

RENEWABLE ENERGY TERM SHEET

You have requested information on interconnecting renewable generation to Iowa Lakes Electric Cooperative's system and the sale of any excess output to Iowa Electric Cooperative ("Cooperative"). Please note that we work closely with our power supplier, Northwest Iowa Power Cooperative ("NIPCO"), in order to meet necessary interconnection and power purchase requirements. I hope this letter and the enclosed information will be helpful as you make decisions on interconnection.

First, you should know our obligation to interconnect and purchase power from your facility is dependent upon your facility being designated as a "Qualifying Facility." A "Qualifying Facility" is a defined term used to describe the type of facility that electric utilities must interconnect with and purchase power from pursuant to federal law. Please note that 18 CFR 292.207(a)(ii) requires you to self-certify your facility. Questions regarding self-certification and becoming a Qualifying Facility should be directed to the Federal Energy Regulatory Commission ("FERC"). Cooperative representatives are not involved in assisting members with filing documents with FERC or answering questions about the process of becoming a Qualifying Facility under FERC rules as defined in certain federal laws and regulations. Please note that under 18 CFR 292.207(a)(ii) you must send a copy of your notice of self-certification, including FERC Form 556, to the Cooperative and the Iowa Utilities Board ("IUB").

Secondly, the Qualifying Facility is responsible to pay for any special interconnection costs. Under federal and state regulations, interconnection costs include switching, metering, transmission, distribution, safety provisions and administrative costs incurred by the electric cooperative directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with a Qualifying Facility.

If your facility is large enough, it is likely that your facility will need to be interconnected directly to the electric transmission system of NIPCO rather than the distribution system of the Cooperative. Any such interconnection will also necessitate design review by the Mid-Continent Area Power Pool (MAPP) and may even necessitate the construction of a new substation. Prior to making any commitments on your proposed project, we encourage you to investigate all interconnection requirements and costs, as they will undoubtedly impact any economic analysis you have or will prepare relating to your proposed facility.

Cooperative purchases from the member

Pursuant to the Joint Implementation Plan adopted by NIPCO and its Member Cooperatives, NIPCO will purchase power from any Qualifying Facility within the service territory of its Members. For those facilities with a design capacity of 150 kW or less, all available power will be purchased at the standard rates set forth in NIPCO's Qualifying Facility Rate Schedule. Purchased power from a facility with a design capacity of greater than 150 kW will be determined on a case-by-case basis. NIPCO is

only required to pay its avoided energy cost for this power. Rates are subject to existing power supplier tariffs.

Some Qualifying Facilities may also be interested in obtaining a credit for the capacity they provide to NIPCO. In order to be eligible for any capacity credit, you must have your available capacity demonstrated and certified under relevant MAPP rules and regulations. If your capacity is accredited by MAPP, then NIPCO would be in a position to pay you the appropriate capacity credit in addition to the avoided energy cost payment for energy actually delivered. Any cost associated with obtaining MAPP accreditation shall be the responsibility of the Qualifying Facility.

Information Required by the Cooperative and/or NIPCO

In order to evaluate what type of interconnection facilities will be required for your facility, Cooperative requests that you provide it with information concerning your proposed facility. We will provide you with an application form should you request it. We would ask that you complete this form with as much information as possible. Additional information may be required, and depending on the size of your proposed facility, a system impact study may also be required. In any event, your completion of the enclosed application will allow the Cooperative to better evaluate your needs and hopefully all parties can work together so informed decision-making can take place. You will be required to pay for all facilities necessary to attach your facility to the existing delivery system. You may also be required to pay for any engineering studies that may be necessary to incorporate your facility into the delivery system.

Additional information regarding renewable generation and interconnection may be obtained from any number of industry web sites and sources. However, keep in mind that what is mandated in one state may not be applicable in Iowa and what may be required of one type of utility may not be required of the Cooperative. I would encourage you to call me if you have additional questions.