

**CHERRY-TODD ELECTRIC COOPERATIVE INC. (CTEC)
AGREEMENT FOR
INTERCONNECTION AND PARALLEL OPERATION OF
DISTRIBUTED GENERATION LESS THAN 150 KW**

This Interconnection Agreement ("Agreement") is made and entered into this

_____ day of _____ 20____ by Cherry-Todd Electric Cooperative, Inc.

("Cooperative"), a corporation organized under the laws of South Dakota, and independent power producer _____ ("IPP"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

PURPOSE:

The purpose of this Agreement is to set forth the terms and conditions whereby Cooperative agrees to allow IPP to install an independent power generation facility interconnecting to the Cooperative's system, and to set forth the terms and conditions of an interconnection agreement. This Agreement does not apply if the generation facility is producing electricity for resale to a person other than Cherry-Todd Electric Cooperative, Inc. The parties subject to this agreement may mutually agree to alter the conditions except those listed in the technical standard section below. 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 IPP agree that one or more generating facilities (described in Exhibit A) owned by the IPP of a size of less than 150 kW, is to be interconnected to the Cooperative's electric power distribution system ("System") at the voltage of the IPP's distribution transformer.

Cooperative Policy 10-23 - titled "Co-Generation or Small Power Production" governs the interconnection of power generation facilities with a nameplate rating of less than 150 kW.

2. Definition of Terms

Avoided Cost - A calculation that estimates the expense an electric utility incurs to supply or generate a certain amount of power. In practice, it refers to the price that qualifying facilities under the Public Utility Regulatory Policies Act of 1978 are entitled to receive for excess power sold to a utility. Avoided Cost is established at the price a utility would have paid for

power had it not purchased the power from a qualifying facility.

Delivery Point - The defined location where the Cooperative receives the delivery of electrical power from the IPP. The Delivery Point may be at the meter, or another location defined in the Agreement, with adjustments for estimated losses between the meter and the Delivery Point.

Distributed Energy Resources (DER) - A system that produces and delivers power and energy to the Cooperative system from sources other than the Cooperative's wholesale power supplier, and is not otherwise included in the formal North American Electric Reliability Corporation (NERC) definition of the Bulk Electric System (BES).

Distributed Generation - (DG) Decentralized generation technologies designed to supplement or replace power produced by large generating plants. In most cases, distributed generation is located at or near the point of use. For the purposes of this Agreement, examples include standby, or emergency, generators that run on gasoline, diesel fuel, or natural gas and "backyard" renewable energy systems such as anaerobic digesters, small wind turbines, rooftop or ground mount solar photovoltaic arrays, battery storage, and micro hydro projects.

Energy - Electric energy generated by the IPP and available for delivery to the Delivery Point, which shall exclude the electric energy consumed by the IPP, and shall be in the form of sixty (60) Hertz, alternating current meeting the Cooperative's Rules.

Generation - The production of electricity using fuels such coal, natural gas, oil, and uranium or from renewable sources such as a biomass, geothermal, hydro, hydrokinetic (ocean wave and tidal), solar, or wind.

Grid - A network of synchronized power providers and consumers that are connected by transmission and distribution lines and operated by one or more control centers.

IEEE - A Piscataway, New Jersey-based nonprofit professional organization dedicated to the advancement of electricity-related technology. A leader in standards-making, it publishes the National Electrical Safety Code. IEEE was formerly used as an acronym for the Institute of Electrical and Electronics Engineers before becoming the group's formal name during the 2000s because technical fields had transcended traditional definitions and boundaries.

Independent Power Producer (IPP) - A producer of electrical energy other than a utility that generates wholesale power (aka, Non-Utility Generator- NUG).

Interconnection - The equipment and facilities required to safely and reliably permit the flow of electricity from the Facility to the Cooperative's system.

Kilowatt (kW) - The basic unit of electric demand, equal to 1,000 Watts. A measure of both a utility's capacity and a consumer's demand or load.

Kilowatt-hour (kWh) - A unit of energy or work equal to 1,000 Watt-hours. The basic measure of electric energy use.

