

COAST ELECTRIC POWER ASSOCIATION
INTERCONNECTION AND PARALLEL OPERATION AGREEMENT
FOR DISTRIBUTED GENERATION RATED 2 MW AND LESS

This Interconnection Agreement (“Agreement”) is made and entered into this ____ day of _____, 20____, by _____ (“Participant”), _____, (“Distributor”), a corporation organized under the laws of Mississippi, and Cooperative Energy (“Supplier”), a corporation organized under the laws of Mississippi, and

WHEREAS, the intent of this Agreement is to define the responsibilities of the Parties in order for Participant to install, interconnect and operate distributed energy producing distributed generation equipment (“DG Equipment”) for the purpose of providing distributed electric energy for Participant’s use and/or for sale. The Parties to this Agreement are further defined as:

- **Participant:** A member-consumer of the Distributor desiring to install DG Equipment at the Participant’s currently metered location and interconnect it to the Distributor’s electric power distribution system and operate the DG equipment in parallel with Distributor’s system.
- **Distributor:** A rural electric distribution utility which delivers and sells power to member-consumers through use of its electric power distribution system, and who purchases all its electric energy and power needs from Supplier.
- **Supplier:** Cooperative Energy, a generation and transmission rural electric utility that generates, transmits and supplies wholesale electric energy and power for sale to Distributor through the Wholesale Power Agreement between Distributor and Supplier. Should Participant desire to sell excess distributed electric energy produced by its DG Equipment delivered into the electric facilities of Distributor from the DG facilities of Participant (“*Excess DG Energy*”). Supplier will purchase the Excess DG Energy.

Now, therefore, for and in consideration of the mutual covenants and agreements set forth herein, the Parties agree as follows:

1. Scope of Agreement

- 1.1. This Agreement is applicable to conditions under which the Distributor, Supplier and Participant agree that one or more generating systems and all related interconnection equipment (described in the Application For Interconnection of Distributed Generation and attached to this agreement and hereinafter referred to as “Qualifying System”) located at Participant’s currently metered location with gross power rating of ____kW and to be interconnected at ____V may be interconnected to the Distributor’s electric power distribution system (“System”).

Participant is not allowed to proceed with parallel operation until:

- 1.1.1. Participant submits a completed Application and Application fees, if applicable.
- 1.1.2. Participant receives from Distributor notice that the Application is approved and that Participant may install equipment.
- 1.1.3. Participant pays any outstanding construction or project fees.
- 1.1.4. Participant submits proof of insurance to Distributor, if required.
- 1.1.5. Participant installs the approved DG system.
- 1.1.6. Participant provides Supplier with a completed and signed IRS Tax Form W-9 if Participant elects for Supplier to purchase Excess DG Energy.
- 1.1.7. Participant arranges with Distributor and/or Supplier for an on-site inspection and to witness the Commissioning Test.
- 1.1.8. Participant corrects any outstanding installation deficits noted during Commissioning Test and successfully completes new Commissioning Test.
- 1.1.9. Participant signs a document stating the Qualified System was properly installed and tested upon successfully completing the installation commissioning.
- 1.1.10. Interconnection Agreement with attachments is executed by the Participant, Distributor and Supplier.
- 1.1.11. Upon successfully satisfying all requirements for interconnection, Participant receives written authorization signed by Distributor to proceed with interconnection and parallel operation.

2. Establishment of Point of Interconnection

The “Point of Delivery” is defined in Distributor’s rules, regulations, by-laws, and rates (“Rules”) which are incorporated herein by reference. The Distributor, Supplier and Participant will define the “Point of Interconnection” and agree to interconnect the Qualifying System at the Point of Interconnection in accordance with the Distributor’s Rules and the generator and all related interconnection equipment will comply with the Interconnection Procedures for Cooperative–Member Distributed Generation Program (“Interconnection Procedures”).

