

ELECTRICITY

Rochelle Municipal Utilities
City of Rochelle
Electric Rates

Effective Date May 1, 2014

Rider 3—Demand Response Program

This program ("Program") is available to demand rate customers of rate 150 and higher of the municipal electric utility ("RMU"). In order to be a participant in the program ("Participant"), the customer must complete and submit an Election to Participate in Demand Response Program form ("Election Form") for each year of the Program. By so doing, the customer agrees to be bound by the following terms for that year:

1. **Applicability.** Participant acknowledges that its participation in the Program is governed by the provisions of this Rider and all other applicable rates set forth in RMU's Utility Service Price Schedule for the applicable Program year. Any changes to this Rider, applicable rates and other applicable portions of the Utility Service Price Schedule shall be applicable to participation hereunder. If a matter or item is addressed in the Utility Service Price Schedule but is not specifically addressed herein, the treatment of such matter or item as set forth in the Utility Service Price Schedule shall apply. If a conflict exists or develops between the provisions of this Rider (on the one hand) and the Utility Service Price Schedule (on the other hand), then the provisions of the Utility Service Price Schedule shall prevail.

2. **Term; Termination.** The term of participation shall be the one-year period commencing with the start of business on June 1 of the applicable program year and ending upon the close of business on May 31 of the year following ("Term"). The Participant may unilaterally terminate its participation in the program by giving written notice, hand delivered to the RMU Business Management by no later than 5:00 P.M. CST on the Termination Notice Date set forth in the Election Form. RMU may terminate Participant's participation in the program at any time on thirty (30) days written notice if RMU becomes aware of circumstances under Participant's control that, in RMU's sole discretion, negate the value of the load response provided.

3. **Definitions.**

"Event" shall mean a mandatory Interruption, as called by RMU under the provisions of the Agreement.

"Interrupt" or "Interruption" shall mean the acts necessary to be undertaken by Participant in order to reduce its requirement for the supply of electric capacity during an Event.

"RMU" shall mean Rochelle Municipal Utilities

"CAV" shall mean Capacity Auction Value

"ALD" shall mean Agreed Load Drop

"PJM" shall mean PJM Interconnection, L.L.C.
"COMED" shall mean Commonwealth Edison

4. Load Response Quantity — Agreed Load Drop (ALD). Upon receipt by the Participant of an Event Notice pursuant to Section 7 hereof, the Participant agrees to reduce its load by its ALD amount as set forth in the Election Notice and to maintain that reduction in load throughout the duration of the Event. The amount of electric power and energy usage reduced by the Participant during an Event shall be the difference, if positive, derived by subtracting its actual electric power and energy usage during the Event from a normalized baseline of the average fifteen minute load of five typical business days prior to such Event.

5. Event Frequency. There will be no more than ten (10) PJM-initiated Events or alike PJM or ComEd initiated events during the Term, with each Event consisting of up to eight hours duration during the weekday hours of 11:00 A.M. to 7:00 P.M. Central Prevailing Time (CPT), excluding applicable PJM holidays. In addition, there will be no more than ten (10) RMU-initiated non-ILR or like Events, during the Term, with each Event consisting of up to eight hours duration during the weekday hours of 11:00 A.M. to 7:00 P.M. CPT. Subsequent changes to those provisions will be applicable to participation hereunder.

6. Compensation for Load Response Participation. In consideration for the Participant's obligation to interrupt its electric service in accordance with the terms and conditions of this Agreement, the Participant shall receive a single annual credit to its account, calculated according to the following formula, using the numbers for each factor in the formula as shown on the Election Form:

$$\text{Credit} = \text{Load Reduction (as defined in Section \#4)} \times \text{Capacity Auction Value at MW level during the four-month period ending on September 30}^{\text{th}} \text{ of the Term.}$$

Credits for balances will be entered into the Participants account by December 31st of the Term for all Event(s) during the four-month period ending on September 30th of the Term.

7. Notice. Notice of an Event shall be provided by the municipal electric utility to the Participant no less 2 hours, as indicated in the Election Form, in advance of an Event. Participant will provide to RMU, in writing, the names, mobile phone numbers, Internet accessible paging device addresses, and other business phone numbers of the individuals to whom RMU shall provide such notification. Oral notification to said individuals at any time of day, any day of the week, shall be sufficient to trigger Participant's engagement to reduce its load.

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Rider 6 – Demand Measurement Policy

This rider defines the policy for the manner in which RMU will measure peak demands under the applicable rate schedule, in light of the existence of inaccurate peak data apparently generated by erratic equipment behavior.

Background

This rider applies to RMU customers at rate 165 who operate complex and typically non-linear industrial processes with highly specific demands on energy use. Examples of this is use of Combined Heat and Power (CHP) units. These processes can create intermittent peaks of 15 – 30 minutes due to tripping events that are not part of normal operation. These intermittent peaks can potentially add to the measured demand peak and thereby impact the billed charge for demand. There is no automatic way that RMU's billing system can identify whether the measured peak is a non-operational one or a normal operational peak.

These demand peaks have not been co-incidental with the RMU system's peak. Given the unique operation and the mutual understanding between RMU and Rate 165 customers that these peaks are not adding to the overall RMU grid, an adjusted treatment of these erratic peaks is appropriate.

Policy

RMU will measure non-linear peak demand as the apparent steady state of the daily demand curve and identify the demand ceiling using curve fitting by means of a defined curve fitting method. This curve fitting method of a rolling 25 period (period being 15 minutes) smoothing has been utilized successfully during the summer season of 2013. Intermittent peaks not falling in to peak hour time periods that are short in duration (15-30 minutes) and more than 10 % above the immediate closest intervals measured will be omitted from demand measurements. See appendix A for examples of intermittent trips that are filtered out by using this method.

By doing this the intermittent peaks created by IRE equipment tripping will be isolated and appropriate grace management of those peaks will be applied.

These will then be the monthly peaks used for billing purposes.

The highest of these peaks within the ratchet months of June-July-August-September will be used to define the overall demand ceiling for the rolling yearly demand requirement.

As per the rate 165 definition of demand charge:

The monthly kW demand charge shall be the greater of:

1. A minimum of 5,000 kW, or
2. The customer's highest 15 minute on-peak demand incurred each month, or
3. 100% of the customer's most current and highest June, July or August- 15 minute on-peak demand.

It is also understood that the customer, for whom this applies, will use its best efforts to eliminate the tripping peaks during any operations. In addition limit the use of the equipment that is most likely causing the tripping at events identified by the regional grid (PJM) as potential peak demand days. These events will be limited to 15 days. RMU will communicate these events with no less than 6 hours advance notice.

This policy is in place until further review by RMU.

What follows is a chart designed to graphically display the foregoing.:

Appendix A:

