

March 12, 2020

Dear Distributed Generation Owning Members,

Enclosed please find a copy of Bayfield Electric Cooperative's Policy 300.11, which was reviewed and amended by the Board of Directors at its February meeting. Due to our rate structure and the amount of DG being added to our system, the Board was concerned that the existing rate increasingly results in cross-subsidization by non DG-owning members of a percentage of the Cooperative's fixed costs. Accordingly, the DG rate has been modified to eliminate the rollover of excess generation as a kWh credit to be applied against the next month's energy charge. Instead, any excess generation in a given month will be monetized at the Cooperative's avoided cost rate, which is calculated based on the avoided cost of our wholesale supplier, Dairyland Power Cooperative. The rate is settled at the end of each month and will appear as a dollar credit that can be carried over from month to month and applied against energy charges in successive bills.

The Board appreciates that existing DG members may have made their investment in renewable energy in consideration of the Cooperative's buy-back rate applicable at the time those systems were installed. Accordingly, the Board has made provision in Policy 300.11 to grandfather existing DG members for a 5-year period under the old rate (which allows credit for net excess kWh's of generation to be rolled forward and applied against subsequent months' energy usage on a kWh-for-kWh basis). Please note however that to be eligible for the grandfathered rate, there can be no change in ownership or increase in the nameplate capacity of the DG facility.

If you have any questions or concerns regarding Policy 300.11, please give our office a call at (715) 372-4287 and speak with our Member Services Director, Jake Hipsher.

Sincerely,

Bayfield Electric Cooperative



Diane Berweger, CEO and General Manager

Enclosure