3. General Responsibilities of the Parties

- 3.1. Distributor and Supplier have reviewed the proposed generation and related equipment as described in the Application for compliance with the Distributed Generation Interconnection Procedures and approved the Qualifying System for interconnection based on one of the following conditions:

- 3.1.1. Qualifying System has been certified as meeting the applicable codes and standards and has passed the Fast Track Screening Process, or
 - 3.1.2. Distributor and Supplier, in agreement with Participant, have conducted additional engineering evaluations or detailed impact studies and any necessary System upgrades or changes identified by the additional studies have been implemented and Participant has paid for such changes where necessary;
- 3.2. Participant shall comply with all applicable laws, regulations, zoning codes, building codes, safety rules, and environmental restrictions, including the latest version of the IEEE 1547 Series of Standards and the National Electrical Code applicable to the design, installation, operation and maintenance of its Qualifying System.
- 3.3. Participant shall provide Local Building Code Official inspection certification to the Distributor, if applicable. The certification shall reflect that the code official has inspected and certified that the installation was permitted, has been approved and has met all electrical and mechanical qualifications.
- 3.4. After installation, the Participant shall return any required certifications to the Distributor. Prior to parallel operation, the Distributor and Supplier may inspect the Qualifying System for compliance with standards which may include a witness test. After successful completion of the inspection and witness test (if performed) and any deficiencies corrected, Participant may begin parallel operation only after Participant has received written authorization that has been executed by both Distributor and Supplier.
- 3.5. Participant shall conduct operations of its Qualifying System in compliance with all aspects of the Rules and in accordance with industry standard prudent engineering practice, and in addition to other required testing and compliance (see Section 3.6 of this Agreement) and must comply with the latest version of IEEE 519, Recommended Practice and Requirements for Harmonic Control in Electric Power Systems.
- 3.6. Participant shall be responsible for protecting its distributed generation equipment, inverters, protective devices, and other system components from damage which may be incurred during normal and abnormal conditions and operations that occur on the electrical grid in delivering and restoring power; and shall be responsible for ensuring that the Qualifying System is inspected, maintained and tested on an ongoing basis in accordance with the manufacturer's instructions to ensure that it is operating correctly and safely. Distributor and Supplier will have the right to request and receive copies of the test results. Participant shall provide Distributor and Supplier with a list of scheduled or required tests and the results of these tests whether or not Distributor or Supplier elect to witness the testing prior to or at the time of the Final Inspection of Qualifying System.
- 3.7. Participant shall identify an individual (by name and/or title) who will perform as "Operator in Charge" of the System. This individual must be familiar with this Agreement as well as provisions of the Rules and any other agreements or regulations that may apply and must be one of the two persons authorized in Section 5.1 of this Agreement to provide access to the facility.

4. Inspection and On-Going Compliance

Distributor will provide Participant with as much notice as reasonably practicable, either in writing, email, facsimile or by phone, as to when Distributor and/or Supplier may conduct inspection and/or document review. Upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, Distributor shall have access to Participant's premises for the purpose of accessing the manual disconnect switch, performing an inspection or disconnection, or, if necessary, to meet Distributor's legal obligation to provide service to its member customers.

5. Manual Disconnect Switch

- 5.1. Participant must install a manual, lockable, visible load break disconnect switch between the generation source and the Distributor's electric power distribution system that is visibly marked "**Distributed Generation Disconnect**". The AC disconnect shall provide for dead front access. The disconnect switch shall be mounted separate from the Distributor's meter socket in a visible location within five feet of the Distributor's meter socket or as otherwise approved by the Distributor. Participant shall ensure that such manual disconnect switch shall remain readily accessible to Distributor and be capable of being locked in the open position by the Distributor with a single utility padlock.
- 5.2. The following shall be required for Tier 3 installations: A permanent, weatherproof single line diagram of the facility must be located immediately adjacent to the disconnect switch. Names and current telephone numbers of at least two persons, one of whom must be the "Operator in Charge" of the System, authorized to provide access to the facility and who have authority to make decisions regarding the interconnection and operation of the Qualifying System will be included, shall be listed below the line diagram.

