

POLICY BULLETIN NO. 115

SUBJECT:

Standard Interconnection Policy for Small Generation Facilities

OBJECTIVE:

Lower Yellowstone Rural Electric Cooperative has adopted this Standard Interconnection Policy for Small Generation Facilities (the “Interconnection Policy”) to standardize its process for addressing interconnection requests for relatively small generation resources.

The cooperative is an electric cooperative corporation organized and operating within the state of Montana. The cooperative was organized in 1937 on behalf of its members. Its primary mission is to provide electrical services to its members located in the Northeast region of Montana and Western North Dakota.

Cooperative Governance and Oversight. The cooperative is governed by a board of directors, who are either elected by members, or in special circumstances, appointed by the board. The cooperative’s contracts and rates are not regulated by the Montana Public Service Commission. The board of directors establishes the cooperative’s policies, rules, and regulations that apply to the cooperative’s members. The board also sets and, when necessary, revises any rates for the various services the cooperative provides to its members. The cooperative is therefore self-regulating to the extent it creates, enforces and uses its own rules, regulations and service rates.

Minimizing Costs. The cooperative has developed and adopted this policy with the goal of not creating any significant additional costs for its retail power purchasers. The cooperative has also designed this policy to ensure as much as possible that its actions of interconnecting with small generating facilities and providing services to these facilities do not create additional business risks or liabilities for the cooperative or its retail power customers. These goals are consistent with the cooperative’s business model, which is to provide at cost electrical services to its members without creating cross subsidies and cost shifts among its customer classes.

Operating Requirements. The cooperative has established and adopted operating policies, rules, and standards that apply to interconnecting facilities. While the cooperative welcomes the interconnection of generating facilities to its transmission and distribution system, the cooperative will not permit the operations of interconnecting generating facilities to cause significant impacts or harm to the cooperative’s facilities, affected systems, or to the quality of power that the cooperative’s supplies to its retail power customers. Interconnection customers must comply with the cooperative’s operating policies, rules, and standards. The applicable policies, rules, and standards include without limitation the cooperative’s generating facility connection requirements and the Reliability Standards of the North American Electric Reliability Corporation (NREC) or its successor, as administered by the Midwest Independent System Operator (MISO) or its successor.

The cooperative may interrupt, suspend, or terminate services to any interconnection customer or small generation facility that fails to comply with the cooperative's operating policies, rules, and standards. Additionally, to the extent that interconnection customer's non-compliance causes harm on the cooperative's system or the cooperative to incur any regulatory fee or penalties, the cooperative will assess, and the interconnection customer will pay, any such fee or penalty.

Additional Tax Liability. The cooperative is exempt from federal taxation as a 501(C) (12) entity. The cooperative's operation as tax exempt organization is critical to its operation and low cost service to its members. If the interconnection of the small generating facilities causes any additional tax liability to the cooperative, the interconnection customer shall pay, indemnify and hold harmless the cooperative for any additional tax liability.

Membership Requirement. The cooperative only provides service to its members. The cooperative is organized to provide at cost electrical services to its customers on a membership basis. The cooperative will not provide services to non-members or revise its articles of organization, bylaws, or policies, rules or regulations to accommodate entities that either cannot or will not become members of the cooperative. The cooperative will require any entity that intends to submit an application for the interconnection to the cooperative's electrical facilities to become a member of the cooperative before the cooperative enters into any interconnection agreement.

APPLICABILITY OF POLICY:

This policy will apply to the interconnection of new generation facilities that are less than ten megawatts of installed capacity and greater than one hundred kilowatts of installed capacity. The policy will also apply to the interconnection of any increase in the capacity of an existing generation facility if the increase is less than ten megawatts or greater than one hundred kilowatts of installed capacity.

If the interconnection request is for a small generation facility that includes multiple energy production devices at a site for which the interconnection customer seeks a single point of interconnection, the cooperative may evaluate the interconnection request on the basis of the aggregate capacity of the multiple devices or evaluate the proposal as multiple small generation facilities.

The cooperative will follow the processes set forth in this interconnection policy except the requirements concerning the payment of deposits and costs. Additionally, the cooperative reserves the right to interconnect its own facilities regardless of the cooperative's interconnection queue.

The interconnection request or any process under this policy does not convey any rights to an interconnection customer or a small generation facility to either inject power into, transfer power over the cooperative's transmission or distribution system, or to purchase power from the cooperative. An approved interconnection request merely conveys an ongoing right to interconnect the interconnection customer's interconnection facilities to the cooperative's interconnection facilities. No injection, transfer, or power purchase right shall exist until the interconnection customer has entered into appropriate contractual arrangements with the cooperative for transmission service or retail load service.

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures.

APPLICATION PROCESS:

Each potential interconnection customer must submit an application for interconnection service to the cooperative. The interconnection customer must use the cooperative's application which is set forth as Attachment 2 to this Policy. An interconnection customer may obtain general information concerning interconnection from the cooperative by contacting the individual listed below. An interconnection customer must follow the procedures listed below to ensure the cooperative does not deem its interconnection request withdrawn.

