-5 herein and in other miscellaneous changes to the Pg-4 and are Pg-5 as set forth in Attachment 1 hereto are reasonable and should be approved effective as of January 1, 2023.

7. NSP-W's LEO Criteria should be as follows:

a. Documentation of having obtained "qualifying facility" status from FERC pursuant to the certification procedures set forth in 18 CF 292.207. The FERC certification is for QFs greater than 1 MW. QFs less than or equal to 1 MW should provide an attestation that the QF meets the requirements for QF status.

b. Documentation of all of the following:

(1) A description of the location of the project and its proximity relative to other projects that are located within one mile and within 10 miles of the project, which are owned or controlled by the same developer.

(2) A non-binding, good faith estimate of the energy to be produced by the project that includes the kilowatt-hours or megawatt hours to be produced by the QF for each month and year of the entire term of the project's anticipated power purchase agreement. This data should be provided in an hourly format, such that the Company can have sufficient data to optimally plan for the integration of the QF into its greater resource portfolio/IRP.

(3) A completed Internal Revenue Service Form W-9.

(4) Evidence of an engineering, procurement, and construction plan that demonstrates, with a reasonable level of confidence, that the project will meet key development milestones, including commercial operation date.

(5) Proof that fuel supply for the project has been arranged, or, if the project is intended to be a renewable resource, sufficient environmental monitoring data that would support the expected resource production profiles provided under point (b)(2). For solar projects, this data may consist of readily available meteorological data.

c. Demonstration of the submission of an interconnection application that has been deemed to be administratively complete and proof of payment of the applicable application fees.

d. Demonstration of meaningful steps to obtain site control adequate to commence construction of the project at the proposed location. Securing an option to purchase or lease for all project real estate would meet this criterion.

e. Demonstration of submission of all applications, including filing fees, required to obtain all necessary local permitting and zoning approvals. If a permit has not been applied for, a QF can also provide a date of expected application, anticipated permit fee, and expected approximate permit issue date.

f. If qualifying as a “cogeneration facility” as defined by 18 CFR 292.202(c), written proof, provided to NSP-W, of a steam host that is willing to contract for steam over the full term of the project’s anticipate power purchase agreement for the cogeneration facility.

g. Proof of payment of an LEO study deposit, paid in full, required to cover the estimated costs for completion of the requisite engineering review or distribution study, system impact study or facilities study, should such study or studies become necessary.

h. NSP-W will require the following LEO study deposits for applications until such time that NSP-W has sufficient actual experience with interconnection studies to modify its deposit amounts to better reflect the actual cost NSP-W has incurred for completing similar studies.

(1)  $\leq 150$  kW: \$0



- (2) >150 kW-550 kW: \$500
- (3) >550-1,000 kW: \$2,500
- (4) >1,000-2,000 kW: \$5,000
- (5) >2,000-5,000 kW = \$10,000

i. Identification of the QF's anticipated compensation, based on currently affected avoided costs and capacity needs as identified by the Commission. NSP-W will provide its current avoided costs to a QF within five days of receiving the QF's request, unless NSP-W has already provided access to the avoided cost information through a link on its website.

j. Within 30 days after receipt of a complete LEO application, NSP-W will approve, deny, or request additional information from the application. NSP-W shall have an additional 30 days from receipt, to communicate its decision to the application. Each time additional information is deemed necessary to complete its review of an application, NSP-W will have an additional 30 days to evaluate the application after receiving that additional information.

k. Once NSP-W receives and deems an LEO application complete, NSP-W shall grant the QF an LEO. The LEO formation date will be the date the QF provided all necessary LEO documentation to NSP-W. Upon completion of a required distribution study and payment of a distribution study deposit, NSP-W retains the ability to terminate the LEO, if the QF is unable to pay for the required distribution system upgrades.

l. If a QF developer with an approved LEO fails to execute an interconnection agreement with NSP-W, the previously approved LEO shall be terminated. The failure can be due to the QF withdrawing its application for interconnection or a failure to agree to reasonable terms for interconnection.

m. Failure to pay all costs of a completed study within 45 days of being invoiced for such costs will result in the termination of the LEO. NSP-W will not terminate a LEO

for non-payment of required interconnection fees and deposits under the MI Interconnection Rules while the non-payment matter is the subject of formal or informal mediation, or complaint filed at the Commission pursuant to R 792.10439.

n. NSP-W will provide a 45-day grace period for a QF with an LEO that fails to meet its contractual terms before terminating the LEO.

