

## **DISTRIBUTION COOPERATIVE AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION**

This Interconnection Agreement ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, by the Ark Valley Electric Cooperative Association, Inc. ("Cooperative"), a corporation organized under the laws of the state of Kansas, 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 of less, to be interconnected at \_\_\_\_\_kV or less ("Facilities") may be interconnected to the Cooperative's electric power distribution system ("System").

Any capacity addition by DG Owner/Operator to the existing Facility, as described in Exhibit A, is not allowed under this Agreement. DG Owner/Operator must proceed through the normal application process and enter into a new Interconnection Agreement with the Cooperative before a capacity addition to the existing Facilities may begin.

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 Board Policy Bulletins, rules and regulations, bylaws, rates, and tariffs (the "Rules"), which are incorporated herein by reference. The interconnection equipment installed by the DG Owner/Operator ("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, install, operate, maintain, repair, and inspect, and shall be fully responsible for, its Facilities and Interconnection Facilities. DG Owner/Operator shall conduct operations of its Facilities and Interconnection Facilities in compliance with all aspects of the Rules and in accordance with industry standard prudent engineering practices. The Cooperative shall conduct operations of its electric distribution Facilities in compliance with all aspects of the Rules, or as further agreed to. Maintenance of Facilities and Interconnection Facilities shall be performed in accordance with the applicable manufacturers' recommended maintenance schedule. The DG Owner/Operator agrees to cause its Facilities and Interconnection Facilities to be constructed in accordance with the Rules and 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 Facilities and 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

requirements, Rules, and environment restrictions applicable to the design, installation, operation, and maintenance of its Facilities and Interconnection Facilities.

Cooperative will notify DG Owner/Operator if there is evidence that the Facilities' or Interconnection Facilities' operation causes disruption or deterioration of service to other customers served from the System or if the Facilities' or Interconnection 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 or Interconnection Facilities, which could affect safe operation of the System.

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

5. **Power Sales to Cooperative.** Interconnection of the Facilities with the System does not grant the DG Owner/Operator the right to export power to another electric cooperative, a generation and transmission authority, municipal utility, electric user, or any other entity, nor does it constitute an agreement by the Cooperative to wheel excess power.

6. **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, the Cooperative's liability to DG Owner/Operator shall be limited as set forth in the Cooperative's tariffs and terms and conditions for electric service, which are incorporated herein by reference.

b. 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 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.

c. Notwithstanding paragraph 5.b of this Agreement, the DG Owner/Operator shall assume all liability for and shall indemnify the Cooperative and its members, trustees, directors, officers, managers, employees, agents, representatives, affiliates, successors, and assigns for, and shall hold them harmless from and against, any claims, losses, costs, and expenses of any kind or character to the extent they result from DG Owner/Operator's negligence or other wrongful conduct in connection with the design, construction,

installation, operation, or maintenance 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.

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 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 therefor. 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 Cooperative, only with prior notification by DG Owner/Operator are the connections between the Cooperative's service wires and the DG Owner/Operator's service entrance conductors to be energized.

7. **Testing and Testing Records.** The DG Owner/Operator shall provide to the Cooperative all records of testing. Testing of protection Systems for intermediate and large units 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. Factory testing of pre-packaged Interconnection Facilities and the protective systems of small units shall be acceptable. In the case of a factory test, the DG Owner/Operator needs to provide a written description and certification by the factory of the test, the test results, and the qualification of any independent testing laboratory. In addition, the settings of the equipment being installed are to be approved by the Cooperative prior to DG operation.

8. **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 produce energy to inspect the Facilities and Interconnection Facilities, and observe the Facility's installation, commissioning (including any testing), startup, operation, and maintenance.

At any time, the 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.

9. **Disconnection of Facilities.** 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 alone shall not be a termination of this Agreement, unless DG Owner/Operator or Cooperative exercises their rights under Section 12.

DG Owner/Operator shall disconnect Facilities from the System upon the effective date of any termination resulting from and required by actions under Section 12.