6. Disconnection/Reconnection

- 6.1. Distributor may open the manual disconnect switch or disconnect Participant's meter, pursuant to the conditions set forth in Section 6.2 below, isolating the Qualifying System, without prior notice to Participant. To the extent practicable, however, prior notice shall be given, including an explanation of the condition necessitating such action. As soon as practicable after the condition(s) necessitating disconnection has been remedied, Distributor will unlock the disconnect switch so Participant may re-energize the Qualifying System.
- 6.2. Distributor has the right to disconnect the Participant-owned distributed generation at any time. Some of the examples that may require disconnect are:
 - 6.2.1. Emergencies or maintenance requirements on Distributor's system;
 - 6.2.2. Hazardous conditions existing on Distributor's system due to the operation of Participant's generating or protective equipment as determined by Distributor; and

6.2.3. Adverse electrical effects, such as power quality problems, on the electrical equipment of Distributor's other electric customers caused by the Participant-owned distributed generation as determined by Distributor.

6.2.4. Participant is no longer a member-consumer at the location in question.

6.2.5. This Agreement is terminated in accordance with the provisions of Section 12 of this Agreement.

7. Modifications/Additions to Participant-Owned Distributed Generation

If Participant desires to modify the Qualifying System in a manner that increases its gross power rating, Participant must submit the proposed expansion for approval according to the Interconnection Procedures. For any modification not increasing the gross power rating Participant must provide Distributor and Supplier with written notification that fully describes the proposed modifications at least thirty (30) calendar days prior to making the modifications.

8. Indemnity

Participant agrees to release, indemnify, and save harmless Distributor, Supplier, and their respective agents and employees from all liability, claims, demands, causes of action, costs, or losses for personal injuries, property damage, or loss of life or property, sustained by Participant, Participant's agents and family, or third parties arising out of or in any way connected with the installation, testing, operation, maintenance, repair, replacement, removal, defect, or failure of Participant's Qualifying System. The obligations of this Section 8 shall survive termination of this agreement.

9. Assignment

This Interconnection Agreement shall not be assignable by Participant.

10. Insurance

10.1 Distributor and Supplier require the following levels of Liability Insurance for Personal Injury and Property Damage during the entire term of the Interconnection Agreement:

10.1.1. Tier 1 Generation (up to 10 kW) – Participant is obligated to maintain appropriate amounts of insurance;

10.1.2. Tier 2 Generation (greater than 10 kW but equal to or less than 100 kW) – Participant shall maintain an amount of not less than \$500,000;

10.1.3. Tier 3 Generation (greater than 100 kW but less than 2 MW) – Participant shall maintain an amount of not less than \$1,000,000 and include the following;

10.1.2.1 Workers' Compensation Insurance, with statutory limits as required by the laws and regulations applicable to employees.

10.1.2.2 Comprehensive or Commercial General Liability Insurance, including Contractual Liability Coverage for liabilities assumed under this Agreement, and Personal Injury Coverage in the amount of \$1 million per occurrence for Bodily Injury and Property Damage.

10.1.2.3 Participant/Operator's policy shall list Distributor and Supplier, as "additional insured".

10.1.2.4 Participant/Operator shall execute a Waiver of Subrogation in favor of Distributor and Supplier and obtain an endorsement from the insurance company.

10.1.2.5 Participant/Operator shall provide a mechanical breakdown insurance policy or endorsement in the amount of \$1M.

10.2 Tier 2 and Tier 3 insurance policies shall be in such form and issued by such insurer as shall be satisfactory to Distributor and Supplier. Participant shall furnish Distributor and Supplier a certificate evidencing compliance with the foregoing requirements before written authorization to proceed with parallel operation will be granted. Participant shall subsequently submit similar proof to Distributor and Supplier within thirty (30) calendar days of any policy change, renewal or cancellation.

11 Generation Data

11.1 For Tier 3 (>100kW but less than 2 MW) generation, Distributor and Supplier require access to Participant's generation data on a monthly basis. Remote access to generation data will be made available to Distributor and Supplier through one (1) of three (3) options:

11.1.2 Plug and Play meter;

11.1.3 Internet access, or;

11.1.4 Telephone circuit.

11.2 Participant will be responsible for the purchase and maintenance of all equipment necessary to allow remote access when Internet access or a Telephone circuit is needed.

