

Heart of Texas Electric Cooperative Inc.

Distributed Generation
Procedures & Guidelines
Manual for Members

February 2006

PURPOSE

The purpose of this “Distributed Generation Procedures and Guidelines Manual for Members” (“Manual”) is to provide procedures, guidelines and requirements for a Member to install and connect to the Cooperative’s electric distribution system certain electric generation facilities described and referred to as “Distributed Generation”. The Member is required to submit an application, fulfill the requirements set forth in the Manual, and execute an agreement with the Cooperative prior to connecting the Member’s Distributed Generation facilities to the Cooperative’s electric distribution system.

The Cooperative reserves the right to revise and amend this Manual from time to time.

GENERAL

In order to receive electric service from the Cooperative, a customer must join or become a “member” of the Cooperative. Throughout this manual, customers will be referred to as “Members”. For more information about the Cooperative membership application process, including any applicable membership fees or deposits, see the Cooperative to request new member information. (member/customers that intend to only export power to the distribution cooperative will have to become a cooperative member due to billing/metering issues. Any gross metering arrangement will accumulate patronage and may allow member to participate in patronage capital margin allocation)

It is the intent of the Cooperative to allow Members to install Distributed Generation (DG) facilities, provided the Member’s DG facility does not adversely affect the Cooperative or the operation of the Cooperative’s electric system. The Member must conduct his/her own analysis to determine the economic benefit of the DG facility’s operation.

A DG facility that is not connected to the Cooperative’s electric distribution system in any way is known as a “stand-alone” or “isolated” DG. The Member may operate a DG facility in a stand-alone or isolated fashion as long as such DG facility does not adversely affect the Cooperative or the Cooperative’s electric distribution system. A DG facility interconnected in any way to the Cooperative’s electric distribution system shall be considered as operating in “parallel”. For purposes of this Manual, a DG facility is considered operating in “parallel” anytime it is interconnected to the Cooperative’s electric distribution system in any way, even if the Member does not intend to export power to the Cooperative or its Power Supplier. All provisions of this Manual shall apply to any parallel operation of DG facilities.

This Manual is not a complete description or listing of all the laws, ordinances, rules and regulations that a Member must or should follow, nor is this Manual intended to be an installation or safety manual. The Member requesting to interconnect a DG facility to the Cooperative’s electric distribution system is responsible for and must follow, in addition to all provisions of this Manual, the Cooperative’s *Rules and Regulations for Electric Service*, the Cooperative’s *Line Extension Policy*, the *Policies and Procedures* of the Cooperative’s power supplier where applicable, the current *IEEE 1547 Standard Guide for Distributed Generation Interconnection*, and any and all other applicable governmental and regulatory laws, rules, ordinances or requirements. All legal, technical, financial, and other requirements in the following sections of this Manual must be met prior to interconnection of the DG facility to the Cooperative’s electric distribution system.

A Member may serve all of its loads behind the meter at the location serving the DG facility, but the Member will not be allowed to serve multiple meters, multiple consuming facilities or other Members with a single DG facility or under a single DG application.

DG facilities equal to or larger than 4 MW are not covered by this Manual and will be considered by the Cooperative and its Power Supplier on a case-by-case basis.

I. DETERMINE THE CATEGORY OF DISTRIBUTED GENERATION FACILITY

For the purpose of this Manual, each DG facility will be categorized in accordance with the following criteria.

1) Connection Level Category

- a) Connected to the Cooperative's electric distribution system
The Member requests and/or the Member's DG facility requires connection to the Cooperative's system. All provisions of this manual cover facilities in this category less than 4 MW.
- b) Connected to the Cooperative's Power Supplier's system
The Member requests and/or the Member's DG facility requires connection to the Cooperative's Power Supplier's system. This manual does NOT cover this category.

2. Power Export Category

- a) Parallel – no power export
The Member operates a DG system connected in any way to the Cooperative's electric distribution system but with no intention to export power to the Cooperative and/or its Power Supplier.
- b) Parallel – power generated to be both consumed and exported
The Member operates a DG system connected in any way to the Cooperative's electric distribution system designed primarily to serve the Member's own load but with the intention to export excess power to the Cooperative.
- c) Parallel – power generated to be exported only
The Member operates a DG system connected in any way to the Cooperative's electric distribution system designed primarily with the intention to export power to the Cooperative,

3. Qualifying or Non-Qualifying Category

- a) Qualifying Facilities (QF) are defined by the Public Utility Regulatory Policies Act of 1978 (PURPA). Refer to CFR Title 26, Volume 4, Sec. 292.204. Qualifying Facilities will always be given consideration by the Cooperative for connection.
- b) The distinction between QF and Non-Qualifying Facilities (NQF) mainly deals with fuel use.
 - (1) In general, a QF must have as its primary energy source biomass, waste, renewable resources, geothermal resources or any combination.
 - (2) A DG facility will normally be considered as a NQF by the Cooperative.
- c) The Cooperative will provide interconnection for a DG facility to a Member, subject to the provisions of this Manual and all other applicable rules and regulations.
- d) The Cooperative will negotiate a power purchase agreement with a Member with a DG facility that is a QF, subject to the provisions of this Manual and all other applicable rules and regulations.
- e) The Cooperative may negotiate a power purchase agreement with a Member with a DG facility that is a NQF.

4. Size Category

a) Facilities 25 kW and smaller

(1) Facilities ≤ 25 kW of connected generation will be placed in this size category unless the Member requests connection under the > 50 kW and ≤ 4 MW size category

b) Facilities above 25 kW and equal to or below 4 MW

(1) Facilities ≤ 25 kW of connected generation may be placed in this size category if so requested by the Member

c) Facilities above 4 MW of connected generation (not considered under this manual)

II. MEMBER'S INITIAL REQUIREMENTS

1) Notification

- a) The Member must meet all the Cooperative's membership and service requirements in addition to the requirements in the Manual.
- b) Anyone owning or operating a DG facility or facilities in parallel with the Cooperative's electric distribution system must notify the Cooperative of the existence, location and category of the DG facility.

2) Service Request

- a) In advance of any request for an interconnection, the Member must contact the Cooperative and complete the "Cooperative Application for DG Interconnection and Parallel Operation" (see Exhibit C)
- b) A separate form and application fee must be submitted for each DG facility and each location.

3) Submittal of a DG Plan

- a) As a part of the application, the Member shall submit a plan detailing the electrical design, interconnection requirements, size, and operational plans for the DG facility (the "DG Plan"). Either at the time of submission or at any time during the review process, the Cooperative may require additional information or may require the DG Plans to be prepared by a Professional Engineer registered in the State of Texas.
- b) Prior to review of the application and DG Plan by the Cooperative, the Member shall pay an application fee as indicated below. A separate fee must be submitted for each DG facility.
- c) In the case of DG facilities (i) to be operated in parallel with the Cooperative's electric distribution system, (ii) with no intention to export power to the Cooperative and (iii) are of standard manufacture and design and intended entirely as emergency or back-up

power supply for the facility, the Cooperative may, at its sole discretion, waive the application fee.

DG Size (Connected Generation)	Application Fee	Additional Engineering Fee
< 5 kW	\$50	None
5 kW to 25 kW	\$100	As Required
26 kW to 1 MW	\$150	As Required
Over 1 MW to 4 MW	\$250	As Required
> 4 MW	Not covered by this manual	

III. COOPERATIVE REVIEW PROCESS

1) Plan Review Process

- a) The Cooperative and its Power Supplier, if requested by Cooperative, will review the application and accompanying documents, plans, specifications, and other information provided and will return an interconnection analysis to the Member within 60 days of receipt of final plans and specifications.
- b) Technical review will be consistent with guidelines established by the most recent *IEEE Standard 1547 Guide for Distributed Generation Interconnection*.
- c) If corrections or changes to the plans, specifications and other information are to be made by the Member, the 60-day period may be reinitialized when such changes or corrections are provided to the Cooperative. In addition, any changes to the site or project requiring new analysis by the Cooperative may require additional costs and a new DG Plan. The cost will be determined by the Cooperative and shall be paid by the Member.
- d) The Member acknowledges and agrees that any review or acceptance of such plans, specifications and other information by the Cooperative and/or its Power Supplier shall not impose any liability on the Cooperative and/or its Power Supplier and does not guarantee the adequacy of the Member's equipment or DG facility to perform its intended function. The Cooperative and its Power Supplier disclaims any expertise or special knowledge relating to the design or performance of such generating installations and does not warrant the efficiency, cost-effectiveness, safety, durability, or reliability of such DG facilities and installations.
- e) In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify its electric delivery systems in order to serve the Member's DG facilities and/or purchase or continue to purchase the output of the Member's DG facilities, or because the quality of the power provided by the Member's DG facility adversely affects the Cooperative and/or its Power Supplier's delivery system, the Member will be responsible to reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection of the Member's DG facilities.

IV. SALES TO AND PURCHASES FROM A DG FACILITY

- 1) For any QFs or NQF where the Member desires to export power:
 - a) All DG facilities will be connected under one of the Cooperative's existing rates.
 - b) All sales of electric power and energy by the Cooperative to a Member shall be consistent with the applicable retail rate schedule established by the Cooperative as if there were no DG installation at the Member's premises.
 - c) All applicable rates and charges included in the Cooperative's rate shall apply to a DG facility in addition to any special charges listed in the policy.
 - d) The Member shall pay all rates and charges so listed.
 - e) The Cooperative is under no obligation to purchase power from a NQF.

- 2) For QF \leq 25 kW where the Member desires to export power:
 - a) For power produced in excess of the Member's on-site requirements, the Member will be compensated by the retail purchase meter running in reverse (referred to as "net metering"). The Cooperative shall bill the Member for the excess energy supplied by the Cooperative over and above the energy supplied by the Member during each billing period according to the Cooperative's applicable retail rate schedule.
 - b) When the energy supplied by the Member exceeds the energy supplied by the Cooperative during a billing period, the monthly charge and/or minimum bill of the Member's applicable retail rate schedule shall be billed by the Cooperative in addition to the monthly metering charge, and the excess energy shall be provided at no charge to the Cooperative.
 - c) The Member shall sign an approved contract for interconnection service with the Cooperative.
 - d) In addition to all other charges, the Cooperative may bill the Member for any additional facilities charges as determined in the contract for service.
 - e) The Cooperative may, at its sole discretion, purchase power from an NQF under the terms of this section.