Contact Information: All interconnection requests and questions related to interconnection requests shall be directed to:

Name: Chris Hillesland
Title: Chief Operations Officer
Telephone: 406-488-1602
Email: chrish@lyrec.com
Address: P.O. Box 1047, Sidney, Montana 59270

Interconnection Request: The interconnection customer must submit its interconnection request to the cooperative, together with the processing fee or deposit specified in the interconnection request. The cooperative will date and time-stamp the interconnection request upon receipt. The cooperative will accept the original date and time-stamp applied to the interconnection request at the time of its original submission as the qualifying date and time-stamp for the purposes of any timetable in these procedures.

The cooperative will notify the interconnection customer of its receipt of the interconnection request. The cooperative also will notify the interconnection customer within 10 business days of the receipt of the interconnection request as to whether the interconnection request is complete or incomplete.

The date and time of the cooperative receipt of an interconnection customer's request will establish that request's position in the cooperative's interconnection queue. The position of a request in the interconnection queue may affect the interconnection customer's costs in the interconnection process.

If the interconnection request is incomplete, the cooperative will provide a summary of the information that the interconnection customer must provide to complete the interconnection request. The interconnection customer will have 10 business days after receipt of the notice to submit the listed information or to request an extension of time to provide such information.

If the interconnection customer does not provide the listed information or a request for an extension of time within the deadline, the cooperative will deem the interconnection request withdrawn and the interconnection customer will lose the non-refundable fee or deposit and its place in the interconnection

queue. The cooperative will deem an interconnection request complete upon submission of the listed information to the cooperative.

Modification of the Interconnection Request: The cooperative will permit an interconnection customer to modify its interconnection request to a limited extent. Any material modification to machine data or equipment configuration or to the interconnection site of the small generating facility not agreed to in writing by the cooperative and the interconnection customer may be deemed a withdrawal of the interconnection request and may require submission of a new interconnection request, unless the cooperative agrees to a reasonable time to cure the problems created by the changes are undertaken.

Site Control: The interconnection customer must submit documentation of site control with the interconnection request. Site control may be demonstrated through:

Documentation demonstrating ownership of, a leasehold interest in, or a right to develop, a site for the purpose of constructing the small generating facility;

Documentation demonstrating an option to purchase or acquire a leasehold site for such purpose; or

Documentation of an exclusive or other business relationship between the interconnection customer and the entity having the right to sell, lease, or grant the interconnection customer the right to possess or occupy a site for such purpose.

Interconnection Requests Submitted Prior to the Effective Date of this Policy: Nothing in this interconnection policy affects an interconnection customer's interconnection request that was submitted before the effective date of this interconnection policy. The cooperative will complete work on any interconnection study agreement executed prior to the effective date of this interconnection policy in accordance with the terms and conditions of that interconnection study agreement. The cooperative and interconnection customer will complete any additional work or any new studies pursuant to this interconnection policy.

STUDY PROCESS:

The cooperative must conduct planning studies for interconnection requests to determine the feasibility of the request and potential impacts to the cooperative's transmission and distribution system. If an interconnection customer decides to proceed and interconnect its generation facility to the cooperative's transmission or distribution facilities, the cooperative needs to identify the necessary transmission or distribution system upgrades, if any, and to allocate the cost and responsibility of constructing those upgrades. The process set forth below provides the procedures the cooperative will follow to fulfill those objectives.

The cooperative's transmission and distribution system interconnects with Montana Dakota Utilities, Basin Electric Power Cooperative, and Western Area Power Administration (WAPA) transmission system at various locations. WAPA serves as the balancing authority for the cooperative's system. Large generating facilities could have an impact on WAPA's system, as well as its balancing authority area.

Interconnection customers will need to contact Western Area Power Administration (WAPA) to initiate interconnection studies and to initiate the development of a Balancing Authority Areas Services Agreement (BAASA).

Scoping Meeting: The cooperative and interconnection customer will schedule a scoping meeting after the cooperative determines the interconnection request is complete, or as otherwise mutually agreed to by the parties. The cooperative and the interconnection customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting.

The purpose of the scoping meeting is to discuss the interconnection request and to address any outstanding issues. The parties shall further discuss whether the cooperative should perform a feasibility study or proceed directly to a detailed interconnection study or to the development of an interconnection agreement. If the cooperative determines that a feasibility study should be performed, the cooperative shall provide the interconnection customer with a feasibility study agreement (Attachment 3) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. The cooperative and the interconnection customer may omit the scoping meeting by mutual agreement.

To remain in consideration for interconnection, an interconnection customer must return the executed feasibility study agreement within 15 Business Days after receipt from the cooperative. If the interconnection customer fails to return an executed feasibility study prior to the deadline, the cooperative will deem the interconnection request withdrawn. The interconnection customer will forfeit the non-refundable fees or deposits and lose its position in the interconnection queue.