Meter - An instrument and associated equipment meeting applicable electric industry standards used to measure and record the quantity and the required delivery characteristics of Energy and Station Service delivered to the Cooperative or the IPP.

Nameplate Rating - The maximum capacity of electrical equipment or a generator as rated by the manufacturer and stated on the nameplate attached to the equipment.

National Electrical Code (NEC) - A regionally adopted standard for the safe installation of electrical wiring and equipment in the United States. NEC is part of the National Fire Code series published by the National Fire Protection Association, NFPA.

National Electrical Safety Code (NESC) - A United States standard of the safe installation, operation, and maintenance of electric power and communication utility systems including power substations, power and communication overhead lines, and power and communication underground lines. Electric cooperatives that are USDA Rural Utilities Service borrowers must comply with all sections of the code.

Outage - Interruption of electrical service.

Power Factor - The ratio between real power (electricity used) and apparent power (the amount of electricity provided) in a circuit, expressed as a number between 0 and 1. When voltage and current are perfectly in sync, electric cooperatives achieve a 100 percent power factor (or 1).

Prudent Operating Practice - The practices, methods and standards of professional care, skill and diligence generally recognized by a significant portion of the electric generation industry for operating facilities of similar size, type, and design, that, in the exercise of reasonable judgment, in light of the facts known at the time, would have been expected to accomplish results consistent with Applicable Law, reliability, safety, environmental protection, and standards of economy and expedition.

Voltage - An electromotive force or potential difference expressed in volts that causes electrons to flow. Voltage measures the potential for current flow and may exist between objects without an actual flow of current.

3. Establishment of Point of Interconnection (POI) and Delivery Point -

The point where the IPP's facilities interconnect to the Cooperative's system is the "Delivery Point." Cooperative and IPP agree to interconnect the IPP's facilities at the Point of Interconnection in accordance with the Cooperative's policies rules, regulations, by-laws, rates, and tariffs (the "Rules") which are incorporated herein by reference. The interconnection equipment installed by the IPP ("Interconnection Facilities") shall be in accordance with the Rules as well.

The Delivery Point is defined in Exhibit A. The quantity of energy defined as delivered to the Cooperative shall be the quantity measured at the meter, with loss adjustments from the meter

to the Delivery Point. Title and risk of loss pass from IPP to the Cooperative at the Delivery Point.

4. Responsibilities of Cooperative and IPP for Installation, Operation and Maintenance of Facilities - IPP will, at its own cost and expense, install, operate, maintain, repair, and inspect, and shall be fully responsible for all IPP generating equipment and interconnection facilities (Facilities), unless otherwise specified on Exhibit A. IPP shall conduct operations of its Facilities in a safe and reliable manner, in compliance with all aspects of the Rules, and in accordance with industry standard Prudent Operating Practice. The Cooperative shall conduct operations of its electric distribution facilities in compliance with the Rules, or as further described and mutually agreed to in the applicable Facilities Schedule attached hereto as Exhibit A.

Maintenance of IPP's Facilities shall be performed in accordance with the applicable manufacturers' recommended maintenance schedule. The IPP agrees to cause its Facilities to be constructed in accordance with the Rules and to specifications equal to or better than those provided by the National Electrical Safety Code and the National Electrical Code as approved by the American National Standards Institute, and in effect at the time of construction.

The IPP covenants and agrees to cause the design, installation, maintenance, and operation of its Facilities to reasonably minimize the likelihood of a malfunction or other disturbance, damaging or otherwise affecting or impairing the Cooperative's system. IPP shall, at its expense, provide, install, own, operate and maintain protection equipment, including such protective and regulating devices as required by the Cooperative, or as may be otherwise required by industry standard Prudent Operating Practice in order to protect persons and property and to minimize detrimental effects to the Cooperative's System. IPP shall comply with all applicable laws, regulations, zoning codes, building codes, safety rules and environmental restrictions applicable to the design, installation, operation, and maintenance of its facilities.

