

RATE CGS  
COGENERATION & SMALL POWER PRODUCTION

AVAILABILITY:

Available to any Customer of Indianapolis Power & Light Company (the "Company") that operates within the Company's service territory a Qualifying Cogeneration Facility or a Qualifying Small Power Production Facility subject to the Company's rules and regulations and, any terms, conditions and restrictions imposed by any valid and applicable law or regulation. This tariff is submitted pursuant to the requirements of the Commission's regulations and shall cease to be effective if such regulations are set aside, withdrawn or for any reason cease to be applicable to the Company. An Existing Qualifying Facility is not subject to, or entitled to the benefits of this Rate CGS except as otherwise expressly provided by law.

DEFINITIONS:

- (a) Qualifying Facility is either a Cogeneration Facility or Small Power Production Facility, but does not include any facility substantial construction of which was not begun on or after November 9, 1978, or any facility not meeting applicable ownership requirements.
- (b) Existing Qualifying Facility means a Qualifying Facility which was in operation before July 1, 1983.
- (c) Cogeneration Facility means a facility that simultaneously generates electricity and useful thermal energy; and meets the energy efficiency standards established for cogeneration facilities by the FERC pursuant to 16 U.S.C. 824a-3.
- (d) Small Power Production Facility means an arrangement of equipment for the production of electricity with capacity no greater than eighty megawatts, all of which equipment is located within a site one mile in radius from the generating equipment or, for hydroelectric facilities, at the same impoundment of water, and which equipment must be powered at least seventy-five percent (75%) by biomass, waste, renewable resources, geothermal resources, or any combination thereof, and not more than twenty-five percent (25%) by oil, natural gas, and coal or any combination thereof.
- (e) Purchase means the purchase of electric energy or capacity or both from a Qualifying Facility by the Company.
- (f) Sale means the sale of electric energy or capacity or both by the Company to a Qualifying Facility.
- (g) Avoided Costs means the incremental costs to the Company of electric energy or capacity or both which, but for the purchase from a Qualifying Facility or Facilities, the Company would generate itself or purchase from another source.
- (h) Interconnection Costs means the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs incurred by the Company directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with a Qualifying Facility, to the extent such costs are in excess of the corresponding costs which the Company would have incurred if it had not engaged in interconnected operations, but instead generated an equivalent amount of electric energy itself or purchased an equivalent amount of electric energy or capacity from other sources. Interconnection Costs do not include any costs included in the calculation of Avoided Costs.
- (i) Supplementary Power means electric energy or capacity supplied by the Company, regularly used by a Qualifying Facility in addition to that which the facility generates itself.
- (j) Back-up Power means electric energy or capacity supplied by the Company to replace energy ordinarily generated by a facility's own generation equipment during an unscheduled outage of the facility.
- (k) Interruptible Power means electric energy or capacity supplied by the Company subject to interruption by the Company under specified conditions.
- (l) Maintenance Power means electric energy or capacity supplied by the Company during scheduled outages of the Qualifying Facility.

- (m) Curtailed Power means electric energy or capacity supplied by the Company subject to reduction by the Company only due to issues of system reliability and not economic interruption. The Customer shall be subject to curtailment by the Company for system reliability just like a firm service Customer. In addition, the Customer must curtail its demand down to no more than its contracted maximum supplementary power demand when notified by the Company when a Maximum Generation Event has been declared for the Company's Local Balancing Authority Area and reached MISO Market Capacity Emergency Maximum Generation Event Step 2d. The Company maintains the right to discontinue the supply of electric energy to the Customer in excess of the maximum supplementary power demand of the Customer, if Maximum Generation Event 2d has been reached, and the Customer fails to curtail its demand to its maximum supplementary power demand as required.
- (n) Prorated means the Customer's demand charge divided by the number of days in the month.
- (o) System Emergency means a condition on the Company's system which is liable to result in imminent significant disruption of service to Customers or in substantial deviation from normal service standards or which is imminently liable to endanger life or property.
- (p) Commission means the Indiana Utility Regulatory Commission.
- (q) FERC means the Federal Energy Regulatory Commission.
- (r) Peak Period means the time between 6 a.m. and 10 p.m. (April through September) or between 7 a.m. and 11 p.m. (October through March) on all days except Saturdays and Sundays, which daily time period will be subject to change from time to time at the Company's option. This change would occur after no less than ten (10) days notice has been given to all Customers who would be affected, and to the Commission.
- (s) Off Peak Period means the time not included in the Peak Period.

