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**RIDER QF – QUALIFYING FACILITIES**

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**APPLICABILITY**

- \* This tariff pertains to Customers within the Company’s Service Area that have electric generating facilities installed that qualify as a “Qualifying Facility” (QF) or as a “Qualifying Solid Waste Energy Facility” (QSWEF) and receive service from the Company under Rate DS-1, DS-2, DS-3, DS-4 or DS-6. A Customer with net generation capacity (determined as follows: generator nameplate capacity minus the parasitic energy needed to operate the generator including but not limited to; passive station power, transformer losses, and inverter losses, as applicable) greater than 20 MW that requests to sell power and energy under this Rider is ineligible to sign up as of June 30, 2016 pursuant to Order of FERC in Docket No. QM16-2-00. A Customer currently selling power and energy under this Rider with net generation capacity greater than 20 MW as of June 30, 2016 shall be allowed to continue selling such power under this Rider through June 30, 2017. On and after July 1, 2017, such Customers shall not be eligible to sell power and energy to the Company under Rider QF.

**1. QUALIFYING FACILITIES – QF**

**PURPOSE**

A Customer that has electric generating facilities installed that qualify as a QF as defined in 83 Ill. Adm. Code 430 has two options available, except a Customer taking service under Rider PTR – Peak Time Rewards (Rider PTR) may not elect option 1:

1. Customer can sell all QF power and energy in excess of its own use to Company at the prices outlined in the Compensation section below, or;
2. Customer can sell all QF power and energy in excess of its own use to an entity other than the Company.

In no event will Customer be permitted to split the sale of excess QF power and energy between the Company and any other entity.

Applicant should obtain and review a copy of 83 Ill. Adm. Code 430.

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**COMPENSATION**

If Customer elects to sell all or a portion of the power and energy generated by the QF to the Company, the Company shall compensate the Customer for the power and energy delivered at the MISO Delivery Point at the MISO day-ahead locational marginal price or a fixed compensation as provided for in the Rider QF Informational Filing, as amended from time to time, adjusted for MISO market settlement costs. An adjustment is applied to generation provided by QF Customers based upon estimated market settlement costs, as filed in the Rider QF Informational Filing. Compensation will be trued-up to actual after the 55 day reconciliation of the MISO settlement process and reflected on the Customer's billings through the September 2008 Billing Period. The method of compensation shall be elected by the Customer in the Rider QF Service Agreement and the Customer shall not be allowed to change the method of compensation except in accordance with the terms of the Rider QF Service Agreement.

In lieu of the above compensation options, a QF may enter negotiations with the Company for different purchase rates and terms and conditions. Any contract entered into as a result of negotiations will, in general, be based upon more exacting standards of delivery as outlined in 83 Ill. Adm. Code 430.80(b) and 430.80(c).

Customer shall be responsible for any applicable Transmission Service cost for transactions under this tariff.

The QF Customer shall remain responsible for and reimburse the Company for all MISO-related market settlement costs through the September 2008 Billing Period even if there should be no subsequent deliveries of power and energy.

**PAYMENT**

The Customer that elects to have the Company purchase all or a portion of the power and energy generated by the QF shall receive payment as a monetary credit to any bill due to the Company for service supplied in the same month to the Customer under the Company's electric Rates and Riders.

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**TERMS AND CONDITIONS**

Service hereunder is subject to the Customer Terms and Conditions, Standards and Qualifications for Electric Service, Tax Additions, and Supplemental Customer Charge Tariffs of this Schedule, as well as any other applicable Rates, Riders, taxes, adjustments, fees or charges that may be approved by the ICC from time to time and the following further conditions.

A Customer that operates a generating facility designated as a QF, as defined in 83 Ill. Adm. Code 430 shall operate the QF in compliance with; all connection agreements that may be required by the Company, State or Federal regulatory bodies, the applicable RTO; the Transmission Provider's FERC-approved tariffs related to Transmission Service; and any other applicable tariffs.