If the cooperative determines a feasibility study unnecessary, but a detailed interconnection study is necessary, the cooperative will provide the interconnection customer with a detailed interconnection study agreement (Attachment 4) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the detailed interconnection study.

Feasibility Study: The feasibility study identifies local area electrical constraints that could affect the location or viability of the proposed small generation facility. The cooperative may require a deposit of 100 percent of the good faith estimated feasibility study costs. The scope of and cost responsibilities for the feasibility study are described in the attached feasibility study agreement.

If the feasibility study indicates the small generation facility is feasible without significant transmission or distribution system upgrades, the cooperative will determine whether additional studies are necessary. If a detailed interconnection study is unnecessary and no additional facilities are required, the cooperative will send the interconnection customer an executable Small Generator Interconnection Agreement.

If the feasibility study shows the potential for adverse system impacts and the need for additional system upgrades, the cooperative will initiate the review process for a detailed interconnection study. If an additional study is necessary, the cooperative will send the interconnection customer a Detailed Interconnection Study Agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

Detailed Interconnection Study: A detailed interconnection study will identify and detail the electric system impacts that would result if the parties interconnected the proposed small generation facility without project modifications or electric system modification, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scope meeting. A detailed interconnection study will address the impact of the proposed interconnection on the reliability of the electric system and necessary system upgrades, if any, for the proposed interconnection of the generation facility. The detailed interconnection study will specify and estimate the cost of equipment; engineering, procurement, and construction work (including overheads) needed to interconnect the small generation facility and to mitigate any system impacts.

If necessary and agreed to by the cooperative, the detailed interconnection study will include additional analysis of the interconnection with electrical system modifications. Such additional analysis may increase the cost of the detailed interconnection study and the interconnection customer shall be responsible for and prepay any additional costs.

The cooperative will provide the interconnection customer a detailed interconnection study agreement (Attachment 4) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the detailed interconnection study. The interconnection customer must execute and return the detailed interconnection study agreement within 30 business days after receipt from the cooperative along with a deposit in the amount specified in the detailed interconnection study. If the interconnection customer fails to return the executed detailed interconnection customer study agreement along with the required deposit prior to the designated deadline, the cooperative will deem the interconnection request withdrawn and the interconnection customer will forfeit all prior fees and deposits and its place in the interconnection queue for the applicable interconnection request.

The cooperative will use commercially reasonable efforts to complete the detailed interconnection study within 120 business days of the effective date of the detailed interconnection study agreement. The cooperative, however will not be liable or responsible under contract law, for any costs, damages, harm or any other impacts of any nature if the Detailed Interconnection Study is not completed within the 120 business day period. The cooperative may contract with consultants to perform activities required under the detailed interconnection study agreement.

Upon completion of the detailed interconnection study, and with the agreement of the interconnection customer to pay for interconnection facilities and upgrades identified in the detailed interconnection study, the cooperative will provide the interconnection customer an executable Small Generator Interconnection Agreement within 120 Business Days.

INTERCONNECTION AGREEMENT:

Offer of Small Generator Interconnection Agreement. After receiving an executable Small Generator Interconnection Agreement from the cooperative, the interconnection customer shall have 45 calendar days, or another period mutually agreed between the cooperative and interconnection customer, to sign and return the Small Generator Interconnection Agreement. If the interconnection customer does not sign the Small Generator Interconnection Agreement within 45 calendar days, the cooperative will deem



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the interconnection request withdrawn and the interconnection customer shall forfeit all prior fees or deposits and its position in the interconnection queue. After the parties have signed the Small Generator Interconnection Agreement, the interconnection of the small generator facility shall proceed under the provisions of the Small Generator Interconnection Agreement.

Form of Interconnection Agreement. The cooperative will offer the interconnection customer an interconnection agreement that is similar in form to the Small Generator Interconnection Agreement attached to this policy as Attachment 5.

Revisions or Amendment to Interconnection Agreement Form. The cooperative may revise, modify, amend, or otherwise change the Small Generator Interconnection Agreement form at any time and for any reason.

Attachment 1

Glossary of Terms

Affected System – An electric system other than the cooperative’s transmission system that may be affected by the proposed interconnection.

Applicable Laws and Regulations – All duly promulgated applicable federal, state, and local laws, regulations, rules, ordinances, codes decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any governmental authority.

Business Day – Monday through Friday, excluding Federal Holidays.

Cooperative – The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity and provides transmission service. The term cooperative should be read to include the transmission owner when the transmission owner is separate from the cooperative.

Distribution System – The cooperative’s facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltages at which distribution systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the cooperative’s distribution system at or beyond the point of interconnection to facilitate interconnection of the small generation facility and render the transmission service necessary to effect the interconnection customer’s wholesale sale of electricity in interstate commerce. Distribution upgrades do not include interconnection facilities.

Good Utility Practice – Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period in the Pacific Northwest, or any of the practices, methods, and acts which, in the exercise of reasonable judgement in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition and which practices, methods, standards, and acts reflect due regard for operation and maintenance standards recommended by the equipment suppliers and manufacturers, operational limits and all applicable governmental rules. Good utility practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the Pacific Northwest.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; *provided, however*, that such term does not include interconnection customer, transmission provider, or any affiliate thereof.