12 Effective Term and Termination Rights

12.1 This Agreement becomes effective when executed by the Parties. The Agreement will continue in effect unless terminated as per one of the following conditions: (a) Any Party may terminate this Agreement at any time by giving the other Parties at least sixty (60) days' written notice; (b) any Party may terminate if one of the other Parties has defaulted or failed to comply with the terms of the Agreement and failed to cure within thirty (30) days after receiving written notice of the default or failure.

12.2 This Agreement shall terminate in the event Participant is no longer a member-consumer at the location in question.

12.3 The rights and obligations of Sections 6 and 8 shall survive termination of this Agreement.

13 Entirety of Agreement and Prior Agreements Superseded

This Agreement, including the Rules executed by Distributor, Supplier and Participant, and all attached Exhibits expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the Qualifying System at the Point 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, in Participant's Application for Interconnection of Distributed Generation or other written information provided by the Participant in compliance with the Rules.

14 DG Fees

14.1 Monthly DG fees (including metering fees and billing fees), if applicable, will be listed in the Distributor's and Supplier's Rate Schedule, or attached as a Rider to the Rate Schedule.

14.2 Distributor shall add to the monthly bill of Participant, if applicable, a DG Fee in an amount per month as published in the most recent fee structures of Distributor and Supplier to cover administrative, metering and other Supplier and Distributor expenses related to serving interconnected distributed generation. Distributor and/or Supplier may revise the amount charged for the monthly DG Fee upon giving thirty (30) day advance written notice of such change.

15 DG Metering

15.1 If Participant elects to sell Excess DG Energy to Supplier pursuant to Section 19, Metering suitable to Distributor and Supplier for measuring such Excess DG Energy shall be provided by Distributor in accordance with this Agreement and Distributor's and/or Supplier's Rules.

15.2 Reading of Meter: If Participant elects to sell Excess DG Energy to Supplier pursuant to Section 19, Distributor shall read the meter monthly and report to Supplier the excess electric energy delivered to the electric facilities of Distributor from the DG facilities of Participant.

16 DG Billing

16.1 Determination of Excess DG Energy: If Participant elects to sell Excess DG Energy to Supplier pursuant to Section 19, the Excess DG Energy delivered (kWh) shall be measured at the meter.

16.2 Payment for Excess DG Energy: If Participant elects to sell Excess DG Energy to Supplier pursuant to Section 19, a Statement by Supplier covering payment for Excess DG Energy shall be rendered to Participant along with a check for the amount due if the Participant's accumulated credit exceeds \$25.00. Regardless of the Excess DG Energy credit amount

accumulated by December 31st, Supplier shall pay the amount due Participant by the twentieth (20th) day of February in the subsequent year.

17 Governing Law

Governing Law: This Agreement shall be governed and construed in accordance with the laws of the State of Mississippi.

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 Participant:

(b) If to Distributor:

(c) If to Supplier:

Manager Wholesale Services Programs
Cooperative Energy
P.O. Box 15849
Hattiesburg, MS 39404-5849

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

19 Power Purchase

19.1 DG Energy Power Purchase Rate: Participant can elect for Supplier to purchase all metered excess electric energy delivered into the electric facilities of Distributor from the DG facilities of Participant (“Excess DG Energy”) in accordance with Supplier’s Applicable Distributed Generation Rate.

19.2 Power Purchase Choice

_____ Participant elects to sell Excess DG Energy to Supplier by selecting this option and completing, signing and submitting to Supplier IRS Tax Form W-9. The amount paid for Participant’s Excess DG Energy is stated in Supplier’s Applicable **Distributed Generation Rate**.

_____ Participant **declines** to sell Excess DG Energy to Supplier by selecting this option. Participant **does not** need to complete or sign IRS Tax Form W-9. Participant may elect at a later date to sell Excess DG Energy to Supplier by written notice and acceptance.

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

(Participant)

(Distributor)

BY: _____

BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

(Supplier)

BY: _____

TITLE: _____

DATE: _____

AVAILABILITY OF SERVICE

This Distributed Generation Rate (DG-1) ("Rate") is available to qualifying Member-Consumers ("Participants") of Distributor's distribution system (where "Distributor" is a rural electric distribution cooperative served by Cooperative Energy, hereinafter "Supplier"). This rate is available where Distributor's electric distribution facilities of adequate capacity and suitable phase and voltage are adjacent to the premises to be served, and Service is taken according to the Service Policy and Character of Service Available of the Distributor. Where facilities of adequate capacity and suitable phase and voltage are not adjacent to the premises to be served, Distributor may, at its option, require a contribution, higher minimum bill, facilities charge, or other compensation to make Service available.

This Rate is available to Participants on a first-come, first-served basis until such time as the installed level of net metered capacity expressed in kW (direct current, or "dc") exceeds at any time 3 percent of the Distributor's total system peak demand expressed in kW recorded during the prior calendar year.

Note: Generally, unless otherwise specified herein, capitalized terms used throughout this document are as defined in the Distributor's or Supplier's Service Policies or in the Mississippi Public Service Commission ("MPSC") Mississippi Renewable Energy Net Metering Rule and Mississippi Distributed Generator Interconnection Rule.

APPLICABILITY

This Rate is applicable to any Participant who takes Service under the Distributor's standard Rate Schedules who has signed an Interconnection and Parallel Operation Agreement for Renewable Generation Rated 2MW and Less between Participant, Distributor and Supplier ("Agreement"), has installed an approved renewable electric energy producing distributed generation equipment system ("Qualifying System") in accordance with the Agreement and:

- If a residential Participant, has installed a Qualifying System with a net nameplate generating capacity of no more than 10 kWdc, or
- If a non-residential Participant, has installed a Qualifying System with a net nameplate generating capacity of no more than 2 MWdc (2,000 kWdc) and the Qualifying System is sized to offset no more than 110% of the Participant's annual energy usage at that location. If the non-residential Participant is not offsetting any on-site load, they will only be eligible for the Cooperative Energy Avoided Cost payment.

Such facilities must be located on the Participant's premises, be owned or leased by the Participant, and must be a Qualifying System in accordance with the Agreement.

Participants may not take Service under this Rate and simultaneously take Service under the provisions of any other alternative source generation or co-generation tariff or rate.

The provisions of the Participant's standard Rate Schedule are modified as specified herein.

This Rate and the terms and conditions set out herein are available for and applicable to purchases of energy only by Supplier from a Participant who owns (or leases) and operates a Qualifying System with a rated output no greater than 2 MWdc (2,000 kWdc). Such Qualifying System shall be installed on the property of Participant and interconnected with the distribution system of a Distributor to provide all or part of Participant requirements of electric energy, or from which Participant may elect to sell to Supplier such output of excess renewable electric energy delivered into the distribution system of Distributor ("Delivered Energy").

Supplier and Distributor will authorize the Qualifying System of Participant to interconnect and operate in parallel with the electric systems of Distributor and Supplier under conditions as outlined in the section below, **Parallel Operation**, and in accordance with the terms and conditions of the Agreement.

Rate

Supplier will purchase such excess renewable electric energy generated from the Qualifying System of Participant at the Rate as defined below and under the terms and conditions stated herein. Supplier reserves the right to change said Rate at its discretion, provided Supplier has notified Participant of such change in writing at least thirty (30) days in advance of the effective date of the revised Rate.

Distributed Generation Rate DG-1(Renewable):

- For all kWh purchased by Cooperative Energy, \$0.045/kWh.

Rate Components considered in the development of the DG-1 Rate:

- Cooperative Energy Avoided Cost: Cooperative Energy projected annual Avoided Cost of energy.
- Distribution Line and Power Transformer Losses: Credit to DG facility for losses not incurred by distribution system.
- Renewable Energy Credit ("REC"): Credit to DG facility for the Mississippi Market Value for RECs (Note: Owners of DG facilities that do not use a renewable resource to generate electricity are not eligible for the Renewable Energy Credit).
- Ownership of RECs will be transferred to Cooperative Energy.
- Cooperative Renewable Incentive: A Cooperative Board approved temporary adder to incentivize installation of Renewable generation in order for critical mass to be achieved so that any cost or benefits of Renewable generation can be accurately assessed.