If Customer elects to have the Company purchase all or a portion of the power and energy generated by the QF, Company shall not be required to make any purchase from Customer until Company and Customer have entered into a written service agreement with contract arrangements for such purchases. The written service agreement shall have an initial term of one year and remain in effect until cancelled, revised or amended by either Company or Customer on 90 days written notice. Any negotiated purchase agreement shall be filed with the Commission for approval. Furthermore, subject to the approval of the Commission, the agreement may modify any of the provisions contained herein or in any otherwise applicable provisions.

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**2. QUALIFYING SOLID WASTE ENERGY FACILITY - QSWEF**

**PURPOSE**

A Customer that has electric generating facilities installed that qualify as a “Qualifying Solid Waste Energy Facility” (QSWEF) can sell all or a portion of the power and energy generated by the QSWEF to the Company at the prices outlined in the Compensation section below. Such facilities must satisfy all of the requirements of Section 8-403.1 of the Illinois Public Utilities Act and be determined by the Illinois Commerce Commission to qualify under the “Local Solid Waste Disposal Act”. The facilities must also possess characteristics that would enable it to qualify as a cogeneration or small power production facility under federal law. A determination by the Illinois Commerce Commission that the QSWEF qualifies under the terms of Section 8-403.1 of the Illinois Public Utilities Act is required before service will be permitted hereunder.

Applicant should obtain and review a copy of 83 Ill. Adm. Code 445.

**SWORN STATEMENT REQUIREMENT**

Each QSWEF that desires payment for electric power and energy under this Rider must submit to the Company a Sworn Statement before it can receive payments under this Rider. Any QSWEF that is generating electric power and energy subject to this Rider on the date that this Rider becomes effective must submit its first Sworn Statement to the Company on or before thirty-days after this Rider becomes effective. Any QSWEF receiving service under this Rider must submit a Sworn Statement to the Company on or before the Company’s first business day in February of each subsequent year in order for the QSWEF to continue receiving payments under this Rider.

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If the QSWEF is a corporation, the Sworn Statement must be signed by a duly authorized officer or director of the corporation. If the QSWEF is a partnership, the Sworn Statement must be signed by a duly authorized officer or director of the managing or general partner (as applicable). If the QSWEF is not a corporation or partnership, the Sworn Statement must be signed by a similarly situated individual in the organization.

A Sworn Statement is a statement, made under oath (it must be notarized) and must state (1) that the QSWEF is the recipient of an order from the Illinois Commerce Commission finding that the QSWEF qualifies under the terms of Section 8-403.1 of the Act; (2) that the QSWEF is in compliance in all material respects with any and all requirements of such order and with all Illinois statutes and administrative rules applicable to the QSWEF maintaining its status as a QSWEF and all Federal and Illinois statutes and administrative rules applicable to the QSWEF maintaining its status as a Qualifying Facility, as that term is defined in Ill. Adm. Code 430; and (3) the title of the person signing the document and that such person is duly authorized to make the statements contained in clauses (1) and (2) above.

A QSWEF that has not generated electric power and energy subject to this Rider is not entitled to receive payments under this Rider until it has submitted a Sworn Statement to the Company. The Sworn Statement must be submitted to the Company no more than 60 days prior to the date on which the QSWEF first generates electric power and energy subject to this Rider.

If a QSWEF that is generating electric power and energy subject to this Rider does not submit a Sworn Statement to the Company within 15 days of notification by the Company that the QSWEF' Sworn Statement is past due, the QSWEF shall be ineligible to receive payments under this Rider beginning from the date that the Sworn Statement became past due through such time as the Sworn Statement is received by the Company.

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If electric power and energy is generated during a period when a QSWEF is ineligible to receive payments under part two this Rider (Qualified Solid Waste Energy Facility – QSWEF) because of the failure to submit a Sworn Statement, that electric power and energy will be compensated at a rate set forth in part one of this Rider (Qualifying Facility - QF) if the QSWEF is eligible to receive such rate. If the QSWEF is not eligible to receive payments under part one of this Rider, no compensation will be paid during such period.

Sworn Statements must be submitted to the Company by addressing, signing, notarizing, and forwarding the statement to the Company's address provided for purposes of notification in the contract for service hereunder, and mailing them via United States first class mail, Priority Mail or Express Mail or by placing them with a private courier for delivery. A Sworn Statement shall not be considered to have been submitted until it is received by the Company.