Interconnection Customer – Any entity, including the cooperative, the transmission owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its small generation facility with the cooperative’s transmission system.

Interconnection Facilities – The cooperative’s interconnection facilities and the interconnection customer’s interconnection facilities. Collectively, interconnection facilities include all facilities and equipment between the small generation facility and the point of interconnection, including any modifications, additions, or upgrades that are necessary to physically and electrically interconnect the small generation facility to the cooperative’s transmission system. Interconnection facilities are sole use facilities and shall not include distribution upgrades or network upgrades.

Interconnection Request – The interconnection customer’s request to interconnect a new small generation facility, or to increase the capacity of, or make a material modification to the operating characteristics of, an existing small generation facility that is interconnected with the cooperative’s transmission system.

Material Modification – A modification that has a material impact on the cost or timing of any interconnection request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the cooperative’s transmission system required at or beyond the point at which the small generation facility interconnects with the cooperative’s transmission system to accommodate the interconnection with the small generation facility to the cooperative’s transmission system. Network upgrades to not include distribution upgrades.

Party or Parties – The cooperative, transmission owner, interconnection customer or any combination of the above.

Point of Interconnection – The point where the interconnection facilities connect with the cooperative’s transmission system.

Queue Position – The order of a valid interconnection request, relative to all other pending valid interconnection requests, which is established based upon the date and time of receipt of the valid interconnection request by the cooperative.

Small Generation Facility – The interconnection customer’s device for the production of electricity identified in the interconnection request, but shall not include the interconnect customer’s interconnection facilities.

Transmission Owner – The entity that owns, leases, or otherwise possesses an interest in the portion of the transmission system at the point of interconnection and may be a party to the small generator interconnection agreement to the extent necessary.

Transmission System – The facilities owned, controlled, or operated by the cooperative or the transmission owner that are used to provide transmission service.



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Upgrades – The required additions and modifications to the cooperative’s transmission system at or beyond the point of interconnection. Upgrades may be network upgrades or distribution upgrades. Upgrades do not include interconnection facilities.



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**SMALL GENERATOR (LESS THAN 10 KW) INTERCONNECTION REQUEST
(Application Form)**

Cooperative: Lower Yellowstone Rural Electric Cooperative

Designated Contact Person:

Address: PO Box 1047, Sidney, MT 59270

Telephone Number: 406-488-1602

E-Mail Address:

An interconnection request is considered complete when it provides all applicable and correct information required below.

Preamble and Instructions

An interconnection customer who requests an interconnection must submit this interconnection request by hand delivery, mail, or e-mail to the cooperative.

Interconnection Customer Information

Individual requesting interconnection or company

Name: _____

Contact Person: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Facility Location (if different from above): _____

Telephone (Day): _____ Telephone (Evening): _____

E-Mail Address: _____



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Alternative contact information (if different from the interconnection customer)

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

E-Mail Address: _____

Application is for: _____ new small generating facility
_____ capacity addition to existing small generating facility

If capacity addition to existing facility, please describe: _____

Will the small generation facility be used to supply power to the interconnection customer?

Yes ___ No ___

For installations at locations with existing electric service to which the proposed small generation facility will interconnect, provide:

(Cooperative)

(Existing Account Number)

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

E-Mail Address: _____

Requested point of interconnection: _____



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Interconnection customer's requested in-service date: _____

Small Generation Facility Information

Data applies only to the small generation facility, not the interconnection facilities.

Energy Source: ___ Solar ___ Wind ___ Hydro ___ Hydro Type (e.g.of River): _____
Diesel ___ Natural Gas ___ Fuel Oil ___ Other(state type) _____

Prime mover: ___ Fuel Cell ___ Recip Engine ___ Gas Turb ___ Steam Turb
___ Microturbine ___ PV ___ Other

Type of generator: ___ Synchronous ___ Induction ___ Inverter

Generator nameplate rating: _____ kW (Typical)

Interconnection customer or customer-site load: _____ kW (if none, so state)

Is the prime mover compatible with the certified protective relay package? ___ Yes ___ No

Generator (or solar collector)

Manufacturer, model name & number: _____

Version number: _____

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling? ___ Yes ___ No

Will the transformer be provided by the interconnection customer? ___ Yes ___ No

Transformer data (If applicable, for interconnection customer-owned transformer):

Size: _____ kVA


Transformer impedance: _____ % on _____ kVA Base

General Information

Enclose a copy of site electrical one-line diagram showing the configuration of all small generation facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed professional engineer. Is one line diagram enclosed? ___ Yes ___ No



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Enclose copy of any site documentation that indicates the precise physical location of the proposed small generation facility (e.g. USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the interconnection customer's address) _____

Enclose a copy of any site documentation that describes and details the operation of the protection and control schemes. Is available documentation enclosed? Yes No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).

