

SOUTH RIVER ELECTRIC MEMBERSHIP CORPORATION
DUNN, NORTH CAROLINA

RIDER COG
Customer-Owned Generation Rider (non-residential)

AVAILABILITY

This Rider is available, on a voluntary basis and in conjunction with any of the Cooperative's Rate Schedules, to retail consumers located in the Cooperative's service territory that own and operate a generating unit(s) that can be called upon from time to time by the Cooperative's wholesale power supplier, as an additional generation resource. There is no minimum amount of generation or load drop required to participate in the Cooperative's Customer-Owned Generation (COG) Program, but the maximum number of consumers and/or load served under this Rider may be limited by the Cooperative's wholesale power supplier.

In addition to all the other provisions of the applicable rate schedule, the consumer normally receives service under, the following provisions shall apply:

1. Consumers served under this Rider may not use their generation for peak shaving purposes and must agree to have their generators automatically dispatched by the Cooperative's wholesale power supplier.
2. All load served under this Rider will be required to have metering that is capable of measuring the consumer's load in fifteen-minute intervals. If the consumer's load is greater than 500 kW, an additional meter on the generator will be required to verify the generation produced by the generator during a COG event. This meter must also be capable of capturing fifteen-minute interval data.
3. Prior to being accepted into the COG program, a generator must pass Automation Qualification Test. Under this test, the Cooperative must demonstrate its ability to automatically start and stop the consumer's generation from a remote location and demonstrate that it can successfully transfer the fifteen-minute interval meter data from the Cooperative's metering system to their power supplier's Control Data and Settlement System (CDSS).
4. The COG program is structured similar to a call option for power with limits on run times and total hours of operation each year. The operating parameters include the following:
 - Minimum of sixty (60) minutes notification prior to a COG event;
 - Minimum run time of one (1) hour per unit;
 - Maximum run time of eight (8) hours per unit; and
 - Maximum dispatch will not exceed sixty- (60) total hours per calendar year.

Consumers subscribing to the Cooperative's COG program must agree not to have their generator(s) down for scheduled maintenance during the months of June, July, or August.

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MONTHLY RATE

The consumer shall be billed under their applicable Rate Schedule of the Cooperative as appropriate based upon the size of their load, plus any charges and credits outlined in this Rider:

Demand Credit: \$ 3.50 per kW

Energy Credit: Calculated based on actual run time, fuel price index, and standard heat rate.

DEMAND CREDIT

The Demand Charge Credit will be paid monthly even if the consumer's generator is not called upon to perform in the month the credit is being paid. The monthly demand the credit is applied to, shall be the lesser of:

1. The Guaranteed Load Drop (GLD), which is the amount of load the generation owner commits to remove from the Cooperative's distribution system when a COG event is called; or
2. The full Nameplate Capacity of the generator.

If the actual load drop is less than 95% of the GLD during a COG event, the credit going forward will be based on the actual amount of load dropped, unless the consumer can prove that the underperformance was due to an anomaly out of their control. In this case, the Cooperative and consumer may arrange for a test COG event to verify the amount of load the consumer can take off line under normal circumstances. This test will be done at the consumer's expense. If the test results in a deviation of more than 5% from the subscribed capacity amount, the capacity credits for the remainder of the year will be adjusted to reflect the new subscribed amount.

ENERGY CREDIT

In the month that the consumer's generation is used to control load on the Cooperative's system, the consumer will receive an energy credit based upon the amount of load that was dropped due to the consumer's generator. For loads less than 500 kW, the energy amounts will be estimated based upon typical load curves for the consumer on days the generator is not in use. For loads greater than 500 kW, metering is required and the consumer shall be reimbursed based upon actual kWh energy that the generator produced.

The energy credit will be based upon a standard heat rate of 12,000 Btu/kWh and a fuel price index. The fuel price index used will be the Lower Atlantic (PADD 1C) Diesel (On-Highway) Ultra Low Sulfur as found on the EIA Petroleum and Other Liquids Web site (<http://www.eia.gov/petroleum/gasdiesel/>) for the week the generator was dispatched.

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SUBSCRIPTION PROCESS

For 2013:

There is an “Open Season” process to enroll Existing COG. The deadline for enrolling Existing COG is December 12, 2012. Any COG enrolled after that date will be considered Additional COG and be subject to an allocation process which limits the amount of COG the Cooperative may subscribe to the program.

In addition to the enrollment process, there is an Automation Qualification deadline for the remote starting and stopping of the generator(s) and the electronic data transfer between the Cooperative’s metering system and their wholesale power supplier’s CDSS. The deadline for the Automation Qualification is May 1, 2013.

Generators enrolled by December 12, 2012 will begin receiving capacity credits beginning in January 2013. If the generator(s) has not yet passed the Automation Qualification the consumer must work with the Cooperative in developing a written Manual Dispatch Plan to be used until the Automation Qualification is completed.

For 2014 and beyond:

Consumers wishing to enroll or remain in the program must notify the Cooperative by October 15 of each year for the upcoming calendar year. Each new generator being subscribed to the program must demonstrate Automation Qualification by December 1, in order to participate in the program in the upcoming year.

SUBSCRIPTION ADJUSTMENTS

If a member currently in the Cooperative’s COG Program wishes to adjust the amount they have subscribed to the program there will be only one opportunity per year to increase the capacity subscribed and multiple opportunities to decrease their subscribed amount. Consumers wishing to increase their subscription amount must notify the Cooperative prior to October 15 for the upcoming calendar year. Depending upon the Cooperative’s allocation from their wholesale power supplier, the Cooperative may or may not be able to grant the request for increases in the amount of generation the consumer wishes to add to the program. Requests will be handled on a first-come first-serve basis. If the Cooperative is unable to meet the request, the consumer will be notified by November 15.

If the consumer wishes to decrease their subscription amount, the consumer may notify the Cooperative prior to October 15 of any year that they wish to withdraw or subscribe a lesser amount of COG for the upcoming calendar year. If during the commitment year, the consumer realizes they cannot meet their full obligation; their Guaranteed Load Drop can be adjusted by providing 30 days written notice to the Cooperative.

SALES TAX

Any applicable State and local sales taxes will be added to all services billed under this Rider.