Cooperative shall have the right to disconnect or cause the DG Owner/Operator to disconnect the Facilities from the System and suspend service in cases where, in the sole discretion of the Cooperative,

continuance of service to DG Owner/Operator poses a threat to persons or property or disrupts service or power quality. The interconnection to the System will be reestablished if the threat has been remedied. If a dispute arises between the DG Owner/Operator and Cooperative as to whether the continuance of service to DG Owner/Operator poses a threat to persons or property or disrupts service or power quality, the interconnection will be reestablished if the DG Owner/Operator commissions an engineering study by a reputable engineer, previously approved by the Cooperative and done at the DG Owner/Operator's sole expense, and said study concludes the threat has been remedied.

During the forced outage of the System serving DG Owner/Operator, Cooperative shall have the right to suspend service and disconnect or cause the DG Owner/Operator to disconnect the Facilities from the System to effect repairs on the System, but the Cooperative shall use its reasonable efforts to provide the DG Owner/Operator with reasonable prior notice.

10. **Metering.** The Cooperative shall purchase, own, install, and maintain such metering equipment as may be necessary to meter the electrical output of the Facilities in accordance with this Agreement. All costs associated therewith shall be borne by the Cooperative. Metering shall meet accuracy standards required for equivalent electrical services and can be done with standard meters or any devices that meet data collection and accuracy requirements. For Facilities greater than 200 kW, telemetry may be required by Cooperative to monitor real-time output and other DG functions for large and medium generators that are operated remotely. Telemetry data shall be available to the Cooperative, and the communication of such data shall be compatible with the Cooperative's communication methods.

DG Owner/Operator shall be responsible for providing a suitable location for the meters and associated equipment used for billing purposes.

In the event DG Owner/Operator's Facilities have been disconnected from the System and this Agreement has been terminated, the Cooperative shall remove all meters and any associated equipment used for billing.

11. **Insurance.** DG Owner/Operator shall carry adequate insurance coverage in a form and amount that shall be acceptable to the Cooperative. In no event shall the amount of insurance be less than \$1,000,000.00, but such amount may be increased from time to time by the Cooperative by giving DG Owner/Operator thirty (30)-days' written notice of such an increase. DG Owner/Operator must provide proof of such insurance when requested.

12. **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 at least thirty (30)-days' written notice; (b) the Cooperative may terminate upon failure by the DG Owner/Operator to generate energy from the Facilities for six (6) months; (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, tariff, 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) the Cooperative may terminate by giving DG Owner/Operator at least sixty (60)-days' notice in the event there is a material change in an applicable law, or any requirement of the Cooperative's wholesale electric suppliers or of any transmission utility, independent System operator or regional transmission organization having responsibility for the operation of any part of the System; or, (e) DG Owner/Operator has been disconnected pursuant to Section 9 because the continuance of service to

DG Owner/Operator poses a threat to persons or property or disrupts service or power quality, and such threat has not been remedied within sixty (60) days.

13. **Compliance with Laws, Rules and Tariffs.** Both the Cooperative and the DG Owner/Operator shall be responsible for complying with the laws of the state of Kansas, and the Rules. The Interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the Rules, which Rules are hereby incorporated into this Agreement by this reference. The Cooperative shall have the right to publish changes in any of the Rules at any time.

14. **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.

15. **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.

16. **Entirety of Agreement and Prior Agreements Superseded.** This Agreement, including the Rules and all attached exhibits, which are expressly made a part of 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 the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.

17. **Assignment.** The DG Owner/Operator may not assign this Agreement to a corporation, an entity with limited liability or an individual to whom the DG Owner/Operator transfers ownership of the Facilities. Any predecessor in ownership of the Facilities must apply with the Cooperative to enter into an interconnection agreement between the predecessor in ownership and the Cooperative.

Cooperative may assign this Agreement to another entity with the written approval of the DG Owner/Operator.

18. **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 Owner/Operator:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other, notwithstanding Section 18.

19. **Invoicing and Payment.** Invoicing and payment terms for services associated with this Agreement shall be consistent with applicable Rules and state and federal laws.

20. **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. 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.

21. **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.

22. **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.

**IN WITNESS WHEREOF,** the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

ARK VALLEY ELECTRIC COOPERATIVE  
ASSOCIATION, INC.

DG OWNER/OPERATOR NAME  
NAME: \_\_\_\_\_

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_