IPP shall obtain all environmental and other permits lawfully required by governmental authorities prior to the commencement of construction of the Facilities and the Interconnection Facilities.

Cooperative will notify IPP if there is evidence that the operation of the IPP's Facilities causes disruption or deterioration of service to other customers served from the Cooperative's system or operation causes damage to the System. IPP will notify the Cooperative of any emergency or hazardous condition or occurrence with the IPP's Facilities or Interconnection Facilities, which could affect safe operation of the System.

If at any time IPP exceeds the power output defined in this Agreement, the Cooperative reserves the right to disconnect the IPP's equipment from the Cooperative system. The IPP shall make necessary adjustments and demonstrate to the Cooperative's satisfaction that the system

will perform acceptably before service will be reconnected. If owner continues to violate power output levels, the Cooperative may, at its option, terminate this Agreement.

5. Operator in Charge - The IPP shall identify an individual (by name or title) who will perform as "Operator in Charge" of the 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, and shall have full authority to represent the IPP, and make binding commitments on behalf of the IPP

6. Modifications –Either party may undertake modifications to its facilities; provided that the IPP shall not increase the output of its Facilities or make other material changes or modifications to the configuration or operation of its Facilities or Interconnection Facilities without the prior written consent of the Cooperative. In the event that the IPP plans to undertake a modification that reasonably may be expected to impact the System, the IPP shall submit such changes to the Cooperative with sufficient information regarding such modifications to enable the Cooperative to evaluate the potential impact of such modification to the Cooperative's system prior to commencement of the work.

7. Power Sales to Cooperative - Interconnection of the Facilities with the System does not grant the IPP the right to export power, nor does it constitute an agreement by the Cooperative to purchase or wheel excess power that the Cooperative is not obligated to accept under this Agreement. The Cooperative will, under the terms of this Agreement, purchase electrical energy from the IPP's generation facilities delivered to the Cooperative at the Point of Delivery. The total rate paid for delivered power will be as set annually by the Cooperative's wholesale power supplier, Basin Electric for system sizes defined below:

- a. For those systems < 150kW in size, the rate paid by the Cooperative will be the Cooperative's Avoided Cost set each year by its power provider.
- b. For those systems located within Nebraska CTEC will follow current Neb. State statute in regard to renewable energy production from IPP's.
- c. For systems > 150 kW in size, and only after receiving approval from Basin Electric for interconnection of the IPP's facilities to the electrical grid, the rate paid by the Cooperative will be the rate set by Basin Electric.

8. Limitation of Liability and Indemnification

- a. Notwithstanding any other provision in this Agreement, with respect to the Cooperative's provision of electric service to IPP and the services provided by the Cooperative pursuant to this Agreement, Cooperative's liability to IPP 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 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.

c. Notwithstanding the Force Majeure section of this Agreement, the IPP 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 that they result from IPP's negligence or other wrongful conduct in connection with the design, construction, installation, operation or maintenance of the IPP's 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 IPP shall each be responsible for the safe installation, maintenance, repair, and condition of their respective facilities, including, but not limited to; generators, 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 inspection related to the IPP's generator, lines, wires, switches, or other equipment or property and will not be responsible therefor. IPP 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 IPP and the Cooperative, a state-issued or city- issued wiring affidavit must be maintained at the site of the Facilities and available for inspection by the Cooperative at any time. Interconnection between the Cooperative's system and the IPP's Facilities require authorization from the regulatory authority having jurisdiction before the IPP Facilities may be energized.

9. Testing and Testing Records - The IPP shall provide to the Cooperative all records of

testing of the Facilities. 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 components of the Facilities and the protective systems of small units will be presumed acceptable. In the case of a factory test, the IPP 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 operating settings of the equipment being installed must be approved by the Cooperative prior to DG operation. Cooperative shall have the right but shall have no obligation or responsibility to observe IPP's tests or inspect the IPP's Facilities. The foregoing rights may be exercised by the Cooperative from time to time as deemed necessary by the Cooperative upon reasonable notice to IPP. However, the exercise or non-exercise by the Cooperative of any of the foregoing rights of observation, review or inspection shall be construed neither as an endorsement or confirmation of any aspect, feature, element, or condition of the Facilities or the operation thereof, nor as a warranty as to the fitness, safety, desirability, or reliability of same.