- 3) For QF $>$ 25 kW where the Member desires to export power:
 - a) No net metering shall be used. The type of metering to be used shall be specified at the sole discretion of the Cooperative. The metering shall provide data so the Cooperative can determine each billing period the energy supplied to the Member by the Cooperative and the energy supplied to the Cooperative by the Member.
 - b) An approved load profile meter shall be used which can be remotely read by the Cooperative and/or its Power Supplier through an approved communications link. If the site selected makes the installation of an approved communications link not feasible, the meter shall be read monthly by Cooperative personnel and the Member shall be billed for the additional cost of reading the meter.
 - c) The Cooperative shall bill the Member for the full energy used by the Member during each billing period according to the Cooperative's applicable retail rate schedule.
 - d) In addition to all other charges, the Cooperative may add an additional monthly customer charge for Members with DG facilities to recover any additional billing, meter reading and/or customer service costs.
 - e) The Cooperative shall pay the Member on a monthly basis for the energy supplied by the Member to the Cooperative. The rate paid by the Cooperative to the Member shall be the Cooperative's avoided cost of generation determined as provided in the

- Cooperative's Policy. Avoided cost shall be defined as cost avoided by the Cooperative due to purchase of the Member's energy.
- f) The Member shall sign approved contracts for Interconnection of Distributed Generation with the Cooperative as required.
 - g) In addition to all other charges, the Cooperative may bill the Member for any additional facilities charges as determined in the contract for service and the Cooperative's policy.
 - h) The Cooperative may, at its sole discretion, purchase power from a NQF under the terms of this section.
- 4) The Cooperative shall not be required to make any purchases that will cause the Cooperative to not be in compliance with any applicable contracts or requirements with its power suppliers.

V. MEMBER'S RESPONSIBILITY PRIOR TO OPERATION

- 1) Line Extension and Modifications to Cooperative's Facilities
- a) As a part of the interconnection analysis performed by the Cooperative, the Member will be provided with an estimate of any line extension or other cost to be incurred in providing electric delivery service to the Member's DG facility.
 - b) Notwithstanding the Cooperative's line extension policy, the Member shall pay in advance the full cost of the construction of any transmission, substation, distribution, transformation, metering, protective, or other facilities or equipment which, at the sole discretion of the Cooperative and/or its Power supplier, is required to serve the Member's DG facility.
 - c) In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify its electric delivery systems in order to serve the Member's DG facilities and/or purchase or continue to purchase the Member's output from the Member's DG facility, or because the quality of the power provided by the Member's DG facility adversely affects the Cooperative and/or its Power Supplier's delivery system, the Member will be responsible to reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection of the Member's DG facilities.
 - d) In the event the Cooperative at any time in the future changes primary voltage of distribution facilities serving the DG installation or the Member's premises or location such that metering equipment, transformers and/or any other Member-owned equipment must be changed, the full cost of the change will be borne by the Member.
 - e) In all cases, the Member shall pay the full cost of the installation of a visible load break disconnect switch by and to the sole specification of the Cooperative. The switch will be readily accessible to Cooperative personnel and of a type that can be secured in an open position by a Cooperative padlock.
 - f) Section VII of this Manual includes additional detail and operational and safety requirements. The Member will follow all requirements of Section VII of these Guidelines prior to and during operation of the Member's DG facility.

2) Applicable Regulations

- a) The Member shall comply with all applicable policies and procedures of the Cooperative and/or its Power Supplier. (DG policies and procedures included.)
- b) The Member shall comply with all applicable laws, ordinances rules and regulations of any federal, county, state, and/or local authority, including, but not limited to: the most recent *IEEE Standard 1547 Guide for Distributed Generation Interconnection*, applicable ANSI standards, including ANSI C84.1 Range A relating to installation, safety, easements, code restrictions, operation and other matters.
- c) The Member shall be solely responsible for compliance with all applicable environmental laws, requirements and regulations, including but not limited to reporting and permits.

3) Liability Insurance

a) Facilities 25 kW and smaller

- (1) Prior to interconnection, the Member must provide a certificate of insurance showing satisfactory liability insurance including contractual liability insurance covering indemnity agreements which insures the Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Member's generating equipment.
- (2) The amount of such insurance coverage shall be not less than \$500,000 per occurrence. This amount may be increased at the sole discretion of the Cooperative if the nature of the project so requires.
- (3) The insurance policy will not be changed or canceled during its term without thirty days written notice to the Cooperative.
- (4) The Member shall provide proof of such insurance to the Cooperative annually and at any time upon request.

b) Facilities larger than 25 kW

- (1) Prior to interconnection, the Member must provide a certificate of insurance showing satisfactory liability insurance including contractual liability insurance covering indemnity agreements which insures the Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Member's generating equipment.
- (2) The amount of such insurance coverage shall be not less than \$500,000 per occurrence. This amount may be increased at the sole discretion of the Cooperative if the nature of the project so requires.
- (3) The certificate shall provide that the insurance policy will not be changed or canceled during its term without thirty days written notice to the Cooperative. The term of the insurance shall be coincident with the term of the interconnection contract or shall be specified to renew throughout the length of the interconnection contract.
- (4) The Member shall provide proof of such insurance to the Cooperative at least annually and at any time upon request.

4) Contracts

a) Interconnection Contract

(1) The Member must sign and deliver to the Cooperative an interconnection contract substantially in the form as shown in Exhibit I or II.

b) Purchase Power Contract (where the Member with a QF desires to deliver power or, in the case of a Member with a NQF, the Cooperative agrees to purchase power)

(1) ≤ 25 kW: Net Metering: As outlined in the Cooperative's policy

(2) > 25 kW and ≤ 4 MW: The Member will sign and deliver a power purchase contract with the Cooperative based on avoided cost data in the Cooperative policy.

(3) > 4 MW: DG facilities of this size are not covered by this manual and will be considered by the Cooperative and its Power Supplier on a case-by-case basis.

(4) The Cooperative will provide the required contract forms with the manual.

5) Initial Interconnection

a) Upon satisfactory completion of the review process and execution of required agreements as outlined in this Manual, the Cooperative will begin the installation of the interconnection for the DG facilities. The interconnection will be completed as soon as practical after completion of the review process and execution of the necessary contracts. After completion of interconnection requirements and prior to initiation of service, the Cooperative will conduct a final inspection of the facilities and interconnection to the Cooperative's system. Upon satisfactory final inspection, the Cooperative will initiate service to the Member.

b) The Cooperative's review process and final inspection is intended as a means to safeguard the Cooperative's facilities and personnel. Any review by the Cooperative and/or its Power Supplier shall not impose any liability on the Cooperative and/or its Power Supplier and does not guarantee the adequacy of the Member's equipment to perform its intended function. The Cooperative and its Power Supplier disclaims any expertise or special knowledge relating to the design or performance of generating installations and does not warrant the efficiency, cost-effectiveness, safety, durability, or reliability of such DG installations.

VI. REFUSAL TO INTERCONNECT SERVICE OR DISCONNECTION OF INTERCONNECTION SERVICE

The Cooperative may, at its sole discretion, prevent the interconnection, or disconnect the interconnection, of any DG facilities due to reasons such as safety concerns, reliability issues, power quality issues, breach of interconnection contract or any other reasonable issue. Any disconnection may be without prior notice.

VII. OPERATION OF PARALLEL FACILITY

1) Purpose

The purpose of this section is to outline the Cooperative's operational requirements for DG facilities operated in parallel with the Cooperative's electric distribution system and is not intended to be a complete listing of all operational, regulatory, safety and other requirements.

2) Ownership of facilities

- a) The Member shall own and be solely responsible for all expense, installation, maintenance and operation of all facilities, including all power generating facilities, at and on the Member's side of the point of common coupling as defined by the IEEE.
- b) Exceptions include Cooperative-owned metering equipment and transformers.

3) Self-Protection of DG Facilities

- a. The Member will furnish, install, operate and maintain in good order and repair all equipment necessary for the safe operation of the DG facilities operated in parallel with the Cooperative's electric distribution system.
- b. Member's equipment will have capability to both establish and maintain synchronism with the Cooperative's system and to automatically disconnect and isolate the DG facility from the Cooperative's system.
- c. The Member's DG facility will be designed, installed and maintained to be self-protected from normal and abnormal conditions on the Cooperative's system including, but not limited to, overvoltage, undervoltage, overcurrent, frequency deviation, and faults. Self-protection will be compatible with all applicable Cooperative protection arrangements and operating policies.
- d. Additional protective devices and/or functions may be required by the Cooperative when, in the sole judgment of the Cooperative, the particular DG installation and/or the Cooperative system characteristics so warrant.

4) Quality of service

- a) Member's DG facility will generate power at the nominal voltage of the Cooperative's electrical distribution system at the Member's delivery point as defined by ANSI C84.1 Range A.
- b) Member's DG facility will generate power at a frequency within the tolerances as defined by IEEE 1547.
- c) Member's DG facility shall produce power at a minimum power factor of at least 95% or shall use power factor correction capacitors to ensure at least a 95% power factor.
- d) The overall quality of the power provided by the Member's DG facility including, but not limited to, the effects of harmonic distortion, voltage regulation, voltage flicker, switching surges and power factor, will be such that the Cooperative's electric distribution system is not adversely affected in any manner.
- e) In the event that the adverse effects are caused in whole or in part by the Member's DG facility, the Member will correct the cause of such effects, reimburse the Cooperative for required correction, or be disconnected from the Cooperative's system.

5) Safety disconnect

- a) The Member shall install a visible load break disconnect switch at the Member's expense and to the Cooperative's specifications.
- b) The switch will be located so as to be readily accessible to Cooperative personnel in a location acceptable to both the Member and Cooperative.
- c) The switch shall be a type that can be secured in an open position by a padlock owned by the Cooperative.
- d) The Cooperative shall have the right to lock the switch open when, in the judgment of the Cooperative:
 - (1) It is necessary to maintain safe electrical operating and/or maintenance conditions,
 - (2) The Member's DG facility adversely affects the Cooperative system, or
 - (3) There is a system emergency or other abnormal operating condition warranting disconnection.
- e) The Cooperative reserves the right to operate the disconnect switch for the protection of the Cooperative's system even if it affects the Member's DG facility. In the event the Cooperative opens and/or closes the disconnect switch:
 - (1) The Cooperative shall not be responsible for energization or restoration of parallel operation of the DG facility.
 - (2) The Cooperative will make reasonable efforts to notify the Member.
- f) The Member will not bypass the disconnect switch at any time for any reason.
- g) Signage shall be placed by the Cooperative at the location of the disconnect indicating the purpose of the switch along with contact names and numbers of both the Member and the Cooperative.
- h) Members with DG facilities as defined in this Manual which are solely for the purpose of emergency backup or peak shaving without intent to export power shall not operate their DG facilities unless visibly disconnected from the Cooperative's system.
- i) In the event the Cooperative loses power to the line serving a Member's DG facilities for any reason, any Member with DG facilities which are intended to export power shall not operate its DG facilities unless disconnected from the Cooperative's system.