METERING

The Participant shall be responsible for the cost of installing and maintaining acceptable metering and telemetry equipment that satisfies the metering and telemetry equipment requirements as detailed in the Agreement.

Supplier and Distributor shall have access to all such meters at reasonable times during normal business hours of Participant, and shall regularly provide to Participant copies of all information provided by such meters.

PAYMENT FOR EXCESS RENEWABLE ELECTRIC ENERGY

Supplier or Distributor shall read monthly, the meter used for measuring electric energy purchases from Participant. Payment to Participant for Delivered Energy shall be rendered according to the terms and conditions of the Agreement and as follows:

A Statement from Supplier covering credits for Delivered Energy shall be rendered to Participant along with a check for the amount due if the Participant's credit for Delivered Energy exceeds \$25.00. A monthly credit of \$25.00 or less will be accumulated and paid when the total amount due Participant exceeds \$25.00.

Regardless of the accumulated amount due Participant for Delivered Energy by December 31 of each year the Agreement is in effect, Supplier shall pay the amount due Participant for sale of such Delivered Energy by the twentieth (20th) day of February in the subsequent year.

PARALLEL OPERATION

Renewable electric energy producing distributed generation facilities of a Participant desiring to interconnect with the distribution system of the Distributor must meet the specifications, terms and conditions contained in the Agreement. Upon approval of the Qualifying System installation, successful completion of the Commissioning and execution of the Agreement, Supplier and Distributor will, in accordance with the terms and conditions of said Agreement, authorize Participant to interconnect and operate its Qualifying System in parallel with the electric distribution system of Distributor.

CURTAILMENT

In addition to the terms of the Agreement, Supplier and/or Distributor reserve the right to curtail a purchase from Participant when:

1. Supplier or Distributor has a system emergency and purchases would (or could) contribute to such emergency, or
2. Supplier has been directed by the regional Reliability Coordinator that the purchase of energy from Participant must be curtailed because of a system emergency or for other reliability related reasons

Participant will be notified of each curtailment in a manner as timely as possible.

AVAILABILITY OF SERVICE

This Non-Renewable Distributed Generation Rate DG-2 ("Rate DG-2") is available to qualifying Member-Consumers ("Participants") of Distributor's distribution system (where "Distributor" is a rural electric distribution cooperative served by Cooperative Energy, hereinafter "Supplier"). This rate is available where Distributor's electric distribution facilities of adequate capacity and suitable phase and voltage are adjacent to the premises to be served, and Service is taken according to the Service Policy and Character of Service Available of the Distributor. Where facilities of adequate capacity and suitable phase and voltage are not adjacent to the premises to be served, Distributor may, at its option, require a contribution, higher minimum bill, facilities charge, or other compensation to make Service available.

Rate DG-2 is available to Participants on a first-come, first-served basis until such time as the installed level of net metered capacity (the sum of renewable and non-renewable net metered distributed generation capacity) expressed in kW (direct current, or "dc") exceeds at any time 3 percent of the Distributor's total system peak demand expressed in kW recorded during the prior calendar year.

Note: Generally, unless otherwise specified herein, capitalized terms used throughout this document are as defined in the Distributor's or Supplier's Service Policies or in the Mississippi Public Service Commission ("MPSC") Mississippi Renewable Energy Net Metering Rule and Mississippi Distributed Generator Interconnection Rule.

APPLICABILITY

RateDG-2 is applicable to any Participant who takes Service under the Distributor's standard Rate Schedules, who has signed an Interconnection and Parallel Operation Agreement for Non-Renewable Distributed Generation Rated 2MW and Less between Participant, Distributor and Supplier ("Agreement"), has installed an approved non-renewable electric energy producing distributed generation equipment system ("Qualifying Non-Renewable System") in accordance with the Agreement, and:

- If a residential Participant, has installed a Qualifying Non-Renewable System with a net nameplate generating capacity of no more than 10 kW, or
- If a non-residential Participant, has installed a Qualifying Non-Renewable System with a net nameplate generating capacity of no more than 2 MW (2,000 kW).