10. Right of Access, Equipment Installation, Removal & Inspection - The

Cooperative may send an employee, agent or contractor onto the premises of the IPP at any time whether before, during or after the time the Facilities first produce energy to inspect the Facilities, and to observe the Facility's installation, commissioning (including any testing), startup, operation, and maintenance.

At any time, Cooperative shall have access to IPP's premises for any reasonable purpose in connection with the interconnection described in this Agreement, the Rules, or to provide service to its consumers.

11. Disconnection of Facilities - IPP retains the option to disconnect its Facilities from the System, provided that IPP notifies the Cooperative of its intent to disconnect by giving the Cooperative at least thirty (30) days' prior written notice when reasonably possible. Such disconnection shall not be a termination of this Agreement unless IPP exercises its Termination Rights under the provisions of the section titled "Effective Term and Termination Rights".

IPP shall disconnect Facilities from the System upon the effective date of any termination resulting from and required by actions under the provisions of the section titled "Effective Term and Termination Rights".

Cooperative shall have the right to disconnect or cause the IPP to disconnect the Facilities from the System and suspend service without notice when the Cooperative deems the disconnection necessary for the protection of personnel, property, or operation of the system, including effects on power quality of the Cooperative's system caused by the IPP's equipment. The Cooperative shall have the right to suspend service and disconnect or cause the IPP to disconnect the Facilities from the System for maintenance purposes, to effect repairs on the

System, or in the event of a forced outage. The Cooperative shall use its reasonable efforts to provide the IPP with reasonable prior notice.

Cooperative has the right to interrupt service to the IPP as necessary to perform maintenance on the Cooperative's system as may be required to meet Prudent Operating Practice.

As set forth within paragraph 13, Cooperative may require IPP to install at its costs, all equipment and or switches necessary to disconnect or isolate the IPP from the Cooperative's system.

12. Metering - The Cooperative shall purchase, own, install, and maintain such metering equipment as may be necessary to meter the electrical output of the Facilities. All costs associated with purchasing, providing, and installing the required metering infrastructure shall be borne by the IPP. Metering shall meet the Cooperative's data collection and accuracy standards for equivalent electrical services. Metering provided by the Cooperative (at IPP's cost) shall be compatible with the Cooperative's automated meter reading system and read remotely.

13. Disconnect - A lockable, manually operable, visible load-break disconnecting device is required to be installed in a location readily accessible at all times to Cooperative personnel to isolate all generation equipment. The Cooperative retains the right to disconnect generation equipment for any reason without notice to the IPP.

14. Insurance - IPP shall carry adequate insurance coverage acceptable to the Cooperative and designated by A.M. Best Company with a rating of A- or better. IPP will furnish Cooperative with certificates of insurance which document the Cooperative is a named insured. At a minimum, in connection with the Interconnection IPP's performance of its duties and obligations under the Interconnection Agreement, the IPP shall maintain and provide a proof of insurance to the Cooperative. The required minimum general liability insurance amounts are as follows:

- 1.) from 1 KW to 20 KW \$300,000
- 2.) from 21 KW to 149 KW \$500,000

15. 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) IPP may terminate this Agreement at any time by giving the Cooperative at least sixty (60) days' written notice; (b) Cooperative may terminate upon failure by the IPP to generate energy from the Facilities within six (6) months after completion of the interconnection, or IPP ceases to generate and deliver power to the Cooperative for a period exceeding 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) Cooperative may terminate by giving IPP 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 of any transmission utility, independent system operator or regional transmission organization having responsibility for the operation of any part of the System.

16. Compliance with Laws, Rules and Tariffs - Both the Cooperative and the IPP shall be responsible for complying with the laws of the state of South Dakota or Nebraska if the IPP is located within that State, the Rules, and Cooperative's wholesale power supplier tariffs applicable to this Agreement. 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 to any of the Rules at any time.