6) Access

- a) Persons authorized by the Cooperative will have the right to enter the Member's property for purposes of testing, operating the disconnect switch, reading or testing the metering equipment or other service requirements. Such entry onto the Member's property may be without prior notice.
- b) If the Member erects or maintains locked gates or other barriers, the Member will furnish the Cooperative with convenient means to circumvent the barrier for full access for the above-mentioned reasons.

7) Modification of the Cooperative's System

- a) In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify its electric delivery systems in order

to serve the Member's DG facilities and/or purchase or continue to purchase the output of the Member's DG facilities, or because the quality of the power provided by the Member's DG facilities adversely affects the Cooperative and/or its Power Supplier's delivery system, the Member will be responsible to reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection of the Member's DG facilities.

8) Liability for Injury and Damages

- a) The Member assumes full responsibility for electric energy furnished at and past the point of interconnection and shall indemnify the Cooperative and/or its Power Supplier against and hold the Cooperative and/or its Power Supplier harmless from all claims for both injuries to persons, including death resulting therefrom, and damages to property occurring upon the premises owned or operated by Member arising from electric power and energy delivered by the Cooperative or in any way arising directly or indirectly from the Member's DG facilities except:
- (1) When the negligence of the Cooperative or its agent or agents was the sole proximate cause of injuries, including death therefrom, to Member or to employees of Member or in the case of a residential Member, to all people of the household, and
 - (2) As to all other injuries and damages, to the extent that injuries or damages are proximately caused by or result in whole or in part from:
 - (a) Any negligence of the Cooperative or its agent or agents independent of and unrelated to the maintenance of Cooperative facilities or any condition on Member's premises, or
 - (b) The breach by the Cooperative of any provision of any contract regarding purchase and/or sale of electrical energy or service between the Member and the Cooperative.
- b) The Cooperative and/or its Power Supplier shall not be liable for either direct or consequential damages resulting from failures, interruptions, or voltage and waveform fluctuations occasioned by causes reasonably beyond the control of the Cooperative and/or its Power Supplier including, but not limited to, acts of God or public enemy, sabotage and/or vandalism, accidents, fire, explosion, labor troubles, strikes, order of any court or judge granted in any bona fide adverse legal proceeding or action, or any order of any commission, tribunal or governmental authority having jurisdiction. For claims resulting from failures, interruptions, or voltage and waveform fluctuations occasioned in whole or in part by the negligence of the Cooperative or its agent or agents, the Cooperative shall be liable only for that portion of the damages arising from personal injury, death of persons, or costs of necessary repairs to or reasonable replacement of electrical equipment proximately caused by the negligent acts of the Cooperative or its agent or agents. **ALL PROVISIONS NOTWITHSTANDING, IN NO EVENT SHALL THE COOPERATIVE BE LIABLE TO THE MEMBER FOR ANY INTEREST, LOSS OF ANTICIPATED REVENUES, EARNINGS, PROFITS, INCREASED EXPENSE OF OPERATIONS, LOSS BY REASON OF SHUTDOWN OR NON-OPERATION OF MEMBER'S PREMISES OR FACILITIES FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING OUT OF OR RELATED, IN WHOLE OR PART, TO THIS AGREEMENT.**

9) Metering/Monitoring

- a) The Cooperative shall specify, install and own all metering equipment.
- b) DG facilities \leq 25 kW

The DG facility will be net metered by installing a meter which measures the flow of energy in each direction.

- c) DG facilities $>$ 25 kW
 - (1) Power transfer at the point of interconnection will be measured by metering equipment as installed and specified at the sole discretion of the Cooperative and/or its Power Supplier.
 - (2) There shall be no net metering.
 - (3) The meter shall be read at a time or times of month determined at the Cooperative's sole discretion for remotely acquiring metering data. The Member shall provide the Cooperative an approved communications link at the Member's cost for this purpose if so requested by the Cooperative.
- d) DG facilities $>$ 4 MW (Not covered by this Manual)
- e) The Cooperative may, at its sole discretion, require the Member to reimburse the Cooperative for metering and monitoring equipment and installation expense.
- f) Meter testing shall follow the Cooperative's standard policy on metering testing and accuracy.
- g) At its sole discretion, the Cooperative may meter the DG facility at primary or secondary level.

10) Notice of Change in Installation

- a) The Member will notify the Cooperative in writing thirty (30) days in advance of making any change affecting the characteristics, performance, or protection of the DG facility.
- b) If any modification undertaken by the Member will create or has created conditions which may be unsafe or adversely affect the Cooperative's system, the Member shall immediately correct such conditions or be subject to immediate disconnection from the Cooperative's system.
- c) Any change in the operating characteristics of the DG facility including, but not limited to, size of generator, total facility capacity, nature of facility, fuel source, site change, hours of operation, or type of generator used, will require a new application process, including, but not limited to, application form, application fee, DG Plan and DG Plan review by the Cooperative.

11) Testing and Record Keeping

- a) The Member will test all aspects of the protection systems up to and including tripping of the generator and interconnection point at start-up and thereafter as required. Testing will verify all protective set points and relay/breaker trip timing and shall include procedures to functionally test all protective elements of the system. The Cooperative may witness the testing.
- b) The Member will maintain records of all maintenance activities, which the Cooperative may review at reasonable times.

- c) For DG facilities greater than 500 kW, a log of generator operations shall be kept. At a minimum, the log shall include the date, generator time on, generator time off, and megawatt and megavar output. The Cooperative may review such logs at reasonable times.

12) Disconnection of Service

The Cooperative may, at its sole discretion, discontinue the interconnection of DG facilities due to reasons such as safety concerns, reliability issues, power quality issues, breach of interconnection contract or any other reasonable issue.

13) Compliance With Laws, Rules and Policy

The DG installation owned and installed by the member shall be installed and operated subject to and in accordance with the terms and conditions set forth in the Cooperative's rules, regulations, bylaws, rates and policy, as amended from time to time, and if applicable, approved by the Cooperative's board of directors, which are incorporated herein by reference, and in compliance with all applicable federal, state and local laws, regulations, zoning codes, building codes, safety rules, environmental restrictions, ordinances and regulations, including without limitation, Electric Reliability Council of Texas (ERCOT) Independent System Operator (ISO) directives and ERCOT guidelines, and in accordance with the industry standard prudent engineering practices.

**COOPERATIVE AGREEMENT
FOR INTERCONNECTION OF DISTRIBUTED GENERATION**

SHORT FORM CONTRACT

This Interconnection Agreement ("Agreement") is made and entered into this ____ day of _____, 20____, by Heart of Texas Electric Cooperative, Inc., a corporation organized under the laws of the state of Texas, and _____ ("DG Owner/Operator"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties". In consideration of the mutual covenants set forth herein, the Parties agree as follows:

The provisions of the Cooperative's Distributed Generation Manual shall be considered to be a part of this contract.

This agreement provides for the safe and orderly operation of the electrical facilities interconnecting the DG Owner/Operator's facility at _____

_____ and the electrical distribution facility owned by the Cooperative.

This Agreement does not supersede any requirements of any applicable policy in place between the DG Owner/Operator and the Cooperative.

1. **Intent of Parties:** It is the intent of the DG Owner/Operator to interconnect an electric power generator to the Cooperative's electrical distribution system.

It is the intent of the Cooperative to operate the distribution system to maintain a high level of service to their customers and to maintain a high level of power quality.

It is the intent of both parties to operate the facilities in a way that ensures the safety of the public and their employees.

2. **Operating Authority:** The DG Owner/Operator is responsible for establishing operating procedures and standards within their organization. The operating authority for the DG Owner/Operator shall ensure that the Operator in Charge of the generator is competent in the operation of the electrical generation system and is aware of the provisions of any operating agreements and regulations relating to the safe operation of electrical power systems.

The operating authority for the DG Owner/Operator is:

Name or title of operating authority _____

Address _____

Phone number _____

3. **Operator in Charge:** The operator in charge is the person identified by name or job title responsible for the real time operation of all electrical facilities related to the interconnection and owned by their organization.

The operator in charge for the DG Owner/Operator is:

Name or title of operating authority _____
 Address _____
 Phone number _____

4. Limitation of Liability and Indemnification:

- a. Notwithstanding any other provision in this Agreement, with respect to the Cooperative's provision of electric service to DG Owner/Operator and the services provided by the Cooperative pursuant to this Agreement, Cooperative's liability to DG Owner/Operator shall be limited as set forth in the Cooperative's policy and terms and conditions for electric service, which are incorporated herein by reference.
- b. Neither Cooperative nor DG Owner/Operator shall be liable to the other for damages for any act or omission that is beyond such party's control, including, but not limited to, any event that is a result of an act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, explosion, breakage or accident to any part of the System or to any other machinery or equipment, a curtailment, law, order, or regulation or restriction by governmental, military, or lawfully established civilian authorities.
- c. Notwithstanding Paragraph 5.b of this Agreement, the DG Owner/Operator shall assume all liability for, and shall indemnify Cooperative for, any claims, losses, costs, and expenses of any kind or character to the extent that they result from DG Owner/Operator's negligence or other wrongful conduct in connection with the design, construction or operation of the Facilities or Interconnection Facilities. Such indemnity shall include, but is not limited to, financial responsibility for (a) monetary losses; (b) reasonable costs and expenses of defending an action or claim; (c) damages related to death or injury; (d) damages to property; and (e) damages for the disruption of business. This paragraph does not create a liability on the part of the DG Owner/Operator to the Cooperative or a third person, but requires indemnification where such liability exists.
- d. Cooperative and DG Owner/Operator shall each be responsible for the safe installation, maintenance, repair and condition of their respective lines, wires, switches, or other equipment or property on their respective sides of the Point of Interconnection. The Cooperative, while retaining the right to inspect, does not assume any duty of inspecting the DG Owner/Operator's lines, wires, switches, or other equipment or property and will not be responsible therefore. DG Owner/Operator assumes all responsibility for the electric service supplied hereunder and the facilities used in connection therewith at or beyond the Point of Interconnection.
- e. For the mutual protection of the DG Owner/Operator and the Cooperative, only with Cooperative prior written authorization are the connections between the Cooperative's service wires and the DG Owner/Operator's service entrance conductors to be energized.