Such facilities must be located on the Participant's premises, be owned or leased by the Participant, and must be a Qualifying Non-Renewable System in accordance with the Agreement.

Participants may not take Service under Rate DG-2 and simultaneously take Service under the provisions of any other alternative source generation or co-generation tariff or rate.

The provisions of the Participant's standard Rate Schedule are modified as specified herein.

Rate DG-2 and the terms and conditions set out herein are available for and applicable to purchases of energy only by Supplier from a Participant who owns (or leases) and operates a Qualifying Non-Renewable System with a rated output no greater than 2 MW (2,000 kW) for a non-residential Participant and a rated output no greater than 10 kW for a residential Participant. Such Qualifying Non-Renewable System shall be installed on the property of Participant and interconnected with the distribution system of a Distributor to provide all or part of Participant requirements of electric energy, or from which Participant may elect to sell to Supplier such output of excess non-renewable electric energy delivered into the distribution system of Distributor ("Delivered Energy").

Supplier and Distributor will authorize the Qualifying Non-Renewable System of Participant to interconnect and operate in parallel with the electric systems of Distributor and Supplier under conditions as outlined in the section below, **Parallel Operation**, and in accordance with the terms and conditions of the Agreement.

Rate

Supplier will purchase such excess non-renewable electric energy generated from the Qualifying Non-Renewable System of Participant at the rate as defined below and under the terms and conditions stated herein. Supplier reserves the right to change Rate DG-2 at its discretion, provided Supplier has notified Participant of such change in writing at least thirty (30) days in advance of the effective date of the revised Rate.

Non-Renewable Distributed Generation Rate DG-2(Non-Renewable):

- For all kWh purchased by Cooperative Energy, \$0.023/kWh.

Rate Components considered in the development of the DG-2 Rate:

- Cooperative Energy Avoided Cost of energy, plus
- An adjustment for Distribution Line and Power Transformer Losses (Credit to Qualifying Non-Renewable System for losses not incurred by Distributor's distribution system)

METERING

The Participant shall be responsible for the cost of installing and maintaining acceptable metering and telemetry equipment that satisfies the metering and telemetry equipment requirements as detailed in the Agreement.

Supplier and Distributor shall have access to all such meters at reasonable times during normal business hours of Participant, and shall regularly provide to Participant copies of all information provided by such meters.

PAYMENT FOR EXCESS NON-RENEWABLE ELECTRIC ENERGY

Supplier or Distributor shall read monthly, the meter used for measuring electric energy purchases from Participant. Payment to Participant for Delivered Energy shall be rendered according to the terms and conditions of the Agreement and as follows:

A Statement from Supplier covering credits for Delivered Energy shall be rendered to Participant along with a check for the amount due if the Participant's credit for Delivered Energy exceeds \$25.00. A monthly credit of \$25.00 or less will be accumulated and paid when the total amount due Participant exceeds \$25.00.

Regardless of the accumulated amount due Participant for Delivered Energy by December 31 of each year the Agreement is in effect, Supplier shall pay the amount due Participant for sale of such Delivered Energy by the twentieth (20th) day of February in the subsequent year.

PARALLEL OPERATION

Non-Renewable electric energy producing distributed generation facilities of a Participant desiring to interconnect with the distribution system of the Distributor must meet the specifications, terms and conditions contained in the Agreement. Upon approval of the Qualifying Non-Renewable System installation, successful completion of the Commissioning and execution of the Agreement, Supplier and Distributor will, in accordance with the terms and conditions of said Agreement, authorize Participant to interconnect and operate its Qualifying Non-Renewable System in parallel with the electric distribution system of Distributor.

CURTAILMENT

In addition to the terms of the Agreement, Supplier and/or Distributor reserve the right to curtail a purchase from Participant when:

1. Supplier or Distributor has a system emergency and purchases would (or could) contribute to such emergency, or
2. Supplier has been directed by the regional Reliability Coordinator that the purchase of energy from Participant must be curtailed because of a system emergency or for other reliability related reasons

Participant will be notified of each curtailment in a manner as timely as possible.

This institution is an equal opportunity provider and employer.