8. This settlement agreement has been made for the sole and express purpose of reaching a compromise among the positions of the parties. All offers of settlement and discussions relating to this settlement agreement shall be considered privileged under MRE 408. If the Commission approves this settlement agreement without modification, neither the parties nor the Commission shall make any reference to or use of this settlement agreement or the order approving it as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references or use may be made to enforce or implement this settlement agreement and any order approving it.

9. The terms of this settlement agreement are not severable. Each provision of the settlement agreement is dependent upon all other provisions of this settlement agreement. If the Commission rejects or does not accept this settlement agreement without modification this settlement agreement shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever and shall be without prejudice to the pre-negotiation positions of the parties.

10. This settlement agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-21241. So long as the Commission approves this settlement agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this settlement agreement. Except as otherwise set forth herein, the parties agree and understand that this settlement agreement does not limit any

party's right to take new and/or different positions on similar issues in other administrative proceedings.

11. The parties agree that this settlement agreement is reasonable, in the public interest, will aid in the expeditious conclusion of this proceeding and will minimize the expense which would otherwise have to be devoted by the Commission and the parties.

12. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues settled by this settlement agreement providing the Commission approves the settlement agreement without modification.

NORTHERN STATES POWER COMPANY,  
A WISCONSIN CORPORATION

**Sherri Wellman**

Digitally signed by: Sherri Wellman  
DN: CN = Sherri Wellman email =  
wellmans@millercanfield.com C = AD O =  
Miller Canfield  
Date: 2022.10.21 09:01:54 -04'00'

Dated: October 21, 2022

By: \_\_\_\_\_  
Its Attorney  
Sherri A. Wellman (P38989)  
MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.  
One Michigan Avenue, Suite 900  
Lansing, Michigan 48933  
(517) 483-4954

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

*Heather M.S. Durian*

Dated: October 21, 2022

By: \_\_\_\_\_  
Its Attorneys  
Heather M.S. Durian (P67587)  
Benjamin J. Holwerda (P82110)  
Assistant Attorneys General  
Public Service Division  
7109 W. Saginaw, 3<sup>rd</sup> Floor  
Lansing Michigan 48917

**ATTACHMENT 1**  
**TO SETTLEMENT AGREEMENT**

**MPSC Case No. U-21241**

**STANDARD OFFER PARALLEL GENERATION PURCHASE SERVICE  
GENERATORS 550 KW AND LESS PG-4**

Effective In

All territory served.

Availability

Available to any person or entity that satisfies 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 owned generating capacity of 550 KW and less, and desiring to sell electrical energy to the Company. Notwithstanding, parallel generation customers may request negotiated buy back rates. Customers with generation capacity of 20 KW or less have the option of selling energy to the Company under the ~~PG~~DG-1 tariff. Customers with generation capacity greater than 20 KW and less than 150 KW have the option of selling energy to the Company under the DG-1 tariff. Methane digester customers with generation capacity greater than 150 KW and less than 550 KW have the option of selling energy to the Company under the DG-1 tariff. For purposes of this PG-4 tariff, the term "customer" means any person or entity taking service under this tariff through connection to the company's distribution or transmission system.