**COMPENSATION**

Prior to service, the Company will calculate a rate ("Estimated Rate"), which is the average amount per kWh paid by the unit(s) of local government to the Company in the most recent 12 Billing Periods. The initial calculated Estimated Rate will be used by the Company in determining monthly payments to the Customer for QSWEF energy purchases during the initial 12 purchase periods ("Initial Period") until a subsequent Estimated Rate is established. Each Estimated Rate shall be in effect for the next consecutive 12 purchase periods ("Subsequent Period").

Unit(s) is defined as: (1) the local Unit(s) of government owning the Facility, served by the Facility or (2) the Unit(s) of local government in which the Facility is located.

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After the Initial Period and for each Subsequent Period, the Company will calculate the actual average amount per kWh ("Actual Average Amount") paid by the Unit(s) to the Company during the period for which the Estimated Rate was in effect. The Company will provide the Customer with a complete reconciliation statement within 90 days after the close of each such period. If the Estimated Rate is less than the Actual Average Amount, the Company will issue a payment to Customer based upon the difference between compensation paid using the then prior Estimated Rate and compensation calculated using the Actual Average Amount. If the Actual Average Amount is less than the prior Estimated Rate, the Company will subtract the appropriate difference in compensation from subsequent payments to Customer.

For each Subsequent Period, the Company will utilize an Estimated Rate based upon the Actual Average Amount for the immediately preceding period.

The Company will adjust the Estimated Rate for any change in base rates charged by Company to the Unit(s).

The average amount per kWh paid (whether for the Estimated Rate or the Actual Average Amount) shall be calculated as the sum of : (a) amounts paid by the Unit(s) for electric service supplied by the Company, excluding amounts paid for service supplied under Rate DS-5 – Lighting Service and service classification BGS-5 – Lighting Service under Rider BGS, plus (b) amounts that would have been paid at otherwise applicable rates for any service supplied by the Company to the Unit(s) at no charge. This sum (a plus b) shall be divided by the total number of kWh supplied by the Company to the Unit(s) for the services included in (a) and (b). The average amount per kWh paid shall consist of all items used for billing including, but not limited to, customer charges, meter charges, demand charges, distribution delivery charges, energy charges, fuel adjustment charges and applicable tax additions, and shall exclude all additional facility charges.

If, for any purchase period, the rates shown above in section 1 - Qualifying Facilities are greater than the applicable Estimated Rate, the rates shown in Section 1 shall be utilized for payment.

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In the event that the purchase by the Company of all electric energy pursuant to this rate is expected to result in monthly tax credits for the Company which will exceed its tax obligations under the Public Utilities Revenue Act, the Customer shall be paid the purchase rate specified in this rate on a "first-come, first-served" basis determined from the date that each Customer has obtained, and continues to hold, a valid development permit under Section 39 of the Illinois Environmental Protection Act and, for a Facility other than that fueled by methane gas generated from landfills, a service agreement with a unit or units of local government. After all available tax credits are used, remaining electric energy purchases from the Customer shall be compensated pursuant to Section 1 - Qualifying Facilities, shown above.

Customer shall be responsible for any applicable Transmission Service cost for transactions under this tariff.

**PAYMENT**

The Customer that elects to have the Company purchase all or a portion of the power and energy generated by the QSWEF shall receive payment as a monetary credit to any bill due to the Company for service supplied in the same month to the Customer under the Company's electric Rates and Riders.

**TERMS AND CONDITIONS**

Service hereunder is subject to the Customer Terms and Conditions, Standards and Qualifications for Electric Service, Tax Additions, and Supplemental Customer Charge Tariffs of this Schedule, as well as any other applicable Rates, Riders, taxes, adjustments, fees or charges that may be approved by the ICC from time to time and the following further conditions:

Each Customer served hereunder must enter into a written agreement with the Company prior to operation under this Tariff. Such agreement shall have duration of not less than 20 years, or ten years in the case of Qualifying Facilities fueled by land-fill generated Methane.