#### PURCHASE AND SALE:

The Company shall purchase energy or capacity which is made available by a Qualifying Facility and shall sell energy or capacity to a Qualifying Facility only in accordance with the terms and conditions set forth herein, but subject to all applicable requirements of Federal law or regulation, court decisions or orders from courts of competent jurisdiction and the continuing jurisdiction of the Commission and FERC. A written contract shall be required between the Company and each Qualifying Facility incorporating specific provisions governing the interconnection and each purchase and sale.

Purchases and sales shall also be subject to the following general terms and conditions:

- (a) Purchases and sales may occur simultaneously.
- (b) The Company need not purchase or sell at the time of a System Emergency.

#### INTERCONNECTION CONDITIONS AND COSTS:

- (a) The Company, subject to prior compliance by the Qualifying Facility with all applicable Federal and State laws and regulations, shall make parallel interconnection with the Qualifying Facility in such a way as to accomplish purchases and sales as described in Sections (b) through (f).
- (b) The Qualifying Facility shall comply with the National Electrical Safety Code, as supplemented, the applicable requirements of 170 IAC 4-4.3, and the Company's rules and regulations for electric service.
- (c) Interconnection Costs from the Qualifying Facility to the Company's distribution or transmission system, including those costs of (d) and (e) below, shall be borne by the Qualifying Facility. There shall be no obligation on the Company to finance such interconnection.
- (d) The Qualifying Facility shall install, operate, and maintain in good order such relays, locks and seals, breakers, automatic synchronizer, and other control and protective apparatus as shall be designated by

RATE CGS (Continued)

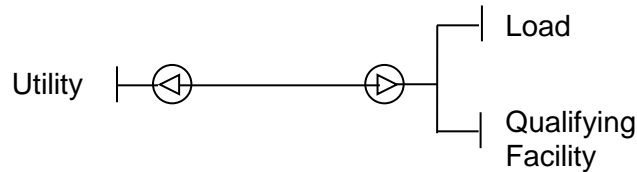
INTERCONNECTION CONDITIONS AND COSTS: (Continued)

the Company for operation parallel to its system. The Qualifying Facility shall bear full responsibility for the installation and safe operation of this equipment.

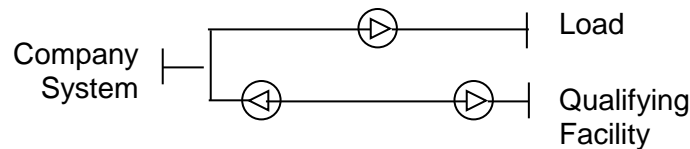
- (e) Breakers capable of isolating the Qualifying Facility from the Company shall at all times be immediately accessible to the Company. The Company may isolate the Qualifying Facility at its own discretion if the Company believes continued parallel operation with the Qualifying Facility creates or contributes to a System Emergency. System Emergencies causing discontinuance of parallel operation are subject to verification by the Commission.
- (f) To properly record numbers of kilowatthours for, respectively, purchase and sale, the following configurations shall be the basis for metering:

- (1) Where purchases are intended to be less than 1000 kilowatthours per month, and the Company and Qualifying Facility mutually agree, a single bidirectional meter may be placed between, at one side, the Company system and, on the other side, the Qualifying Facility and any load associated with it.

- (2) Where such measurement is appropriate for measurement of energy, the circuit shall include at minimum two monodirectional meters in a series arrangement between, at one side, the Company system and, on the other side, the Qualifying Facility and any load associated with it:



- (3) Where such is appropriate for measurement of energy, the circuit shall include a monodirectional meter between the on-site load and the Company and, in a series arrangement, two monodirectional meters between the Qualifying Facility and the Company system:



- (4) The meter measuring purchases by the Company shall be of a design to record time periods, and shall be capable of electronically transmitting instantaneous readings.
- (5) Other metering arrangements shall be the subject of negotiations between the Company and the Qualifying Facility.

RATE FOR PURCHASE:

The rate the Company will pay each Qualifying Facility for energy and capacity purchased will be established in advance by written contract with the Company as filed and approved by the Commission and will be based on the RATE FOR PURCHASE on file from time to time with the Commission, adjusted as outlined in the remaining parts of this section. Unless otherwise agreed the RATES FOR PURCHASE shall be:

- (1) Capacity \$6.00 per KW per month
- (2) Energy - Peak Period 2.79¢ per KWH
- Off Peak Period 2.47¢ per KWH

RATE CGS (Continued)

RATE FOR PURCHASE: (Continued)

In the event of an impasse in negotiations concerning RATES FOR PURCHASE of energy or capacity, either party may petition the Commission for a determination naming the other party as respondent.

The monthly capacity payment shall be adjusted by the following factor:

$$F = \frac{E_p}{(K)(T_p)}$$

Where: F = Capacity payment adjustment factor.  
E<sub>p</sub> = Kilowatt-hours delivered to the Company during the Peak Period.  
K = Kilowatts of capacity the Qualifying Facility contracts to provide.  
T<sub>p</sub> = Number of hours in the peak period.