5. Metering: Metering shall be accomplished as described in the Cooperative's DG Manual.

6. **Insurance:** Insurance shall be required as described in the Cooperative's DG Manual.
7. **Suspension of Interconnection:** It is intended that the interconnection should not compromise the Cooperative's protection or operational requirements. The operation of the DG Owner/Operator's System and the quality of electric energy supplied by the DG Owner/Operator shall meet the standards as specified by the Cooperative. If the operation of the DG Owner/Operator's system or quality of electric energy supplied (in the case of power export) does not meet the standards as specified, then (the Cooperative) will notify the DG Owner/Operator to take reasonable and expedient corrective action. The Cooperative shall have the right to disconnect the DG Owner/Operator's System, until compliance is reasonably demonstrated. Notwithstanding, the Cooperative may in its sole discretion disconnect the DG Owner/Operator's generating plant from the Distribution Facility without notice if the operating of the Generating Plant may be or may become dangerous to life and property.
8. **Compliance with Laws, Rules and Policy:** Both the Cooperative and the DG Owner/Operator shall be responsible for complying with all applicable laws, rules and regulations, including but not limited to the laws of the state of Texas, and the Cooperative's DG Manual, Policy, Rules and Regulations, By-Laws and other governing documents. The interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the policy schedules and rules of the Cooperative as applicable to the electric service provided by the Cooperative, which policies and rules are hereby incorporated into this Agreement by this reference. The Cooperative shall have the right to publish changes in rates, classification, service or rule, with the proper notification to all DG owners/operators and Cooperative members.
9. **Maintenance Outages:** Maintenance outages will occasionally be required on the Cooperative's system, and the Cooperative will provide as much notice and planning as possible to minimize downtime. It is noted that in some emergency cases such notice may not be possible. Compensation will not be made for unavailability of Cooperative's facilities due to outages.
10. **Access:** Access is required by the Cooperative to the DG Owner/Operator's plant site for maintenance, operating and meter reading. The Cooperative reserves the right, but not the obligation, to inspect the DG Owner/Operator's facilities.
11. **Force Majeure:** For the purposes of this Agreement, a Force Majeure event is any event: (a) that is beyond the reasonable control of the affected party; and (b) that the affected party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent that they satisfy the preceding requirements: acts of war, public disorder, rebellion or insurrection; floods, hurricanes, earthquakes, lightning, storms or other natural calamities; explosions or fires; strikes, work stoppages or labor disputes; embargoes; and sabotage. If a Force Majeure event prevents a party from fulfilling any obligations under this agreement, such party will promptly notify the other party in writing and will keep the other party informed on a continuing basis as to the scope and duration of the Force Majeure event. The affected party will specify the circumstances of the Force Majeure event, its expected duration and the steps that the affected party is taking to mitigate the effect of the event on its performance. The affected party will be entitled to suspend or modify its performance of obligations under this Agreement but will use reasonable efforts to resume its performance as soon as possible.

REFUSAL TO INTERCONNECT SERVICE OR DISCONNECTION OF INTERCONNECTION SERVICE

The Cooperative may, at its sole discretion, prevent the interconnection, or disconnect the interconnection, of any DG facilities due to reasons such as safety concerns, reliability issues, power quality issues, breach of interconnection contract or any other reasonable issue. Any disconnection may be without prior notice.

I. OPERATION OF PARALLEL FACILITY

1) Purpose

The purpose of this section is to outline the Cooperative's operational requirements for DG facilities operated in parallel with the Cooperative's electric distribution system and is not intended to be a complete listing of all operational, regulatory, safety and other requirements.

2) Ownership of facilities

- a) The Member shall own and be solely responsible for all expense, installation, maintenance and operation of all facilities, including all power generating facilities, at and on the Member's side of the point of common coupling as defined by the IEEE.
- b) Exceptions include Cooperative-owned metering equipment and transformers.

3) Self-Protection of DG Facilities

- a) The Member will furnish, install, operate and maintain in good order and repair all equipment necessary for the safe operation of the DG facilities operated in parallel with the Cooperative's electric distribution system.
- b) Member's equipment will have capability to both establish and maintain synchronism with the Cooperative's system and to automatically disconnect and isolate the DG facility from the Cooperative's system.
- c) The Member's DG facility will be designed, installed and maintained to be self-protected from normal and abnormal conditions on the Cooperative's system including, but not limited to, overvoltage, undervoltage, overcurrent, frequency deviation, and faults. Self-protection will be compatible with all applicable Cooperative protection arrangements and operating policies.
- d) Additional protective devices and/or functions may be required by the Cooperative when, in the sole judgment of the Cooperative, the particular DG installation and/or the Cooperative system characteristics so warrant.

4) Quality of service

- a) Member's DG facility will generate power at the nominal voltage of the Cooperative's electrical distribution system at the Member's delivery point as defined by ANSI C84.1 Range A.
- b) Member's DG facility will generate power at a frequency within the tolerances as defined by IEEE 1547.
- c) Member's DG facility shall produce power at a minimum power factor of at least 95% or shall use power factor correction capacitors to ensure at least a 95% power factor.
- d) The overall quality of the power provided by the Member's DG facility including, but not limited to, the effects of harmonic distortion, voltage regulation, voltage flicker, switching

surges and power factor, will be such that the Cooperative's electric distribution system is not adversely affected in any manner.

- e) In the event that the adverse effects are caused in whole or in part by the Member's DG facility, the Member will correct the cause of such effects, reimburse the Cooperative for required correction, or be disconnected from the Cooperative's system.

5) Safety disconnect

- a) The Member shall install a visible load break disconnect switch at the Member's expense and to the Cooperative's specifications.
- b) The switch will be located so as to be readily accessible to Cooperative personnel in a location acceptable to both the Member and Cooperative.
- c) The switch shall be a type that can be secured in an open position by a padlock owned by the Cooperative.
- d) The Cooperative shall have the right to lock the switch open when, in the judgment of the Cooperative:
 - (1) It is necessary to maintain safe electrical operating and/or maintenance conditions,
 - (2) The Member's DG facility adversely affects the Cooperative system, or
 - (3) There is a system emergency or other abnormal operating condition warranting disconnection.
- e) The Cooperative reserves the right to operate the disconnect switch for the protection of the Cooperative's system even if it affects the Member's DG facility. In the event the Cooperative opens and/or closes the disconnect switch:
 - (1) The Cooperative shall not be responsible for energization or restoration of parallel operation of the DG facility.
 - (2) The Cooperative will make reasonable efforts to notify the Member.
- f) The Member will not bypass the disconnect switch at any time for any reason.
- g) Signage shall be placed by the Cooperative at the location of the disconnect indicating the purpose of the switch along with contact names and numbers of both the Member and the Cooperative.
- h) Members with DG facilities as defined in this Manual which are solely for the purpose of emergency backup or peak shaving without intent to export power shall not operate their DG facilities unless visibly disconnected from the Cooperative's system.
- i) In the event the Cooperative loses power to the line serving a Member's DG facilities for any reason, any Member with DG facilities which are intended to export power shall not operate its DG facilities unless disconnected from the Cooperative's system.

6) Access

- a) Persons authorized by the Cooperative will have the right to enter the Member's property for purposes of testing, operating the disconnect switch, reading or testing the metering equipment or other DG and/or service requirements. Such entry onto the Member's property may be without prior notice.
- b) If the Member erects or maintains locked gates or other barriers, the Member will furnish the Cooperative with convenient means to circumvent the barrier for full access for the above-mentioned reasons.

7) Modification of the Cooperative's System

- a) In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify its electric delivery systems in order to serve the Member's DG facilities and/or purchase or continue to purchase the output of the Member's DG facilities, or because the quality of the power provided by the Member's DG facilities adversely affects the Cooperative and/or its Power Supplier's delivery system, the Member will be responsible to reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection of the Member's DG facilities.
- b) In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify electric delivery systems in order to purchase or continue to purchase the Member's output, or because the quality of the power provided by the Member's DG adversely affects the Cooperative and/or its Power Supplier's delivery system, the Member will reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection of the Member's DG installation.

8) Liability for Injury and Damages

- a) The Member assumes full responsibility for electric energy furnished at and past the point of interconnection and shall indemnify the Cooperative and/or its Power Supplier against and hold the Cooperative and/or its Power Supplier harmless from all claims for both injuries to persons, including death resulting therefrom, and damages to property occurring upon the premises owned or operated by Member arising from electric power and energy delivered by the Cooperative or in any way arising directly or indirectly from the Member's DG facilities except:
 - (1) When the negligence of the Cooperative or its agent or agents was the sole proximate cause of injuries, including death therefrom, to Member or to employees of Member or in the case of a residential Member, to all people of the household, and
 - (2) As to all other injuries and damages, to the extent that injuries or damages are proximately caused by or result in whole or in part from:
 - (a) Any negligence of the Cooperative or its agent or agents independent of and unrelated to the maintenance of Cooperative facilities or any condition on Member's premises, or
 - (b) The breach by the Cooperative of any provision of any contract regarding purchase and/or sale of electrical energy or service between the Member and the Cooperative.
- b) The Cooperative and/or its Power Supplier shall not be liable for either direct or consequential damages resulting from failures, interruptions, or voltage and waveform fluctuations occasioned by causes reasonably beyond the control of the Cooperative and/or its Power Supplier including, but not limited to, acts of God or public enemy, sabotage and/or vandalism, accidents, fire, explosion, labor troubles, strikes, order of any court or judge granted in any bona fide adverse legal proceeding or action, or any order of any commission, tribunal or governmental authority having jurisdiction. For claims resulting from failures, interruptions, or voltage and waveform fluctuations occasioned in whole or in part by the negligence of the Cooperative or its agent or agents, the Cooperative shall be liable only for that portion of the damages arising from personal injury, death of persons, or costs of necessary repairs to or reasonable replacement of electrical equipment proximately caused by the negligent acts of the

Cooperative or its agent or agents. **ALL PROVISIONS NOTWITHSTANDING, IN NO EVENT SHALL THE COOPERATIVE BE LIABLE TO THE MEMBER FOR ANY INTEREST, LOSS OF ANTICIPATED REVENUES, EARNINGS, PROFITS, INCREASED EXPENSE OF OPERATIONS, LOSS BY REASON OF SHUTDOWN OR NON-OPERATION OF MEMBER'S PREMISES OR FACILITIES FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING OUT OF OR RELATED, IN WHOLE OR PART, TO THIS AGREEMENT.**

9) Liability Insurance

a) Facilities 25 kW and smaller

- (1) Prior to interconnection, the Member must provide a certificate of insurance showing satisfactory liability insurance including contractual liability insurance covering indemnity agreements which insures the Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Member's generating equipment.
- (2) The amount of such insurance coverage shall be not less than \$500,000 per occurrence. This amount may be increased at the sole discretion of the Cooperative if the nature of the project so requires.
- (3) The insurance policy will not be changed or canceled during its term without thirty days written notice to the Cooperative.
- (4) The Member shall provide proof of such insurance to the Cooperative upon request.

b) Facilities larger than 25 kW

- (1) Prior to interconnection, the Member must provide a certificate of insurance showing satisfactory liability insurance including contractual liability insurance covering indemnity agreements which insures the Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Member's generating equipment.
- (2) The amount of such insurance coverage shall be not less than \$500,000 per occurrence. This amount may be increased at the sole discretion of the Cooperative if the nature of the project so requires.
- (3) The certificate shall provide that the insurance policy will not be changed or canceled during its term without thirty days written notice to the Cooperative. The term of the insurance shall be coincident with the term of the interconnection contract or shall be specified to renew throughout the length of the interconnection contract.
- (4) The Member shall provide proof of such insurance to the Cooperative at least annually.

10) Metering/Monitoring

a) The Cooperative shall specify, install and own all metering equipment.

b) DG facilities \leq 25 kW

The DG facility will be net metered by installing a meter which measures the flow of energy in each direction.

c) DG facilities > 25 kW

- (1) Power transfer at the point of interconnection will be measured by metering equipment as installed and specified at the sole discretion of the Cooperative and/or its Power Supplier.
- (2) There shall be no net metering.
- (3) The meter shall be read at a time or times of month determined at the Cooperative's sole discretion for remotely acquiring metering data. The Member shall provide the Cooperative an approved communications link at the Member's cost for this purpose if so requested by the Cooperative.

d) DG facilities > 4 MW (Not covered by this Manual)

- e) The Cooperative may, at its sole discretion, require the Member to reimburse the Cooperative for metering and monitoring equipment and installation expense.
- f) Meter testing shall follow the Cooperative's standard policy on metering testing and accuracy.
- g) At its sole discretion, the Cooperative may meter the DG facility at primary or secondary level.

11) Notice of Change in Installation

- a) The Member will notify the Cooperative in writing thirty (30) days in advance of making any change affecting the characteristics, performance, or protection of the DG facility.
- b) If any modification undertaken by the Member will create or has created conditions which may be unsafe or adversely affect the Cooperative's system, the Member shall immediately correct such conditions or be subject to immediate disconnection from the Cooperative's system.
- c) Any change in the operating characteristics of the DG facility including, but not limited to, size of generator, total facility capacity, nature of facility, fuel source, site change, hours of operation, or type of generator used, will require a new application process, including, but not limited to, application form, application fee, DG Plan and DG Plan review by the Cooperative.

12) Testing and Record Keeping

- a) The Member will test all aspects of the protection systems up to and including tripping of the generator and interconnection point at start-up and thereafter as required. Testing will verify all protective set points and relay/breaker trip timing and shall include procedures to functionally test all protective elements of the system. The Cooperative may witness the testing.
- b) The Member will maintain records of all maintenance activities, which the Cooperative may review at reasonable times.
- c) For DG facilities greater than 500 kW, a log of generator operations shall be kept. At a minimum, the log shall include the date, generator time on, generator time off, and megawatt and megavar output. The Cooperative may review such logs at reasonable times.

13) Disconnection of Service

The Cooperative may, at its sole discretion, discontinue the interconnection of DG facilities due to reasons such as safety concerns, reliability issues, power quality issues, breach of interconnection contract or any other reasonable issue.

14. Compliance With Laws, Rule and Policy

The DG installation owned and installed by the member shall be installed and operated subject to and in accordance with the terms and conditions set forth in the Cooperative's rules, regulations, bylaws, rates and policy, as amended from time to time, and if applicable, approved by the Cooperative's board of directors, which are incorporated herein by reference, and in compliance with all applicable federal, state and local laws, regulations, zoning codes, building codes, safety rules, environmental restrictions, ordinances and regulations, including without limitation, Electric Reliability Council of Texas (ERCOT) Independent System Operator (ISO) directives and ERCOT guidelines, and in accordance with the industry standard prudent engineering practices.

15) Term: This document is intended to be valid for a period of two (2) years. It may be canceled by either party with 30 days notice to the other party.

AGREED TO BY

DG Owner/Operator

Cooperative

Name

Name

Title

Title

Date

Date

COOPERATIVE AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION

LONG FORM CONTRACT

This Interconnection Agreement ("Agreement") is made and entered into this ____ day of _____, 20__, by Heart of Texas Electric Cooperative, Inc., a corporation organized under the laws of the State of Texas, and _____ ("DG Owner/Operator"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties." In consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. Scope of Agreement -- This Agreement is applicable to conditions under which the Cooperative and the DG Owner/Operator agree that one or more generating facilities (described in Exhibit A) owned by the DG Owner/Operator of _____ kW or less, to be interconnected at _____ kV or less ("Facilities") may be interconnected to the Cooperative's electric power distribution system ("System").

The provisions of the Cooperative's Distributed Generation Manual shall be considered to be a part of this contract.

2. Establishment of Point of Interconnection - The point where the electric energy first leaves the wires or facilities owned by the Cooperative and enters the wires or facilities provided by DG Owner/Operator is the "Point of Interconnection." Cooperative and DG Owner/Operator agree to interconnect the Facilities at the Point of Interconnection in accordance with the Cooperative's Rules and Regulations and DG Manual relating to interconnection of Distributed Generation (the "Rules") and as described in the attached Exhibit A. The interconnection equipment installed by the customer ("Interconnection Facilities") shall be in accordance with the Rules as well.

3. Responsibilities of Cooperative and DG Owner/Operator for Installation, Operation and Maintenance of Facilities - DG Owner/Operator will, at its own cost and expense, operate, maintain, repair, and inspect, and shall be fully responsible for, its Facilities, unless otherwise specified on Exhibit A. DG Owner/Operator shall conduct operations of its Facilities in compliance with all aspects of the Rules, and Cooperative shall conduct operations of its electric distribution facilities in compliance with all aspects of the Rules, or as further described and mutually agreed to in the applicable Facilities Schedule. Maintenance of Interconnection Facilities shall be performed in accordance with the applicable manufacturers' recommended maintenance schedule. The DG Owner/Operator agrees to cause its Interconnection Facilities to be constructed in accordance with specifications equal to or better than those provided by the National Electrical Safety Code and the National Electrical Code, both codes approved by the American National Standards Institute, in effect at the time of construction.

The DG Owner/Operator covenants and agrees to cause the design, installation, maintenance, and operation of, its Interconnection Facilities so as to reasonably minimize the likelihood of a malfunction or other disturbance, damaging or otherwise affecting or impairing the System. DG Owner/Operator shall comply with all applicable laws, regulations, zoning codes, building codes, safety rules and environmental restrictions applicable to the design, installation and operation of its Facilities.

Cooperative will notify DG Owner/Operator if there is evidence that the Facilities' operation causes disruption or deterioration of service to other customer(s) served from the System or if the Facilities' operation causes damage to the System. DG Owner/Operator will notify the Cooperative of any emergency or hazardous condition or occurrence with the DG Owner/Operator's Facilities, which could affect safe operation of the System.

4. Operator in Charge - The Cooperative and the DG Owner/Operator shall each identify an individual (by name or title) who will perform as "Operator in Charge" of the facilities and their section of the Interconnection Facilities. This individual must be familiar with this Agreement as well as provisions of other agreements and any regulations that may apply.

5. Limitation of Liability and Indemnification

- a. Notwithstanding any other provision in this Agreement, with respect to the Cooperative's provision of electric service to DG Owner/Operator and the services provided by the Cooperative pursuant to this Agreement, Cooperative's liability to DG Owner/Operator shall be limited as set forth in the Cooperative's policy and terms and conditions for electric service, which are incorporated herein by reference.
- b. Neither Cooperative nor DG Owner/Operator shall be liable to the other for damages for any act or omission that is beyond such party's control, including, but not limited to, any event that is a result of an act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, explosion, breakage or accident to any part of the System or to any other machinery or equipment, a curtailment, law, order, or regulation or restriction by governmental, military, or lawfully established civilian authorities.
- c. Notwithstanding Paragraph 5.b of this Agreement, the DG Owner/Operator shall assume all liability for, and shall indemnify Cooperative for, any claims, losses, costs, and expenses of any kind or character to the extent that they result from DG Owner/Operator's negligence or other wrongful conduct in connection with the design, construction or operation of the Facilities or Interconnection Facilities. Such indemnity shall include, but is not limited to, financial responsibility for (a) monetary losses; (b) reasonable costs and expenses of defending an action or claim; (c) damages related to death or injury; (d) damages to property; and (e) damages for the disruption of business. This paragraph does not create a liability on the part of the DG Owner/Operator to the Cooperative or a third person, but requires indemnification where such liability exists.
- d. Cooperative and DG Owner/Operator shall each be responsible for the safe installation, maintenance, repair and condition of their respective lines, wires, switches, or other equipment or property on their respective sides of the Point of Interconnection. The Cooperative, while retaining the right to inspect, does not assume any duty of inspecting the DG Owner/Operator's lines, wires, switches, or other equipment or property and will not be responsible therefore. DG Owner/Operator assumes all responsibility for the electric service supplied hereunder and the facilities used in connection therewith at or beyond the Point of Interconnection.
- e. For the mutual protection of the DG Owner/Operator and the Cooperative, only with Cooperative prior written authorization are the connections between the

Cooperative's service wires and the DG Owner/Operator's service entrance conductors to be energized.

6. Design Reviews and Inspections - The DG Owner/Operator shall provide to the Cooperative the following documentation and inspection results:

- a. One-Line Diagram. The diagram shall include at a minimum, all major electrical equipment that is pertinent to understanding the normal and contingency operations of the DG Interconnection Facilities, including generators, switches, circuit breakers, fuses, protective relays and instrument transformers.
- b. Testing Records. Testing of protection systems shall be limited to records of compliance with standard acceptance procedures and by industry standards and practices. These records shall include testing at the start of commercial operation and periodic testing thereafter.
- c. The Member acknowledges and agrees that any review or acceptance of such plans, specifications and other information by the Cooperative and/or its Power Supplier shall not impose any liability on the Cooperative and/or its Power Supplier and does not guarantee the adequacy of the Member's equipment or DG facility to perform its intended function. The Cooperative and its Power Supplier disclaims any expertise or special knowledge relating to the design or performance of such generating installations and does not warrant the efficiency, cost-effectiveness, safety, durability, or reliability of such DG facilities and installations.
- d. In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify its electric delivery systems in order to serve the Member's DG facilities and/or purchase or continue to purchase the output of the Member's DG facilities, or because the quality of the power provided by the Member's DG facility adversely affects the Cooperative and/or its Power Supplier's delivery system, the Member will be responsible to reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection of the Member's DG facilities.

7. Right of Access, Equipment Installation, Removal & Inspection - The Cooperative may send an employee, agent or contractor to the premises of the DG Owner/Operator at any time whether before, during or after the time the Facilities first produces energy to inspect the Interconnection Facilities, and observe the Facility's installation, commissioning (including any testing), startup, and operation.

At all times Cooperative shall have access to DG Owner/Operator's premises for any reasonable purpose in connection with the interconnection described in this Agreement, the Rules, or to provide service to its customers.