Monthly Rates

Customer Charge: \$15.50 per Month

Capacity Payment:

The capacity payment shall be zero when the Company does not have a demonstrated capacity need during the 5-year planning horizon from the most recently approved Integrated Resource Plan (IRP). The capacity payment for 5-year, 10-year, 15-year, and 20-year contracts executed within the Contract Date are provided in the table below on a dollar per kilowatt-month (\$/kW-month) basis for generation resources that can be counted as capacity in Mid-Continent Independent System Operator (MISO) Resource Adequacy market. Capacity payments shall be multiplied by the applicable electric load carrying capability (ELCC) factors in accordance with MISO Business Practice Manuals, which are subject to change. A generation resource's ELCC factor shall be updated each year on June 1<sup>st</sup>. Capacity need forecasts and credit rates will be updated during biennial review proceedings, however the capacity need forecast and credit rate in place at the time of contract execution will remain unchanged for the duration of the contract term.

<u>Contract Date</u>	<u>Payments Period</u>	<u>5-Year Contract</u>	<u>10-Year Contract</u>	<u>15-Year Contract</u>	<u>20-Year Contract</u>
<u>1/1/2023 – 12/31/2024</u>	<u>2026 to 2043</u>	<u>\$5.75/kW-month</u>	<u>\$6.02/kW-month</u>	<u>\$6.28/kW-month</u>	<u>\$6.53/kW-month</u>

Accredited Capacity Credit: The monthly capacity credit will be the Qualified Facility accredited capacity multiplied by the capacity credit rate according to the length of contract and the date that the Qualified Facility is first energized outside of testing purposes.

(Continued on Sheet No. D-47.51)

**STANDARD OFFER PARALLEL GENERATION PURCHASE SERVICE (Cont'd)**  
**GENERATORS 550 KW AND LESS PG-4**  
(continued from Sheet No. D-47.50)

This date may be negotiated in the contract if, through no fault of the Qualified Facility or the installer, the interconnection is delayed by a third party or the Company. In the case that the Qualified Facility ceases to operate as designated, outside of scheduled maintenance, then the capacity credit may be suspended until the Qualified Facility is operating as designated.

The Company will update the capacity payment above as described in this paragraph. The capacity payment is based on the Company's need for capacity in the 5 years beginning with the next planning year after the Company's most recent biennial application for review of this tariff by the Commission. If the Company does not need capacity in the 5 years following the application for biennial review, the capacity payment shall be zero until the next biennial review. If during a biennial review of this tariff, the Company identifies a need for additional capacity in the 5 years following the application for review, the Company will update the capacity payment to reflect the Company's avoided cost using the Commission Staff's proxy combustion-turbine method as defined in Case No. U-18093 and reported to the Commission during the biennial review. The capacity payment for a qualifying facility made pursuant to this tariff will be adjusted to reflect the effective load carrying capability of the type of qualifying facility taking service under this tariff in accordance with the Mid-Continent Independent System Operator's (MISO) Business Practice Manual, which are subject to change. -

Early Termination: In the case that the Qualified Facility terminates or breaches the contract for service under this tariff, the Qualified Facility is required to make a payment to the Company equal to the remaining Accredited Capacity Credits due to the Qualified Facility for the remaining duration of the contract term or three years, whichever is less, calculated at the current accredited capacity of the Qualified Facility.

Changes to Accredited Capacity: In the case that the Qualified Facility is modified such that the designated capacity is altered then:

1. The Qualified Facility must undergo any applicable interconnection procedures, as set by the Company and in compliance with Michigan's distributed generation interconnection rules.
2. If the designated capacity is altered by more than 10%, the accredited capacity will be recalculated and applied as of the date such modifications are complete, and
3. If the designated capacity is altered by 10% or less, the accredited capacity will not be recalculated, and
4. The contracted capacity credit rate will remain unchanged.