The KW capacity available and the kilowatthours in the peak period shall be determined by a suitable recording type instrument.

For intended purchases of 72,000 kilowatthours or more per month of energy from a Qualifying Facility, the Company and the Qualifying Facility may agree to increase or decrease the rate in recognition of the following factors:

- (1) The extent to which scheduled outages of the Qualifying Facility can be usefully coordinated with scheduled outages of the Company's generation facilities;
- (2) The relationship of the availability of energy from the Qualifying Facility to the ability of the Company to avoid costs, particularly as is evidenced by the Company's ability to dispatch the Qualifying Facility;
- (3) The usefulness of energy from the Qualifying Facility during System Emergencies, including the ability of the Qualifying Facility to separate its load from its generation.

The Company and a Qualifying Facility may negotiate a rate for energy or capacity purchase which differs from the filed rate of Rate CGS.

RATES FOR SALE BY COMPANY:

Back-up Power shall be provided under Standard Contract Rider No. 10. Maintenance Power shall be provided under Standard Contract Rider No. 11. Supplementary Power shall be provided under Standard Contract Rider No. 12. A Customer must specify in its contract with the Company the Customer's: (i) maximum back-up and maintenance power demand and (ii) maximum supplementary power demand. A Customer may not simultaneously qualify for Rate CGS, Rate REP Renewable Energy Production, Standard Contract Rider No. 9 Net Metering, and Standard Contract Rider No. 8 for off-peak service. Back-up Power, Maintenance Power and Supplementary Power may also be provided by agreement with the Company under Rate CSC. Such agreements must be reflective of the cost of service for the service that is being provided.

Under the back-up power and maintenance power riders the Customer pays the Company a zero-energy charge when the Customer self generates its own energy. The energy charge will default to the applicable tariff rate in the case of use of back-up, maintenance, or supplementary power.

RATE CGS (Continued)

RATES FOR SALE BY COMPANY: (Continued)

A Customer may receive a cost-justified reduction in their demand charge by taking back-up power or maintenance power service as Curtailable Power subject to a Company system limit of 55 megawatts total curtailable load served directly by customer-owned generation. Any Customer taking Curtailable Power while the 55 MW cap is in place will be grandfathered with respect to their existing curtailable load so that such Customer will have a right of first refusal in the event the cap is modified in the future. If back-up power or maintenance power service is taken as Curtailable Power, the generation component of the demand charge will be identified and the generation component will be offered on a prorated daily basis with no associated demand ratchet. The prorated demand charge will apply only to the amount of demand taken from the Company during an outage, not any demand that remains self-supplied by the Customer.

<u>Daily Generation Component of Demand Charge (Curtailable Power)</u>		
Rate SL	Secondary Service (Large)	\$0.5840 net per KW
Rate PL	Primary Service (Large)	\$0.6377 net per KW
Rate HL	High Load Factor (Primary Distribution voltage)	\$0.6377 net per KW
Rate HL	High Load Factor (Sub-Transmission voltage)	\$0.6345 net per KW
Rate HL	High Load Factor (Transmission voltage)	\$0.6267 net per KW

If back-up power or maintenance power service is taken as Curtailable Power, and if the Company does not already have facilities in place to curtail the Customer, the Customer will be responsible for installing and maintaining a control system that allows the Company to remotely curtail the load served by the generator and to do so without notification if the generator is not serving load. The Company shall not use such control system to curtail the load except during a MISO Market Capacity Emergency within the Company's Local Balancing Authority Area that has reached Maximum Generation Event Step 5.

The transmission and distribution portions of the demand charge and associated ratchet will continue to be imposed for transmission and distribution costs when the Customer is taking back-up and maintenance service. No interruptible capacity credit will apply to back-up power or maintenance power service demands.

<u>Monthly Transmission and Distribution Component of Demand Charge (Curtailable Power)</u>		
Rate SL	Secondary Service (Large)	\$3.66 net per KW
Rate PL	Primary Service (Large)	\$3.83 net per KW
Rate HL	High Load Factor (Primary Distribution voltage)	\$3.83 net per KW
Rate HL	High Load Factor (Sub-Transmission voltage)	\$3.19 net per KW
Rate HL	High Load Factor (Transmission voltage)	\$2.56 net per KW

STANDARD CONTRACT RIDERS APPLICABLE:

- |        |                               |              |
|--------|-------------------------------|--------------|
| No. 1  | Customer Load Characteristics | see Page 150 |
| No. 10 | Back-up Power                 | see Page 162 |
| No. 11 | Maintenance Power             | see Page 163 |
| No. 12 | Supplementary Power           | see Page 164 |