

Southwest Electric

INTERCONNECTION AND PARALLEL OPERATION AGREEMENT FOR DISTRIBUTED ENERGY RESOURCE 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 energy resource equipment (“DER 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 and/or operate DER Equipment at the Participant’s currently metered location which will be interconnected and operated in parallel with the Distributor’s electric power distribution 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 DER Equipment delivered into the electric facilities of Distributor from the DER facilities of Participant (“*Excess DER Energy*”). Supplier will purchase the Excess DER 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 distributed energy resources and all related interconnection equipment (described in the Application For Interconnection of Distributed Energy Resources and attached to this agreement, if applicable, and hereinafter referred to as “Qualifying System”) located at Participant’s currently metered location with a gross power rating of ____ kWAC and interconnected at ____ V may be interconnected to the Distributor’s electric power distribution system (“System”).

With regard to the installation of a new or enlarged DER system, Participant is not allowed to proceed or continue with parallel operation until:

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

With regard to an existing DER system, Participant is not allowed to proceed or continue with parallel operation until:

- 1.1.13. Participant submits a signed DER Interconnection Agreement with attachments for a home or business purchased with existing DER, if applicable; and
- 1.1.14. Participant provides Supplier with a completed and signed IRS Tax Form W-9, if Participant elects for Supplier to purchase Excess DER Energy; and
- 1.1.15. Upon successfully satisfying all requirements for interconnection, Participant receives written authorization signed by Distributor to proceed with interconnection and parallel

operation. The fully executed DER Interconnection Agreement with attachments will be distributed to the Parties to this Agreement.

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 Energy Resources Program (“Interconnection Procedures”).

3. General Responsibilities of the Parties

- 3.1. Distributor and Supplier have reviewed the proposed distributed energy resource and related equipment as described in the Application for compliance with the Distributed Energy Resources 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 Distributor specified 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 energy resource 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 5.2 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 in accordance with the Distributor's labeling requirements. 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 energy resource 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 energy resource 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 Distributed Energy Resources - including Inverter Settings

If Participant desires to modify the Qualifying DER 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 15 kWAC; Residential Tier) – Participant is obligated to maintain appropriate amounts of insurance;

10.1.2. Tier 2 Generation (greater than 15 kWAC 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 Other than the exception noted in Sections 12.3 and 12.4 below, all other provisions of 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.

12.4 The rights and obligations of Section 10 shall survive termination of this Agreement, if the residential property owner rents their residence which has grid interactive DER.

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 Energy Resources or other written information provided by the Participant in compliance with the Rules.

14 DER Grid Limits

14.1 No DER system shall be capable of using from nor supplying to the electric grid more than the applicable DG capacity limit.

14.2 No grid interactive battery systems shall be capable of supplying power to the electric grid.

15 DER Fees

15.1 Monthly DER 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.

15.2 Distributor shall add to the monthly bill of Participant, if applicable, a DER 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 energy resource. Distributor and/or Supplier may revise the amount charged for the monthly DER Fee upon giving thirty (30) day advance written notice of such change.

16 DER Metering

16.1 If Participant elects to sell Excess DER Energy to Supplier pursuant to Section 20, Metering suitable to Distributor and Supplier for measuring such Excess DER Energy shall be provided by Distributor in accordance with this Agreement and Distributor's and/or Supplier's Rules.

16.2 Reading of Meter: If Participant elects to sell Excess DER Energy to Supplier pursuant to Section 20, Distributor shall read the meter monthly and report to Supplier the excess electric energy delivered to the electric facilities of Distributor from the DER facilities of Participant.

17 DER Billing

17.1 Determination of Excess DER Energy: If Participant elects to sell Excess DER Energy to Supplier pursuant to Section 20, the Excess DER Energy delivered (kWh) shall be measured at the meter.

17.2 Payment for Excess DER Energy: If Participant elects to sell Excess DER Energy to Supplier pursuant to Section 20, a Statement by Supplier covering payment for Excess DER 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 DER Energy credit amount accumulated by December 31st, Supplier shall pay the amount due Participant in the subsequent year.

18 Rental Property

18.1 Distributor membership at the rental location is required for DER interconnection and program participation.

18.2 Owners of rental property with DER shall ensure the DER is disconnected when a renter leaves and is not reconnected until a new renter executes a DG Rental Agreement, when applicable.

18.3 A renter can elect to sell Excess DER Energy to Supplier pursuant to the requirements stated in the DER Rental Agreement.

18.4 Rental property managers can participate in the DER interconnection program with an active membership and the required property manager's documents on file.

18.5 The rights and obligations of Section 10 Insurance shall survive termination of this Agreement, if the residential property owner rents their residence which has grid interactive DER.

18.6 The rights and obligations of Section 10 Insurance shall survive termination of this Agreement, if the non-residential property owner rents their premise which has grid interactive DER and the renter doesn't provide the required insurance.

19 Governing Law

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

20 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.

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Power Purchase

20.1 DER 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 DER facilities of Participant (“Excess DER Energy”) in accordance with Supplier’s Applicable Distributed Energy Resources Rate.

20.2 Power Purchase Choice (Participant Signs Initials Below to make Selection)

_____ Participant elects to sell Excess DER 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 DER Energy is stated in Supplier’s Applicable **Distributed Energy Resources Rate**.

_____ Participant **declines** to sell Excess DER 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 DER 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

Southwest Electric

BY: _____

BY: _____

TITLE: _____

PRINTED NAME: _____

DATE: _____

TITLE: _____

DATE: _____

Cooperative Energy

BY: _____

PRINTED NAME: _____

TITLE: Wholesale Services Programs Representative

DATE: _____