(Continued on Sheet No. D-47.52)

Issued TBD  
M.E. Stoering  
President  
Eau Claire, Wisconsin

Effective: January 1, 2023  
Issued Under Authority of the  
Michigan Public Service  
Commission dated TBD  
in Case No. U-21241

**STANDARD OFFER PARALLEL GENERATION PURCHASE SERVICE (Cont'd)**  
**GENERATORS 550 KW AND LESS PG-4**  
(continued from Sheet No. D-47.51)

Monthly Rates (continued)

Excess Generation

Excess generation shall be credited at the rate below and applicable for 5 years.

**5-Year Fixed Rate Schedule Based on 10 Year LMP Energy Rate Forecast** - Excess generation shall be credited at a rate based on a ten year Locational Marginal Price (“LMP”) Forecast filed by the Company with the Commission and updated biennially. The ten year LMP Forecast shall provide a forecast of hourly LMPs at the UPPC.ONTONAGON load zone node and shall be filed confidentially and updated as part of the Company’s biennial application for review of this tariff. A qualifying facility taking service under this tariff shall receive five years of fixed on- and off-peak energy rates based on the most recently filed on-peak and off-peak levelized Forecast LMPs at the UPPC.ONTONAGON load zone node expressed in \$/kWh for the five years beginning the year the qualifying facility takes service under a contract under this tariff. For a qualifying facility taking service under this tariff under a contract longer than five years, the remaining years under the contract following the first five years shall not be fixed but shall be an annual variable LMP-based rate, based on the LMP forecast for the applicable year as reflected in the most recently filed forecast of on-peak and off-peak LMPs which shall be updated in each biennial application for review of this tariff.

The 5-year LMP forecasted on-peak and off-peak credit rates at UPPC.ONTONAGON are as follows:

Beginning January of	On-Peak Energy Price (\$/kWh)	Off-Peak Energy Price (\$/kWh)
2023	\$0. <del>03993</del> <u>06520</u>	\$0. <del>02928</del> <u>04408</u>
2024	\$0. <del>04053</del> <u>05942</u>	\$0. <del>02942</del> <u>03995</u>

The above rates ~~will be used less include~~ an Administrative Fee of \$0.001/kWh ~~and less and may be further reduced by~~ other applicable charges incurred under MISO market rules.

(Continued on Sheet No. D-47.53)

Issued TBD  
M.E. Stoering  
President  
Eau Claire, Wisconsin

Effective: January 1, 2023  
Issued Under Authority of the  
Michigan Public Service  
Commission dated TBD  
in Case No. U-21421

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**STANDARD OFFER PARALLEL GENERATION PURCHASE SERVICE (Cont'd)**  
**GENERATORS 550 KW AND LESS PG-4**  
(continued from Sheet No. D-47.52)

Monthly Rates (continued)

Environmental and Renewable Credits:

The Customer retains the rights and ownership to any environmental credits (including any Renewable Energy Credits, methane offsets, carbon credits, etc.) associated with excess generation purchased under this tariff unless separately contracted for by the Company and Customer.

Energy Loss Factors:

The following loss factors shall be applied to the on-peak and off-peak energy credit rates and capacity payments to reflect the reduction in system losses:

Customers Generation metered at Transmission (transformed):	1.02411
Customers Generation metered at Primary:	1.06762
Customers Generation metered at Secondary:	1.09640

Distribution Charges:

A customer enrolled in this program shall pay the Distribution Charges at the Company's standard service tariff applicable to the customer for the customer's imputed customer consumption. Imputed customer consumption is the sum of the metered on-site generation and the net of the bi-directional flow of power across the customer interconnection during the billing period.

Power Supply Charges:

A customer enrolled in this program shall pay the Power Supply Charges associated with the Company's standard service tariff applicable to the customer.

Energy Charges: Standard service tariff charges will apply when the customer's net usage results in a net flow of energy from the Company to the customer. When the customer's monthly net usage results in a net flow of energy from the customer to the Company, the customer's \$/kWh charges shall be credited based on the Excess Generation rate.

Demand Charges: The customer shall pay the demand charges (\$/kW) associated with the Company's standard service tariff applicable to the customer.

(Continued on Sheet No. D-47.54)



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**STANDARD OFFER PARALLEL GENERATION PURCHASE SERVICE (Cont'd)**  
**GENERATORS 550 KW AND LESS PG-4**  
(continued from Sheet No. D-47.53)

Metering

The Company may determine the customer's net usage using the customer's existing meter if it is capable of reverse registration or may, at the Company's expense, install a single meter with separate registers measuring power flow in each direction. If the Company uses the customer's existing meter, the Company shall test and calibrate the meter to assure accuracy in both directions. If the customer's meter is not capable of reverse registration and if meter upgrades or modifications are required, the company shall provide a meter or meters capable of measuring the flow of energy in both directions to the customer at cost. Only the incremental cost above that for meter(s) provided by the Company to similarly situated non-generating customers shall be paid by the eligible customer. Generator meters will be supplied to the customer, at the customer's request, at cost.

Terms and Conditions

1. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill 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 and Net Metering Standards Rules ([R460.601a – 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.
4. Customers shall not be allowed to switch their generation back and forth between two or more rate schedules to circumvent the intent of rate design.
5. The contract term shall be for a period of five, ten-, fifteen- or twenty-years as selected by the Customer at the time the agreement commences. If a Customer desires to enter into a new contract following the term of their current contract, the Customer must notify the Company at least 90 days but no greater than 12 months prior to the expiration of the current contract and sign a new contract.

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Issued TBD  
M.E. Stoering  
President  
Eau Claire, Wisconsin

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Effective: January 1, 2023  
Issued Under Authority of the  
Michigan Public Service  
Commission dated TBD  
in Case No. U-21241

**PARALLEL GENERATION ENERGY PURCHASE SERVICE  
GENERATORS GREATER THAN 550 KW AND UP TO AND INCLUDING ~~20~~ 5 MW PG-5**

Effective In  
All territory served.

Availability

Available to any person or entity that satisfies 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 owned generating capacity of greater than 550 KW and up to and including ~~20~~ 5 MW, and desiring to sell electrical energy to the Company. Notwithstanding, parallel generation customers may request negotiated buy back rates. Customers with generation capacity of 20 KW or less have the option of selling energy to the Company under the ~~PG-DG~~-1 tariff. Customers with generation capacity greater than 20 KW and less than 150 KW have the option of selling energy to the Company under the DG-1~~2~~ tariff. Methane digester customers with generation capacity greater than 150 KW and less than 550 KW have the option of selling energy to the Company under the ~~DPG~~-1~~3~~ tariff. For purposes of this PG-5 tariff, the term "customer" means any person or entity taking service under this tariff through connection to the company's distribution or transmission system.

Monthly Rates

Customer Charge: \$15.50 per Month

Capacity Payment: ~~\$0.00—\$ /KW per Month~~

~~The capacity payment shall be zero when the Company does not have a demonstrated capacity need during the 5-year planning horizon from the most recently approved Integrated Resource Plan (IRP). The capacity payment for 5-year, 10-year, 15-year, and 20-year contracts executed within the Contract Date are provided in the table below on a dollar per kilowatt-month (\$/kW-month) basis for generation resources that can be counted as capacity in Mid-Continent Independent System Operator (MISO) Resource Adequacy market. Capacity payments shall be multiplied by the applicable electric load carrying capability (ELCC) factors in accordance with MISO Business Practice Manuals, which are subject to change. A generation resource's ELCC factor shall be updated each year on June 1<sup>st</sup>. Capacity need forecasts and credit rates will be updated during biennial review proceedings, however the capacity need forecast and credit rate in place at the time of contract execution will remain unchanged for the duration of the contract term. s-~~

<u>Contract Date</u>	<u>Payments Begin</u>	<u>5-Year Contract</u>	<u>10-Year Contract</u>	<u>15-Year Contract</u>	<u>20-Year Contract</u>
<u>1/1/2023 – 12/31/2024</u>	<u>2026 to 2043</u>	<u>\$5.75/kW-month</u>	<u>\$6.02/kW-month</u>	<u>\$6.28/kW-month</u>	<u>\$6.53/kW-month</u>

Accredited Capacity Credit: The monthly capacity credit will be the Qualified Facility accredited capacity multiplied by the capacity credit rate according to the length of contract and the date that the Qualified Facility is first energized outside of testing purposes.

(Continued on Sheet No. D-47.71)

Issued TBD  
M.E. Stoering  
President  
Eau Claire, Wisconsin

Effective: January 1, 2023  
Issued Under Authority of the  
Michigan Public Service  
Commission dated TBD

**PARALLEL GENERATION ENERGY PURCHASE SERVICE (Cont'd)**  
**GENERATORS GREATER THAN 550 KW AND UP TO AND INCLUDING ~~20~~5 MW PG-5**  
(continued from Sheet No. D-47.70)

This date may be negotiated in the contract if, through no fault of the Qualified Facility or the installer, the interconnection is delayed by a third party or the Company. In the case that the Qualified Facility ceases to operate as designated, outside of scheduled maintenance, then the capacity credit may be suspended until the Qualified Facility is operating as designated.

The Company will update the capacity payment above as described in this paragraph. The capacity payment is based on the Company's need for capacity in the 5 years beginning with the next planning year after the Company's most recent biennial application for review of this tariff by the Commission. If the Company does not need capacity in the 5 years following the application for biennial review, the capacity payment shall be zero until the next biennial review. If during a biennial review of this tariff, the Company identifies a need for additional capacity in the 5 years following the application for review, the Company will update the capacity payment to reflect the Company's avoided cost using the Commission Staff's proxy combustion-turbine method as defined in Case No. U-18093 and reported to the Commission during the biennial review. The capacity payment for a qualifying facility made pursuant to this tariff will be adjusted to reflect the effective load carrying capability of the type of qualifying facility taking service under this tariff in accordance with the Mid-Continent Independent System Operator's (MISO) Business Practice Manual, which are subject to change.

Early Termination: In the case that the Qualified Facility terminates or breaches the contract for service under this tariff, the Qualified Facility is required to make a payment to the Company equal to the remaining Accredited Capacity Credits due to the Qualified Facility for the remaining duration of the contract term or three years, whichever is less, calculated at the current accredited capacity of the Qualified Facility.

Changes to Accredited Capacity: In the case that the Qualified Facility is modified such that the designated capacity is altered then:

1. The Qualified Facility must undergo any applicable interconnection procedures, as set by the Company and in compliance with Michigan's distributed generation interconnection rules.
2. If the designated capacity is altered by more than 10%, the accredited capacity will be recalculated and applied as of the date such modifications are complete, and
3. If the designated capacity is altered by 10% or less, the accredited capacity will not be recalculated, and
4. The contracted capacity credit rate will remain unchanged.

(Continued on Sheet No. D-47.72)

M. P. S. C. No. 2 – Electric  
NORTHERN STATES POWER COMPANY,  
a Wisconsin corporation  
(To implement Energy Purchase Service in Case No. 21241)

in Case No. U-21241  
Original Sheet No. D-47.72

**PARALLEL GENERATION ENERGY PURCHASE SERVICE (Cont'd)**  
**GENERATORS GREATER THAN 550 KW AND UP TO AND INCLUDING 5 MW PG-5**

(continued from Sheet No. D-47.71)

Excess Generation:

Excess generation shall be credited at the hourly Real-Time Locational Marginal Prices (“RT LMP”) at the UPPC.ONTONAGON load zone node expressed in \$/kWh less Administrative Fee of \$0.001/kWh and other applicable charges incurred under MISO market rules.

Environmental and Renewable Credits:

The Customer retains the rights and ownership to any environmental credits (including any Renewable Energy Credits, methane offsets, carbon credits, etc.) associated with excess generation purchased under this tariff unless separately contracted for by the Company and Customer.

Monthly Rates (continued)

Energy Loss Factors:

The following loss factors shall be applied to the on-peak and off-peak energy credit rates and capacity payments to reflect the reduction in system losses:

Customers Generation metered at Transmission (transformed);	<del>1.024114</del> <del>05116</del>
Customers Generation metered at Primary;	<del>1.067621</del> <del>09577</del>
Customers Generation metered at Secondary;	<del>1.096401</del> <del>06481</del>

Distribution Charges:

A customer enrolled in this program shall pay the Distribution Charges at the Company’s standard service tariff applicable to the customer for the customer’s imputed customer consumption. Imputed customer consumption is the sum of the metered on-site generation and the net of the bi-directional flow of power across the customer interconnection during the billing period.

Power Supply Charges:

A customer enrolled in this program shall pay the Power Supply Charges associated with the Company’s standard service tariff applicable to the customer.

Energy Charges: Standard service tariff charges will apply when the customer’s net usage results in a net flow of energy from the Company to the customer. When the customer’s monthly net usage results in a net flow of energy from the customer to the Company, the customer’s \$/kWh charges shall be credited based on the Excess Generation rate.

Continued on Sheet 47.73

Issued TBD  
M.E. Stoering  
President  
Eau Claire, Wisconsin

Effective: January 1, 2023  
Issued Under Authority of the  
Michigan Public Service  
Commission dated TBD

**PARALLEL GENERATION ENERGY PURCHASE SERVICE (Cont'd)**  
**GENERATORS GREATER THAN 550 KW AND UP TO AND INCLUDING ~~20~~5 MW PG-5**  
(continued from Sheet No. D-47.72)

Demand Charges: The customer shall pay the demand charges (\$/kW) associated with the Company's standard service tariff applicable to the customer.

Metering:

The Company may determine the customer's net usage using the customer's existing meter if it is capable of reverse registration or may, at the Company's expense, install a single meter with separate registers measuring power flow in each direction. If the Company uses the customer's existing meter, the Company shall test and calibrate the meter to assure accuracy in both directions. If the customer's meter is not capable of reverse registration and if meter upgrades or modifications are required, the company shall provide a meter or meters capable of measuring the flow of energy in both directions to the customer at cost. Only the incremental cost above that for meter(s) provided by the Company to similarly situated non-generating customers shall be paid by the eligible customer. Generator meters will be supplied to the customer, at the customer's request, at cost.

Terms and Conditions

1. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill 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 and Net Metering Standards Rules ([R460.601a – 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.
4. Customers shall not be allowed to switch their generation back and forth between two or more rate schedules to circumvent the intent of rate design.
5. The contract term shall be for a period of five, ten-, fifteen, or twenty- years as selected by the Customer at the time the agreement commences. If a Customer desires to enter into a new contract following the term of their current contract, the Customer must notify the Company at least 90 days but no greater than 12 months period to the expiration of the current contract and sign a new contract.




# PROOF OF SERVICE

STATE OF MICHIGAN )

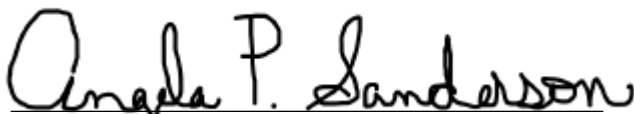
Case No. U-21241

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on November 18, 2022 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).

  
Brianna Brown

Subscribed and sworn to before me  
this 18<sup>th</sup> day of November 2022.

  
Angela P. Sanderson  
Notary Public, Shiawassee County, Michigan  
As acting in Eaton County  
My Commission Expires: May 21, 2024

**Service List for Case: U-21241**

---

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Sherri A. Wellman	wellmans@millercanfield.com



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Presque Isle Electric & Gas Cooperative, INC  
Thumb Electric  
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AEP Energy  
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Constellation New Energy  
DTE Energy  
First Energy  
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Marc Pauley  
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