In addition, the IPP shall:

- a. Comply with IEEE Standard 519 and IEEE Standard 1547 and shall not operate any equipment that (a) imposes power quality problems upon the Cooperative's electric system that materially interferes with the Cooperative's operations, service to its members, or communications facilities, or (b) causes objectionable voltage flicker to the Cooperative's customers. If such material interference occurs, upon prior notice thereof from the Cooperative, the IPP shall diligently pursue corrective action at its own expense. If the IPP does not take corrective action intended to address the issues identified in the notice from the Cooperative or continues to operate equipment-causing Interference without restriction or limit, the Cooperative may disconnect the Facilities from the Cooperative's electric system until the material interference problem is corrected.
- b. IPP shall design its Facilities to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging.

17. 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.

18. 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.

19. The 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 IPP application, or other written information provided by the IPP 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.

20. Assignment - At any time during the term of this Agreement, the IPP may assign this Agreement to a corporation, an entity with limited liability or an individual (the "Assignee") to whom the IPP transfers ownership of the Facilities; provided that the IPP 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 Facilities, and which will not be unreasonably withheld. The company or individual to which this Agreement is assigned will be responsible for the proper operation and maintenance of the Facilities and must agree in writing to be subject to all provisions of this Agreement. Cooperative may also assign the Agreement to another entity with the written approval of the IPP.

21. 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:

Cherry-Todd Electric

625 W 2nd Street PO

Box 169

Mission, SD 57555

(b) If to IPP:

Name: _____

Address _____

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

22. Invoicing and Payment - Invoicing and payment terms for services associated with this Agreement shall be consistent with applicable Rules.

23. 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 IPP without the prior written consent of the Cooperative as specified in Section 18. 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.

24. 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.

25. 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.

Cherry-Todd Electric Cooperative Inc.

IPP

Signed: _____

Signed: _____

Printed: _____

Printed: _____

Title: _____

Title: _____

EXHIBIT A INTERCONNECTION FACILITIES SCHEDULE

Facility Schedule No. _____

Name of Point of Interconnection:

IPP will, at its own cost and expense, operate, maintain, repair, and inspect, and shall be fully responsible for its Facilities, described below, unless otherwise specified on this Exhibit.

FACILITIES SCHEDULE NO.

Brief description of the proposed Facilities.

1. Name: (i.e., Shop Service)

2. Facilities location: (i.e.)

3. Delivery voltage:

4. State or City Wiring Affidavit _Yes _No

5. DG Interconnection with batteries: _Yes _No

A. If you answered yes on 5 is the transfer switch automatic or manual. (Circle one)

6. One line diagram attached (check one): Yes No

7. Facilities to be furnished by Cooperative:

8. Facilities to be furnished by IPP:

9. Cost Responsibility:

10. Cooperative Policy 10-23 for DG interconnection attached.

11. Location of Meter:

12. Delivery Point: (i.e., Cooperative primary side of distribution transformer serving IPP)

Cherry-Todd Electric Cooperative, Inc.

IPP

Signed: _____ Signed: _____

Name (Printed):

Name (Printed):

Title: _____ Title: _____

GENERATION CERTIFICATE

_____ (Seller) hereby sells and conveys title, possession and all rights, including all environmental attributes (Green Tags) related to electrical power and energy; and sold and delivered to Cherry-Todd Electric Cooperative Inc. by the Seller. Any energy or environmental attributes delivered under this certification shall have been produced by the Seller's energy facility located at:

The Seller warrants that the Green Tags or any related environmental attributes, transferred hereunder, have not otherwise been, nor will be, sold, retired, claimed or represented as part of electricity output or sales, or used to satisfy obligations in any other jurisdiction.

Seller further warrants that all energy produced by the above energy facility was accurately metered and delivered to Cherry-Todd Electric Cooperative Inc. and that none of the energy produced by the facility was sold to others or used to support seller's other facilities or electrical needs.

Signed: IPP Facility Owner

Date:
