

**Midwest Cogeneration Association
Conceptual Model Standby Rate Tariff**

<p>Monthly Customer Charge</p>	<ul style="list-style-type: none"> ●Zero, assuming this is already included in the customer's supplemental power tariff (Based on administrative costs) <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ●Charge or Credit to reflect greater or lesser administrative costs associated with partial use customer.
<p>Monthly Reservation Fee</p>	<ul style="list-style-type: none"> ●Zero (instead recover in demand charge) <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> ●Fixed fee to recover utility's embedded costs for generation capacity (or capacity market purchases) and transmission based on FOR of best performing CHP systems
<p>On-Peak Daily, Daily or Hourly Demand Charge</p>	<p style="text-align: center;"><u>Scheduled</u></p> <ul style="list-style-type: none"> ●Zero <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> ●Low variable demand charge proportionate to hours of <u>planned usage</u> reflecting utility's lower costs due to planning at times that impose zero or low cost to utility. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ●Reduced (or zero) variable demand charge for <u>off-peak usage</u> to reflect utility's lower costs during off-peak hours. <p style="text-align: center;"><u>Unscheduled</u></p> <ul style="list-style-type: none"> ●If no Reservation Fee, variable demand charge designed to recover proportion of utility's embedded costs for generation capacity (or capacity market purchases) and transmission based on CHP partial-use customer's hours of unscheduled use.

	<p style="text-align: center;">OR</p> <ul style="list-style-type: none"> ● If a fixed Reservation Fee is also charged, variable demand charge designed to recover utility's embedded costs for generation capacity (or capacity market purchases) and transmission based on CHP partial use customer's proportionate use <u>above FOR assumed in Reservation Fee</u> <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ● Reduced (or zero) variable demand charge for <u>off-peak usage</u> to reflect utility's lower costs during off-peak hours.
Energy Charge	<ul style="list-style-type: none"> ● If no Reservation Fee and Demand Charge, recover proportion of utility's embedded costs for generation capacity (or capacity market purchases) and transmission in energy charges based on CHP partial-use customer's hours of use. ● Pricing should reflect utility's lower costs for scheduled usage and off-peak usage. <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> ● If embedded generation capacity (or capacity market purchases) and transmission are recovered in Reservation Fee and/or Demand Charge, energy pricing should reflect utility's average fuel and purchased energy costs (or utility's spot energy market purchases in the case of capacity market purchases). <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ● Pricing should reflect peak and off-peak energy prices or real time energy prices.

Notes:

1. On-Peak Daily, Daily and Hourly demand billing units should be calculated as the customer's demand in excess of its supplemental service demand billing units. For example, assume a customer has a 50 MW generator and 50 MW of supplemental demand. If the customer in a given hour has a 25 MW generation derate, but its supplemental demand is simultaneously down by 25 MW such that the customer's net demand is still below 50 MW, the standby demand for that customer for that hour should be zero.
2. Delivery (i.e., distribution) service charges for standby service should generally be the same for standby service as they are for supplemental service (including any credits for a customer ownership of their own substation). However, where there are distribution networks whose costs are driven by the peak demand on that network rather than the non-coincident peak demand of individual customers, consideration should be given to the expected contribution of the standby service to the peak demand placed on that distribution network.