8. Confidentiality of Information - Unless compelled to disclose by judicial or administrative process, or by other provisions of law or as otherwise provided for in this Agreement, the DG Owner/Operator and the Cooperative will hold in confidence any and all documents and information furnished by the other party in connection with this Agreement.

9. Prudent Operation and Maintenance Requirements - The DG Owner/Operator shall operate and maintain its generation and interconnection facilities in accordance with industry standard prudent electrical practices. The said standards shall be those in effect at the time a DG Owner/Operator executes an interconnection agreement with the Cooperative.

10. Disconnection of Unit - DG Owner/Operator retains the option to disconnect its Facilities from the System, provided that DG Owner/Operator notifies the Cooperative of its intent to disconnect by giving the Cooperative at least thirty (30) days' prior written notice. Such disconnection shall not be a termination of the agreement unless DG Owner/Operator exercises rights under Section 13.

DG Owner/Operator shall disconnect Facilities from the System upon the effective date of any termination under Section 13.

Subject to the Rules, for routine maintenance and repairs on the System, Cooperative shall provide DG Owner/Operator with seven (7) business days' notice of service interruption.

Cooperative shall have the right to suspend service in cases where continuance of service to DG Owner/Operator will endanger persons or property. During the forced outage of the System serving DG Owner/Operator, Cooperative shall have the right to suspend service to effect repairs on the System, but the Cooperative shall use its efforts to provide the DG Owner/Operator with reasonable prior notice.

11. Metering - Metering shall be accomplished as described in the Cooperative's DG Manual.

12. Insurance – Insurance shall be required as described in the Cooperative's DG Manual.

13. Effective Term and Termination Rights - This Agreement becomes effective when executed by both Parties and shall continue in effect until terminated. This agreement may be terminated as follows: (a) DG Owner/Operator may terminate this Agreement at any time by giving the Cooperative sixty days' written notice; (b) Cooperative may terminate upon failure by the DG Owner/Operator to generate energy from the Facilities in parallel within six (6) months after completion of the interconnection; (c) either Party may terminate by giving the other Party at least thirty (30) days prior written notice that the other Party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, policy, regulation, contract, or policy of the Cooperative, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) Cooperative may terminate by giving DG Owner/Operator at least sixty (60) days notice in the event that there is a material change in an applicable law, or any requirement of the Cooperative's wholesale electric suppliers or any transmission utility, independent system operator or regional transmission organization having responsibility for the operation of any part of the System.

14. Dispute Resolution - Each party agrees to attempt to resolve any and all disputes arising hereunder promptly, equitably and in good faith. If a dispute arises under this Agreement that cannot be resolved by the parties within forty-five (45) working days after written notice of the dispute, the parties agree to submit the dispute to mediation by a mutually acceptable mediator. The parties agree to participate in good faith in the mediation for thirty (30) days. If the parties are unsuccessful in resolving their dispute through mediation, then the parties shall submit to arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The venue of such arbitration shall be Waco, Texas.

15. Compliance with Laws, Rules and Policies - Both the Cooperative and the DG Owner/Operator shall be responsible for complying with all applicable laws, rules and regulations, including but not limited to the laws of the state of Texas, and the Cooperative's DG Manual, Policy, Rules and Regulations, By-Laws and other governing documents. The interconnection and services provided under this Agreement shall at all times be subject

to the terms and conditions set forth in the policy schedules and rules of the Cooperative as applicable to the electric service provided by the Cooperative, which policy and rules are hereby incorporated into this Agreement by this reference. The Cooperative shall have the right to publish changes in rates, classification, service or rule, with the proper notification to all DG owners/operators and Cooperative members.

16. Severability -If any portion or provision of this Agreement is held or adjudged for any reason to be invalid or illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed separate and independent, and the remainder of this Agreement shall remain in full force and effect.

17. Amendment - This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

18. Entirety of Agreement and Prior Agreements Superseded - This Agreement, including the Rules and all attached Exhibits and Facilities Schedules, which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Points of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein or in the DG Owner/Operator application, or other written information provided by the DG Owner/Operator in compliance with the Rules. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.

19. Force Majeure -For the purposes of this Agreement, a Force Majeure event is any event: (a) that is beyond the reasonable control of the affected party; and (b) that the affected party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent that they satisfy the preceding requirements: acts of war, public disorder, rebellion or insurrection; floods, hurricanes, earthquakes, lightning, storms or other natural calamities; explosions or fires; strikes, work stoppages or labor disputes; embargoes; and sabotage. If a Force Majeure event prevents a party from fulfilling any obligations under this agreement, such party will promptly notify the other party in writing and will keep the other party informed on a continuing basis as to the scope and duration of the Force Majeure event. The affected party will specify the circumstances of the Force Majeure event, its expected duration and the steps that the affected party is taking to mitigate the effect of the event on its performance. The affected party will be entitled to suspend or modify its performance of obligations under this Agreement but will use reasonable efforts to resume its performance as soon as possible.

20. Assignment - At any time during the term of this Agreement, the DG Owner/Operator may assign this Agreement to a corporation, an entity with limited liability or an individual (the "Assignee"), provided that the DG Owner/Operator obtains the consent of the Cooperative in advance of the assignment. The Cooperative's consent will be based on a determination that the Assignee is financially and technically capable to assume ownership and/or operation of the DG unit. The company or individual to which this Agreement is assigned will be responsible for the proper operation and maintenance of the unit, and will be a party to all provisions of this Agreement.

21. Permits, Fees and Approvals - The Cooperative will have responsibility for the review, approval or rejection of the DG interconnection application. The approval process is intended to ensure that the implementation of the applicant's DG project will not adversely affect the safe and reliable operation of the Cooperative's System. The fees associated with the Application are listed in the most current fee schedule issued by the Cooperative. All fees are to be submitted in the form of a Bank Cashier's check along with the Application, unless other payment terms have been approved in advance by the Cooperative.

22. Notices - Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

(a) If to Cooperative:

(b) If to DG Owner/Operator:

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other, notwithstanding Section 17.

23. Invoicing and Payment - Invoicing and payment terms for services associated with this Agreement shall be consistent with applicable Rules of the Cooperative.

24. Limitations (No Third-Party Beneficiaries, Waiver, etc.) - This Agreement is not intended to, and does not create, rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties. This Agreement may not be assigned by the DG Owner/Operator without the prior written consent of the Cooperative as specified in Section 20. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties.

25. Headings - The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

26. Multiple Counterparts - This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

REFUSAL TO INTERCONNECT SERVICE OR DISCONNECTION OF INTERCONNECTION SERVICE

The Cooperative may, at its sole discretion, prevent the interconnection, or disconnect the interconnection, of any DG facilities due to reasons such as safety concerns, reliability issues, power quality issues, breach of interconnection contract or any other reasonable issue. Any disconnection may be without prior notice.

I. OPERATION OF PARALLEL FACILITY

1) Purpose

The purpose of this section is to outline the Cooperative's operational requirements for DG facilities operated in parallel with the Cooperative's electric distribution system and is not intended to be a complete listing of all operational, regulatory, safety and other requirements.

2) Ownership of facilities

- a) The Member shall own and be solely responsible for all expense, installation, maintenance and operation of all facilities, including all power generating facilities, at and on the Member's side of the point of common coupling as defined by the IEEE.
- b) Exceptions include Cooperative-owned metering equipment and transformers.

3) Self-Protection of DG Facilities

- a) The Member will furnish, install, operate and maintain in good order and repair all equipment necessary for the safe operation of the DG facilities operated in parallel with the Cooperative's electric distribution system.
- b) Member's equipment will have capability to both establish and maintain synchronism, with the Cooperative's system and to automatically disconnect and isolate the DG facility from the Cooperative's system.
- c) The Member's DG facility will be designed, installed and maintained to be self-protected from normal and abnormal conditions on the Cooperative's system including, but not limited to, overvoltage, undervoltage, overcurrent, frequency deviation, and faults. Self-protection will be compatible with all applicable Cooperative protection arrangements and operating policies.
- d) Additional protective devices and/or functions may be required by the Cooperative when, in the sole judgment of the Cooperative, the particular DG installation and/or the Cooperative system characteristics so warrant.

4) Quality of service

- a) Member's DG facility will generate power at the nominal voltage of the Cooperative's electrical distribution system at the Member's delivery point as defined by ANSI C84.1 Range A.
- b) Member's DG facility will generate power at a frequency within the tolerances as defined by IEEE 1547.
- c) Member's DG facility shall produce power at a minimum power factor of at least 95% or shall use power factor correction capacitors to ensure at least a 95% power factor.
- d) The overall quality of the power provided by the Member's DG facility including, but not limited to, the effects of harmonic distortion, voltage regulation, voltage flicker, switching

surges and power factor, will be such that the Cooperative's electric distribution system is not adversely affected in any manner.

- e) In the event that the adverse effects are caused in whole or in part by the Member's DG facility, the Member will correct the cause of such effects, reimburse the Cooperative for required correction, or be disconnected from the Cooperative's system.

5) Safety disconnect

- a) The Member shall install a visible load break disconnect switch at the Member's expense and to the Cooperative's specifications.
- b) The switch will be located so as to be readily accessible to Cooperative personnel in a location acceptable to both the Member and Cooperative.
- c) The switch shall be a type that can be secured in an open position by a padlock owned by the Cooperative.
- d) The Cooperative shall have the right to lock the switch open when, in the judgment of the Cooperative:
 - (1) It is necessary to maintain safe electrical operating and/or maintenance conditions,
 - (2) The Member's DG facility adversely affects the Cooperative system, or
 - (3) There is a system emergency or other abnormal operating condition warranting disconnection.
- e) The Cooperative reserves the right to operate the disconnect switch for the protection of the Cooperative's system even if it affects the Member's DG facility. In the event the Cooperative opens and/or closes the disconnect switch:
 - (1) The Cooperative shall not be responsible for energization or restoration of parallel operation of the DG facility.
 - (2) The Cooperative will make reasonable efforts to notify the Member.
- f) The Member will not bypass the disconnect switch at any time for any reason.
- g) Signage shall be placed by the Cooperative at the location of the disconnect indicating the purpose of the switch along with contact names and numbers of both the Member and the Cooperative.
- h) Members with DG facilities as defined in this Manual which are solely for the purpose of emergency backup or peak shaving without intent to export power shall not operate their DG facilities unless visibly disconnected from the Cooperative's system.
- i) In the event the Cooperative loses power to the line serving a Member's DG facilities for any reason, any Member with DG facilities which are intended to export power shall not operate its DG facilities unless disconnected from the Cooperative's system.

6) Access

- a) Persons authorized by the Cooperative will have the right to enter the Member's property for purposes of testing, operating the disconnect switch, reading or testing the metering equipment or other DG and/or service requirements. Such entry onto the Member's property may be without prior notice.
- b) If the Member erects or maintains locked gates or other barriers, the Member will furnish the Cooperative with convenient means to circumvent the barrier for full access for the above-mentioned reasons.

7) Modification of the Cooperative's System

- a) In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify its electric delivery systems in order to serve the Member's DG facilities and/or purchase or continue to purchase the output of the Member's DG facilities, or because the quality of the power provided by the Member's DG facilities adversely affects the Cooperative and/or its Power Supplier's delivery system, the Member will be responsible to reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection of the Member's DG facilities.
- b) In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify electric delivery systems in order to purchase or continue to purchase the Member's output, or because the quality of the power provided by the Member's DG adversely affects the Cooperative and/or its Power Supplier's delivery system, the Member will reimburse the Cooperative and/or its Power Supplier for all costs of modifications required for the interconnection of the Member's DG installation.

8) Liability for Injury and Damages

- a) The Member assumes full responsibility for electric energy furnished at and past the point of interconnection and shall indemnify the Cooperative and/or its Power Supplier against and hold the Cooperative and/or its Power Supplier harmless from all claims for both injuries to persons, including death resulting therefrom, and damages to property occurring upon the premises owned or operated by Member arising from electric power and energy delivered by the Cooperative or in any way arising directly or indirectly from the Member's DG facilities except:
 - (1) When the negligence of the Cooperative or its agent or agents was the sole proximate cause of injuries, including death therefrom, to Member or to employees of Member or in the case of a residential Member, to all people of the household, and
 - (2) As to all other injuries and damages, to the extent that injuries or damages are proximately caused by or result in whole or in part from:
 - (a) Any negligence of the Cooperative or its agent or agents independent of and unrelated to the maintenance of Cooperative facilities or any condition on Member's premises, or
 - (b) The breach by the Cooperative of any provision of any contract regarding purchase and/or sale of electrical energy or service between the Member and the Cooperative.

- b) The Cooperative and/or its Power Supplier shall not be liable for either direct or consequential damages resulting from failures, interruptions, or voltage and waveform fluctuations occasioned by causes reasonably beyond the control of the Cooperative and/or its Power Supplier including, but not limited to, acts of God or public enemy, sabotage and/or vandalism, accidents, fire, explosion, labor troubles, strikes, order of any court or judge granted in any bona fide adverse legal proceeding or action, or any order of any commission, tribunal or governmental authority having jurisdiction. For claims resulting from failures, interruptions, or voltage and waveform fluctuations occasioned in whole or in part by the negligence of the Cooperative or its agent or agents, the Cooperative shall be liable only for that portion of the damages arising from personal injury, death of persons, or costs of necessary repairs to or reasonable replacement of electrical equipment proximately caused by the negligent acts of the Cooperative or its agent or agents. **ALL PROVISIONS NOTWITHSTANDING, IN NO EVENT SHALL THE COOPERATIVE BE LIABLE TO THE MEMBER FOR ANY INTEREST, LOSS OF ANTICIPATED REVENUES, EARNINGS, PROFITS, INCREASED EXPENSE OF OPERATIONS, LOSS BY REASON OF SHUTDOWN OR NON-OPERATION OF MEMBER'S PREMISES OR FACILITIES FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING OUT OF OR RELATED, IN WHOLE OR PART, TO THIS AGREEMENT.**

9) Liability Insurance

- a) Facilities 25 kW and smaller
- (1) Prior to interconnection, the Member must provide a certificate of insurance showing satisfactory liability insurance including contractual liability insurance covering indemnity agreements which insures the Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Member's generating equipment.
 - (2) The amount of such insurance coverage shall be not less than \$500,000 per occurrence. This amount may be increased at the sole discretion of the Cooperative if the nature of the project so requires.
 - (3) The insurance policy will not be changed or canceled during its term without thirty days written notice to the Cooperative.
 - (4) The Member shall provide proof of such insurance to the Cooperative upon request.
- b) Facilities larger than 25 kW
- (1) Prior to interconnection, the Member must provide a certificate of insurance showing satisfactory liability insurance including contractual liability insurance covering indemnity agreements which insures the Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Member's generating equipment.
 - (2) The amount of such insurance coverage shall be not less than \$500,000 per occurrence. This amount may be increased at the sole discretion of the Cooperative if the nature of the project so requires.
 - (3) The certificate shall provide that the insurance policy will not be changed or canceled during its term without thirty days written notice to the Cooperative. The

term of the insurance shall be coincident with the term of the interconnection contract or shall be specified to renew throughout the length of the interconnection contract.

(4) The Member shall provide proof of such insurance to the Cooperative at least annually.

10) Metering/Monitoring

a) The Cooperative shall specify, install and own all metering equipment.

b) DG facilities \leq 25 kW

The DG facility will be net metered by installing a meter which measures the flow of energy in each direction.

c) DG facilities $>$ 25 kW

(1) Power transfer at the point of interconnection will be measured by metering equipment as installed and specified at the sole discretion of the Cooperative and/or its Power Supplier.

(2) There shall be no net metering.

(3) The meter shall be read at a time or times of month determined at the Cooperative's sole discretion for remotely acquiring metering data. The Member shall provide the Cooperative an approved communications link at the Member's cost for this purpose if so requested by the Cooperative.

d) DG facilities $>$ 4 MW (Not covered by this Manual)

e) The Cooperative may, at its sole discretion, require the Member to reimburse the Cooperative for metering and monitoring equipment and installation expense.

f) Meter testing shall follow the Cooperative's standard policy on metering testing and accuracy.

g) At its sole discretion, the Cooperative may meter the DG facility at primary or secondary level.

11) Notice of Change in Installation

a) The Member will notify the Cooperative in writing thirty (30) days in advance of making any change affecting the characteristics, performance, or protection of the DG facility.

b) If any modification undertaken by the Member will create or has created conditions which may be unsafe or adversely affect the Cooperative's system, the Member shall immediately correct such conditions or be subject to immediate disconnection from the Cooperative's system.

c) Any change in the operating characteristics of the DG facility including, but not limited to, size of generator, total facility capacity, nature of facility, fuel source, site change, hours of operation, or type of generator used, will require a new application process, including, but not limited to, application form, application fee, DG Plan and DG Plan review by the Cooperative.

12) Testing and Record Keeping

- a) The Member will test all aspects of the protection systems up to and including tripping of the generator and interconnection point at start-up and thereafter as required. Testing will verify all protective set points and relay/breaker trip timing and shall include procedures to functionally test all protective elements of the system. The Cooperative may witness the testing.
- b) The Member will maintain records of all maintenance activities, which the Cooperative may review at reasonable times.
- c) For DG facilities greater than 500 kW, a log of generator operations shall be kept. At a minimum, the log shall include the date, generator time on, generator time off, and megawatt and megavar output. The Cooperative may review such logs at reasonable times.

13) Disconnection of Service

The Cooperative may, at its sole discretion, discontinue the interconnection of DG facilities due to reasons such as safety concerns, reliability issues, power quality issues, breach of interconnection contract or any other reasonable issue.

14) Compliance With Laws, Rules, and Policy

The DG installation owned and installed by the member shall be installed and operated subject to and in accordance with the terms and conditions set forth in the Cooperative's rules, regulations, bylaws, rates and policy, as amended from time to time, and if applicable, approved by the Cooperative's board of directors, which are incorporated herein by reference, and in compliance with all applicable federal, state and local laws, regulations, zoning codes, building codes, safety rules, environmental restrictions, ordinances and regulations, including without limitation, Electric Reliability Council of Texas (ERCOT) Independent System Operator (ISO) directives and ERCOT guidelines, and in accordance with the industry standard prudent engineering practices. **IN WITNESS WHEREOF**, the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

[COOPERATIVE NAME]

[DG OWNER/OPERATOR NAME]

BY: _____

BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

EXHIBIT A
DESCRIPTION OF FACILITIES AND POINT OF INTERCONNECTION

DG Owner/Operator will, at its own cost and expense, operate, maintain, repair, and inspect, and shall be fully responsible for its Facilities, unless otherwise specified on Exhibit A.

EXHIBIT B

FACILITIES SCHEDULE NO.

[The following information is to be specified for each Point of Interconnection, if applicable]

1. Name:
2. Facilities location:
3. Delivery voltage:
4. Metering (voltage, location, losses adjustment due to metering location, and other:
5. Normal Operation of Interconnection:
6. One line diagram attached (check one):/ _____ Yes / _____
7. Facilities to be furnished by Cooperative:
8. Facilities to be furnished by DG Owner/Operator:
9. Cost Responsibility:
10. Control area interchange point (check one): / _____ Yes / _____ No
11. Supplemental terms and conditions attached (check one): / _____ Yes / _____ No
12. Cooperative rules for DG interconnection attached (check one): / _____ Yes /

[COOPERATIVE NAME]

[DG OWNER/OPERATOR NAME]

BY: _____

BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

EXHIBIT C

ELECTRIC COOPERATIVE

Application for Operation of Member-Owned Distributed Generation

This application should be completed as soon as possible and returned to the Cooperative Customer Service representative in order to begin processing the request. See *Distributed Generation Procedures and Guidelines Manual for Members* for additional information.

INFORMATION: This application is used by the Cooperative to determine the required equipment configuration for the Member's Distributed Generation (DG) facility. Every effort should be made by the Member to supply as much information as possible.

**PART 1
OWNER/APPLICANT INFORMATION**

Applicant: _____
Mailing Address: _____
City: _____ County: _____ State: _____ Zip Code: _____
Phone Number: _____ Representative: _____

PROJECT DESIGN/ENGINEERING (as applicable)

Company: _____
Mailing Address: _____
City: _____ County: _____ State: _____ Zip Code: _____
Phone Number: _____ Representative: _____

ELECTRICAL CONTRACTOR (as applicable)

Company: _____
Mailing Address: _____
City: _____ County: _____ State: _____ Zip Code: _____
Phone Number: _____ Representative: _____

TYPE OF DISTRIBUTED GENERATOR (as applicable)

Photovoltaic _____ Wind _____ Microturbine _____
Diesel Engine _____ Gas Engine _____ Turbine Other _____

ESTIMATED LOAD INFORMATION

The following information will be used to help properly design the Cooperative's interconnection for the DG facility. This information is not intended as a commitment or contract for billing purposes.

Total Site Load _____ (kW) Total DG Output _____ (kW)

Mode of Operation (check all that apply)

Isolated _____ Paralleling _____ Power Export _____

DESCRIPTION OF PROPOSED DG INSTALLATION AND OPERATION

Give a general description of the proposed installation, including when you plan to operate the DG facility.

PART 2

(Complete all applicable items. Copy this page as required for each DG facility.)

SYNCHRONOUS GENERATOR DATA

Unit Number: _____ Total number of units with listed specifications on site: _____

Manufacturer: _____

Type: _____ Date of manufacture: _____

Serial Number (each): _____

Phases: Single ___ Three ___ R.P.M.: _____ Frequency (Hz): _____

Rated Output (for one unit): _____ Kilowatt _____ Kilovolt-Ampere _____

Rated Power Factor (%): _____ Rated Voltage (Volts) _____ Rated Amperes: _____

Field Volts: _____ Field Amps: _____ Motoring power (kW): _____

Synchronous Reactance (X'd): _____ % on _____ KVA base

Transient Reactance (X'd): _____ % on _____ KVA base

Subtransient Reactance (X'd): _____ % on _____ KVA base

Negative Sequence Reactance (Xs): _____ % on _____ KVA base

Zero Sequence Reactance (Xo): _____ % on _____ KVA base

Neutral Grounding Resistor (if applicable): _____

 I_2^2t of K (heating time constant): _____

Additional Information: _____

INDUCTION GENERATOR DATA

Rotor Resistance (Rr): _____ ohms Stator Resistance (Rs): _____ ohms

Rotor Reactance (Xr): _____ ohms Stator Reactance (Xs): _____ ohms

Magnetizing Reactance (Xm): _____ ohms Short Circuit Reactance (Xd''): _____ ohms

Design letter: _____ Frame Size: _____

Exciting Current: _____ Temp Rise (deg C°): _____

Reactive Power Required: _____ Vars (no load), Vars _____ (full load)

Additional Information: _____

PRIME MOVER (Complete all applicable items)

Unit Number: _____ Type: _____

Manufacturer: _____

Serial Number: _____ Date of manufacturer: _____

H.P. Rates: _____ H.P. Max.: _____ Inertia Constant: _____ lb.-ft²

Energy Source (hydro, steam, wind, etc.) _____

GENERATOR TRANSFORMER (Complete all applicable items)

TRANSFORMER (between generator and utility system)

Generator unit number: _____ Date of manufacturer: _____

Manufacturer: _____

Serial Number: _____

High Voltage: _____ KV, Connection: delta wye, Neutral solidly grounded? _____
 Low Voltage: _____ KV, Connection: delta wye, Neutral solidly grounded? _____
 Transformer Impedance (Z): _____ % on _____ KVA base
 Transformer Resistance (R): _____ % on _____ KVA base
 Transformer Reactance (X): _____ % on _____ KVA base
 Neutral Grounding Resistor (if applicable): _____

INVERTER DATA (if applicable)

Manufacturer: _____ Model: _____
 Rate Power Factor (%): _____ Rated Voltage (Volts): _____ Rated Amperes: _____
 Inverter Type (ferroresonant, step, pulse-width modulation, etc.): _____
 Type commutation: forced line
 Harmonic Distortion: Maximum Single Harmonic (%) _____
 Maximum Total Harmonic (%) _____

Note: Attach all available calculations, test reports, and oscillographic prints showing inverter output voltage and current waveforms.

POWER CIRCUIT BREAKER (if applicable)

Manufacturer: _____ Model: _____
 Rated Voltage (kilovolts): _____ Rated Ampacity (Amperes) _____
 Interrupting rating (Amperes): _____ BIL Rating _____
 Interrupting medium / insulating medium (ex. Vacuum, gas, oil) _____ / _____
 Control Voltage (Closing): _____ (Volts) AC DC
 Control Voltage (Tripping): _____ (Volts) AC DC Battery Charged Capacitor
 Close energy: Spring Motor Hydraulic Pneumatic Other: _____
 Trip energy: Spring Motor Hydraulic Pneumatic Other: _____
 Bushing Current Transformers: _____ (Max. ratio) Relay Accuracy Class: _____
 Multi Ratio? No Yes: (available taps) _____

ADDITIONAL INFORMATION

In addition to the items listed above, please attach a detailed one-line diagram of the proposed DG facility, all applicable elementary diagrams, major equipment (generators, transformers, inverters, circuit breakers, protective relays, etc.), specifications, test reports, etc., and any other applicable drawings or documents necessary for the proper design of the interconnection.

SIGN OFF AREA

The Member agrees to provide the Cooperative with any additional information required to complete the interconnection. The Member shall operate his equipment in accordance with all applicable guidelines set forth by the Cooperative.

 Applicant Date

COOPERATIVE CONTACT FOR APPLICATION SUBMISSION AND FOR MORE INFORMATION:

Cooperative contact: _____
Title: _____
Address: _____

Phone: _____
Fax: _____

Application

Applicable to Distributed Generation smaller than 4 MW of connected generation connected in parallel operation to the Cooperative's electric distribution system in accordance with the Cooperative's service rules and regulations and the Cooperative's *Distributed Generation Procedures and Guidelines Manual for Members* (available on request).

This rate is not applicable to temporary, shared, or resale service. This rate is applicable to service supplied at one point of delivery and measured through one meter. The Cooperative does not provide shared or resale service.

Sales to Customer

Sales to a Distributed Generation Customer shall be consistent with the applicable retail rate schedule established by the Cooperative and in use by the Customer as if there were no Distributed Generation installation.

Purchases from a Customer – Facility 25 kW of connected generation and smaller

For power produced in excess of on-site requirements, the Customer will be compensated by the retail purchase meter running in reverse (Net metering). The Cooperative shall bill the Customer for the excess of energy supplied by the Cooperative over and above the energy supplied by the Customer during each billing period according to the Cooperative's applicable retail rate schedule.

Net metering is defined as measuring the difference between the electricity supplied by the Cooperative and the electricity generated by the Customer's

Distributed Generation facility and delivered to the Cooperative's electric distribution system over the operable time period.

When the energy supplied by the Customer exceeds the energy supplied by the Cooperative during a billing period, the monthly charge and/or minimum bill of the retail rate schedule shall be billed by the Cooperative in addition to the monthly metering charge, customer charge, and the excess energy shall be provided at no charge to the Cooperative.

Customer must be a Qualifying Facility (QF) as defined by the Public Utility Regulatory Policies Act of 1978 (PURPA). If Customer is not a QF, the Cooperative may, at its sole discretion, elect to purchase power from the Customer under the terms of this section.

Purchases from a Customer – Facility Greater than 25 kW and less than 4 MW of connected generation

Purchases from a Distributed Generation Customer will be at the Cooperative's avoided cost. The avoided cost may be calculated periodically.

Where both sales to the Customer and purchases from the Customer exist in a billing period, the Customer will be compensated by a bill credit at the avoided cost as noted above.

There shall be no "net metering" for Distributed Generation facilities larger than ~~50~~ **25** kW of connected generation. Net metering is defined as measuring the difference between the electricity supplied by the Cooperative and the electricity generated by the Customer's facility and fed back to the electric grid over the operable time period.

Customer must be a Qualifying Facility (QF) as defined by the Public Utility Regulatory Policies Act of 1978 (PURPA). If Customer is not a QF, the Cooperative may, at its sole discretion, elect to purchase power from the Customer under the terms of this section.

Monthly Rate.

Each billing period the Customer shall be obligated to pay the following charges in addition to all charges indicated on his/her base rate:

Additional Charge for meter reading by Cooperative personnel where remote access to meter reading is not feasible.

@ \$ 50 per meter/month

As determined at the sole discretion of the Cooperative on a non-discriminatory case-by-case basis to recover any additional operation and maintenance expense caused by the Customer's facility.

Data Access – Communications Link

In addition to all other charges, the Customer will provide the Cooperative at his/her own expense a communications link as approved at the sole discretion of the Cooperative for remotely obtaining meter readings at a time or times of the month as determined at the Cooperative's sole discretion.

Contracts

An Interconnection Contract between the Customer and the Cooperative shall be required in all cases. For Customers greater than 25 kW of connected generation but less than 4 MW of connected generation where power is purchased from the

Customer, a Purchased Power Contract between the Customer and the Cooperative shall be required. For Customers 4 MW of connected generation and larger where power is purchased from the Customer, a Purchased Power Contract between the Customer and the Cooperative's Power Supplier shall be required. (Not covered by this policy)

Producer Relations

1. Sales to Producer

Producer's rate class shall be designated by the Cooperative in accordance with the availability and the type of service provisions in its rate schedules for all service.

2. Purchases from Producer

a. The Cooperative will pay the Producer for all power purchased at the following rates:

i. Capacity- No payment except by separate firm power contract between the Producer and Cooperative.

Energy- The meter kWh output from the Producer will be purchased by the Cooperative on a per kWh basis at a rate determined by the following formula, where:

PP = Purchase price per kWh to be paid to the producer.

TEC = Cooperatives Total Energy Cost (EC * TkWh) per month of purchase based upon the Cooperative's most recent wholesale power bill

EC = Cooperative's Energy Cost per month of purchase based upon the Cooperative's most recent wholesale power bill

TFC = Cooperative's Total Fuel Cost (FC * TkWh) per month of purchase based upon the Cooperative's most recent wholesale power bill

FC = Cooperative's Fuel Cost per month of purchase based upon the Cooperative's most recent wholesale power bill

T kWH = Cooperative's Total kWh purchased by the Cooperative from the Cooperative's wholesale supplier

ALL = Cooperative's 12 month rolling Annualized Line Loss Percentage

$$\text{Formula: PP} = \frac{\text{TEC} + \text{TFC}}{\text{TkWh} + (\text{TkWh} * \text{ALL})}$$

- b. In the event that the Producer exercises the option to sell power to the Cooperative, there will be, in addition to the minimum monthly bill requirements under the applicable service rate schedule(s), a customer service charge for metering and billing or as may be set by the Board of Directors and appended to this policy.

Monthly Rate.

Each billing period the Customer shall be obligated to pay the following charges in addition to all charges indicated on his/her base rate:

Additional Charge for meter reading by Cooperative personnel where remote access to meter reading is not feasible.

@ \$ 50 per meter/month

As determined at the sole discretion of the Cooperative on a non-discriminatory case-by-case basis to recover any additional operation and maintenance expense caused by the Customer's facility.

3. Refusal to Purchase

The Cooperative may, at certain times and as operating conditions warrant, reasonably refuse to accept part or all of the output of the Producer's DG Facility. Such refusal shall be based on system emergency constraints, special operating requirements, adverse effects of the Producer's DG Facility on the Cooperative's system, or violation by the Producer of the terms of the Agreement for Interconnection and Parallel Operation of Distributive Generation.

RESPONSIBILITY: General Manager and Board of Directors

This policy supersedes all other existing policies and instructions which may conflict with its provision.

Date Adopted: February, 2006 Date Amended: 12-15-2009

Review Date: April, Annually Attest: _____