Are schematic drawings enclosed? Yes No

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this interconnection request is true and correct.

For interconnection customer: _____ Date: _____

Attachment 3

Feasibility Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, (“Interconnection Customer,”) and _____, a cooperative corporation existing under the laws of the State of Montana (“Cooperative”). Interconnection Customer and Cooperative each may be referred to as a “Party”, or collectively as the “Parties”.

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generation Facility or generating capacity addition to an existing Small Generation Facility consistent with the Interconnection Request completed by Interconnection Customer on _____; and

WHEREAS, Interconnection Customer desires to interconnect the Small Generation Facility with the Cooperative’s Transmission System; and

WHEREAS, Interconnection Customer has requested the Cooperative to perform a feasibility study to assess the feasibility of interconnecting the proposed Small Generation Facility with the Cooperative’s Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated of the meanings specified in the Standard Interconnection Policy for Small Generation Facilities.
- 2.0 The Interconnection Customer elects and the Cooperative shall cause to be performed an interconnection feasibility study consistent with the standard Interconnection Policy for Small Generation Facilities and the terms of this Agreement.
- 3.0 The scope of the feasibility study shall be subject to the assumptions set forth in Attachment A to this agreement.
- 4.0 The feasibility study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The Cooperative reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the feasibility study and as designed in accordance with the Standard Interconnection Policy for Small Generation Facilities. If the Interconnection Customer modifies its Interconnection Request, the time to complete the feasibility study may be extended by agreement of the Parties.

- 5.0 In performing the study, the Cooperative may rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer may not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the feasibility study.
- 6.0 Upon the completion of the feasibility study, the Cooperative will develop a feasibility study report. The feasibility study report shall provide the results of the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generation Facility as proposed:
 - 6.1 Initial identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - 6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - 6.3 Initial review of grounding requirements and electric system protection; and
 - 6.4 Description and non-bonding estimated cost of facilities required to interconnect the proposed Small Generation Facility and to address the identification short circuit and power flow issues.
- 7.0 The feasibility study shall model the impact of the Small Generation Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generation Facility is being installed.
- 8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.
- 9.0 Billing and Payment
 - 9.1 A deposit of 100 percent of the good faith estimated feasibility study costs will be required from the Interconnection Customer
 - 9.2 Once the feasibility study is completed, the feasibility study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the feasibility study must be completed and the feasibility study report transmitted within 90 Business Days of the Interconnection Customer's agreement to conduct a feasibility study.
 - 9.3 Any study fees shall be based on the Cooperative's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
 - 9.4 The Interconnection Customer shall pay to the Cooperative the required deposit when the Interconnection Customer returns this executed Agreement to the Cooperative.
 - 9.5 The Cooperative shall base any study fees on the Cooperative's actual costs (including overheads) and shall invoice Interconnection Customer after the study is completed for any costs that exceed the deposit amount. Any such invoice will include a summary of professional time expended.
 - 9.6 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Cooperative shall refund such excess within 30 calendar days of the invoice without interest.
- 10.0 Interconnection Customer represents and warrants the following:

- 10.1 It is duly organized, validly existing and in good standing under the law of the state it is organized and has the requisite corporate power and authority to own its properties, to carry on its business as now being conducted.
- 10.2 It has the requisite corporate power and authority to execute and deliver this Agreement and to carry out the actions and obligations required of it by this Agreement. The execution and delivery of this Agreement and the actions and obligations it contemplates have been duly and validly authorized by its corporate governance bodies and no other corporate proceedings on the part of it are necessary to authorize this Agreement or to consummate the transaction contemplated hereby. This Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding agreement of it enforceable against it in accordance with this Agreement's terms.
- 10.3 It has obtained or will obtain all approvals of, and has given or will give all notices to, any public authority that are required for it to execute, deliver and perform its obligations under this Agreement.
- 10.4 It will comply with all Applicable Laws and Regulations of, and obtain all necessary permits from, all federal, state and local governmental agencies having jurisdiction over it or the transactions under this Agreement and with which failure to comply could reasonably be expected to have a material adverse effect on either Party.
- 10.5 Entering into and performance of its obligations under this Agreement will not give rise to any default under any agreement to which it is a party. Notwithstanding the above, if for any reason a court of competent jurisdiction determines it is not lawfully empowered to carry out this Agreement under all Applicable Laws and Regulations, this Agreement shall terminate and Interconnection Customer hereby holds the Transmission Provider harmless from any and all damages arising from reliance on this Agreement.
- 10.6 The representations and warranties made herein shall continue in full force and effect for the term of this Agreement. Any breach of these representations and warranties shall be a Default under this Agreement.

11.0 Default

- 11.1 Failure to perform any material obligation under this Agreement shall be a Default. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of an event beyond the reasonable control of a Party or the result of an act or omission of the other Party. Upon a Default (other than the payment of money), the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as expressly provided otherwise in this Agreement, the defaulting Party shall have ten calendar days from receipt of the Default notice within which to cure such Default; provided however, if both Parties reasonably determine such Default is not capable of cure within ten calendar days, then the defaulting Party shall commence such cure within five calendar days after the Default notice and continuously and diligently complete such cure within thirty calendar days from receipt of the Default notice. If the defaulting Party cures the Default within such time, then the Default specified in such notice shall cease to exist.
- 11.2 For any Default of an obligation for the payment of money by Interconnection Customer, Transmission Provider may immediately discontinue its performance under this Agreement until Transmission Provider receives such payments in full. If Interconnection Customer fails to cure its failure to make

any payments pursuant to this Agreement within three calendar days of the date such payments are due, Transmission Provider may immediately terminate this Agreement without any liability to Interconnection Customer. All obligations to make payment that are due upon any termination shall remain due and payable until satisfied.

11.3 Subject to Transmission Provider's express rights to terminate under other provisions of this Agreement, if a defaulting Party fails to cure a Default as provided in this section, or if both Parties determine a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice provided to the Defaulting Party at any time, and the non-defaulting Party shall be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder.. The provisions of this article will survive termination of this Agreement.

12.0 Miscellaneous

12.1 Binding Effect. This Agreement and the rights and obligations hereof, shall be binding upon and shall insure to the benefit of the successors and assigns of the Parties hereto.

12.2 Conflicts. In the event of a conflict between the body of this Agreement and the Standard Interconnection Policy for Small Generation Facilities or any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.

12.3 Entire Agreement. This Agreement, including all Attachments attached hereto and the applicable terms from the Standard Interconnection Policy for Small Generation Facilities, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.4 No Third Party Beneficiaries. 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, their successors in interest and, where permitted, their assigns.

12.5 Waiver. 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 a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.

12.6 Headings. The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

12.7 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.



LOWER YELLOWSTONE RURAL ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative

Date Adopted: 03/23/04
Date Revised: 01/24/17
Date Reviewed: 01/24/17

12.8 Amendment. Any amendment to this Agreement or the Attachments shall be void, unless the Parties by mutual agreement amend this Agreement or the Attachments by a prior, written instrument duly executed by both of the Parties.

12.9 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation

or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.10 Governing Law. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of Montana (where the Point of Interconnection is located) applicable to contracts made entirely within the State of Montana and wholly performed within the State of Montana without regard to any conflict or choice of law principles. This Agreement is subject to all Applicable Laws and Regulations. The sole jurisdiction and venue for any litigation arising out of this Agreement will be an appropriate federal or state court located within the State of Montana.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Cooperative]

[Insert name of Interconnection Customer]

Signed _____

Signed _____

Name (Printed): _____

Name (Printed): _____

Title _____

Title _____



**LOWER YELLOWSTONE
RURAL ELECTRIC COOPERATIVE**

Your Touchstone Energy® Cooperative 

Date Adopted: 03/23/04

Date Revised: 01/24/17

Date Reviewed: 01/24/17

Attachment A to
Feasibility Study Agreement

Assumptions Used in Conducting the Feasibility Study

The feasibility study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____:

- 1) Designation of Point of Interconnection and configuration to be studied.

- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Cooperative.

Attachment 4

Detailed Interconnection Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____, 20____ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____, a cooperative corporation existing under the laws of the State of Montana, ("Cooperative"). Interconnection Customer and Cooperative each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generation Facility or generating capacity addition to an existing Small Generation Facility consistent with the Interconnection Request completed by the Interconnection Customer on _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generation Facility with the Cooperative's Transmission System;

WHEREAS, the Cooperative has completed a feasibility study and provided the results of said study to the Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the feasibility study.); and

WHEREAS, the Interconnection Customer has requested the Cooperative to perform a detailed interconnection study(s) to assess the impact of interconnecting the Small Generation Facility with the Cooperative's Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the Standard Interconnection Policy for Small Generation Facilities.
- 2.0 The Interconnection Customer elects and the Cooperative shall cause to be performed a detailed interconnection study(s) consistent with the Standard Interconnection Policy for Small Generation Facilities.
- 3.0 The scope of a detailed interconnection study shall be subject to the assumptions set forth in Attachment A to this Agreement. The Cooperative will complete the detailed interconnection study and the results transmitted to the Interconnection Customer within 120 Business Days after this Agreement is signed by the Parties, or in accordance with the Cooperatives queuing procedures. The Cooperative will not be liable or responsible under any theory of contract law, tort, law, and equity or otherwise for any costs, damages, harm or any other impacts of any nature if the Detailed Interconnection Study is not

- completed within the 120 Business Day period. The Cooperative may contract with consultants to perform activities required under the detailed interconnection study agreement.
- 4.0 A detailed interconnection study will be based upon the results of the feasibility study and the technical information provided by Interconnection Customer in the Interconnection Request. The Cooperative reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the detailed interconnection study. If the Interconnection Customer, with approval of the Cooperative, modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the detailed interconnection study may be extended.
- 5.0 A detailed interconnection study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. The detailed interconnection study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The detailed interconnection study shall provide a list of facilities that are required as a result of the requested interconnection and non-binding good faith estimates of cost responsibility and time to construct, including an estimate of the cost of the equipment, engineering, procurement and construction work needed to physically and electrically connect the Small Generation Facility with the Cooperative's facilities in accordance with Good Utility Practice. The detailed interconnection study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Cooperative's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.
- 6.0 The detailed interconnection study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.
- 7.0 Affected Systems may participate in the preparation of a detailed interconnection study, with a division of costs among such entities as they may agree.
- 8.0 If the Cooperative uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Distribution Upgrades or Network Upgrades, the system impact study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the system impact study is commenced –
- 8.1 Are directly interconnected with the Cooperative's electric system; or
 - 8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and
 - 8.3 Have a pending higher queued Interconnection Request to interconnect with the Cooperative's electric system.
- 9.0 Billing and Payment

- 9.1 The Interconnection Customer shall pay to the Cooperative a deposit of the equivalent of the good faith estimated cost of a detailed interconnection study when the Interconnection Customer returns this executed Agreement to the Cooperative.
 - 9.2 The Cooperative shall base any study fees on the Cooperative's actual costs and shall invoice Interconnection Customer after the study is completed for any costs that exceed the deposit amount. Any such invoice will include a summary of professional time.
 - 9.3 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Cooperative shall refund such excess within 30 calendar days of the invoice without interest.
- 10.0 Interconnection Customer represents and warrants the following:
- 10.1 It is duly organized, validly existing and in good standing under the law of the state it is organized and has the requisite corporate power and authority to own its properties, to carry on its business as now being conducted.
 - 10.2 It has the requisite corporate power and authority to execute and deliver this Agreement and to carry out the actions and obligations required of it by this Agreement. The execution and delivery of this Agreement and the actions and obligations it contemplates have been duly and validly authorized by its corporate governance bodies and no other corporate proceedings on the part of it are necessary to authorize this Agreement or to consummate the transaction contemplated hereby. This Agreement has been duly and validly executed and delivered by it and constitutes a legal, valid and binding agreement of it enforceable against it in accordance with this Agreement's terms.
 - 10.3 It has obtained or will obtain all approvals of, and has given or will give all notices to, any public authority that are required for it to execute, deliver and perform its obligations under this Agreement.
 - 10.4 It will comply with all Applicable Laws and Regulations of, and obtain all necessary permits from, all federal, state and local governmental agencies having jurisdiction over it or the transactions under this Agreement and with which failure to comply could reasonably be expected to have a material adverse effect on either Party.
 - 10.5 Entering into and performance of its obligations under this Agreement will not give rise to any default under any agreement to which it is a party. Notwithstanding the above, if for any reason a court of competent jurisdiction determines it is not lawfully empowered to carry out this Agreement under all Applicable Laws and Regulations, this Agreement shall terminate and Interconnection Customer hereby holds the Transmission Provider harmless from any and all damages arising from reliance on this Agreement.
 - 10.6 The representations and warrants made herein shall continue in full force and effect for the term of this Agreement. Any breach of these representations and warranties shall be a Default under this Agreement.
- 11.0 Default

- 11.1 Failure to perform any material obligation under this Agreement shall be a Default. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of an event beyond the reasonable control of a Party or the result of an act or omission of the other Party. Upon a Default (other than the payment of money), the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as expressly provided otherwise in this Agreement, the defaulting Party shall have ten calendar days from receipt of the Default notice within which to cure such Default; provided however, if both Parties reasonably determine such Default is not capable of cure within ten calendar days, then the defaulting Party shall commence such cure within five calendar days after the Default notice and continuously and diligently complete such cure within thirty calendar days from receipt of the Default notice. If the defaulting Party cures the Default within such time, then the Default specified in such notice shall cease to exist.
 - 11.2 For any Default of an obligation for the payment of money by Interconnection Customer, Transmission Provider may immediately discontinue its performance under this Agreement until Transmission Provider receives such payments in full. If Interconnection Customer fails to cure its failure to make any payments pursuant to this Agreement within three calendar days of the date such payments are due, Transmission Provider may immediately terminate this Agreement without any liability to Interconnection Customer. All obligations to make payment that are due upon any termination shall remain due and payable until satisfied.
 - 11.3 Subject to Transmission Provider's express rights to terminate under other provisions of this Agreement, if a defaulting Party fails to cure a Default as provided in this section, or if both Parties determine a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice provided to the Defaulting Party at any time, and the non-defaulting Party shall be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.
- 12.0 Miscellaneous
- 12.1 Binding Effect. This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
 - 12.2 Conflicts. In the event of a conflict between the body of this Agreement and the Standard Interconnection Policy for Small Generation Facilities or any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.
 - 12.3 Entire Agreement. This Agreement, including all Attachments attached hereto and the applicable terms from the Standard Interconnection Policy for Small Generation Facilities, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.



**LOWER YELLOWSTONE
RURAL ELECTRIC COOPERATIVE**

Your Touchstone Energy® Cooperative 

Date Adopted: 03/23/04
Date Revised: 01/24/17
Date Reviewed: 01/24/17

- 12.4 No Third Party Beneficiaries. 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, their successors in interest and, where permitted, their assigns.
- 12.5 Waiver. 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 a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Any waiver of this Agreement shall, if requested, be provided in writing.
- 12.6 Headings. The descriptive headings of the various Articles of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.
- 12.7 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.
- 12.8 Amendment. Any amendment to this Agreement or the Attachments shall be void, unless the Parties by mutual agreement amend this Agreement or the Attachments by a prior, written instrument duly executed by both of the Parties.
- 12.9 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.
- 12.10 Governing Law. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of Montana (where the Point of Interconnection is located) applicable to contracts made entirely within the state of Montana and wholly performed within the state of Montana without regard to any conflict or choice of law principles. This Agreement is subject to all Applicable Laws and Regulations. The sole jurisdiction and venue for any litigation arising out of this Agreement will be an appropriate federal or state court located within the state of Montana.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Cooperative]

[Insert name of Interconnection Customer]

Signed _____

Signed _____



LOWER YELLOWSTONE RURAL ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative

Date Adopted: 03/23/04
Date Revised: 01/24/17
Date Reviewed: 01/24/17

Name (Printed):

Name (Printed):

Title

Title

Attachment A to Detailed Interconnection Study Agreement

Assumptions Used in Conducting the Detailed Interconnection Study

The detailed interconnection study shall be based upon the results of the feasibility study, subject to any modifications in accordance with the Standard Interconnection Policy for Small Generation Facilities, and the following assumptions:

- 1) Designation of Point of Interconnection and configuration to be studied.
2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Cooperative.

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.


On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Cooperative station. Number of generation connections: _____



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Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes ____ No ____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes ____ No ____

(Please indicate on the one-line diagram)

What type of control system or PLC will be located at the Small Generation Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Cooperative's Transmission System.

Tower number observed in the field. (Painted on tower leg)*:

Number of third party easements required for transmission lines*:



**LOWER YELLOWSTONE
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* To be completed in coordination with Cooperative.

Is the Small Generation Facility located in Cooperative's service area?

Yes _____ No _____ If No, please provide name of local provider:

Please provide the following proposed schedule dates:

Begin Construction Date: _____

Generator step-up transformers
receive back feed power Date: _____

Generation Testing Date: _____

Commercial Operation Date: _____

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 10 MW)

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Date Adopted: 03/23/04
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Attachment 1 – Glossary of Terms

Attachment 2 – Description and Costs of the Small Generation Facility, Interconnection Facilities, and Metering Equipment



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Date Adopted: 03/23/04

Date Revised: 01/24/17

Date Reviewed: 01/24/17

Attachment 3 – One-line Diagram Depicting the Small Generation Facility, Interconnection Facilities, Metering Equipment, and Upgrades

Attachment 4 – Milestones

Attachment 5 – Additional Operating Requirements for the Cooperative's Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs

Attachment 6 – Cooperative's Description of its Upgrades and Best Estimate of Upgrade Costs



**LOWER YELLOWSTONE
RURAL ELECTRIC COOPERATIVE**

Your Touchstone Energy® Cooperative 

Date Adopted: 03/23/04
Date Revised: 01/24/17
Date Reviewed: 01/24/17

This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20____, ("Effective Date") by _____, a cooperative corporation organized under the laws of the State of Montana, ("Cooperative") and _____ a _____ organized under the laws of the State of _____ ("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Recitals

WHEREAS, the Cooperative is an electric cooperative organized and operated to provide electrical services to its members;

WHEREAS, the Cooperative is exempt from paying federal taxes pursuant to Section 501©(12) of the Internal Revenue Code;

WHEREAS, the Cooperative is not regulated by the Federal Energy Regulatory Commission at the time it entered into this Agreement;

WHEREAS, the Cooperative owns and operates, or engages others to operate, transmission and distribution services for the benefit of its members;

WHEREAS, the Interconnection Customer owns and operates a small electric generation facility located in the service area of Cooperative;

WHEREAS, the Interconnection Customer is a cooperative member of Cooperative; and

WHEREAS, the Interconnection Customer wants to electrically interconnect its generation facilities with Cooperative's transmission and distribution facilities.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used by the Cooperative for all Interconnection Requests submitted under the Cooperative's Standard Interconnection Policy for Small Generation Facilities.
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generation Facility will interconnect with, and operate in parallel with, the Cooperative's Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The Interconnection Customer's purchase of power from the Cooperative, if any, or the purchase

of transmission services and other services that the Interconnection Customer may require, if any, will be covered under separate agreements with the appropriate entities. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable transmission provider(s) and Balancing Authority.

1.4 Nothing in this Agreement is intended to affect any other agreement between the Cooperative and the Interconnection Customer.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, Prudent Utility Practice, and the Cooperative's Policies.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generation Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, in accordance with this Agreement, with Prudent Utility Practice, and the Cooperative's Policies.

1.5.3 The Cooperative shall construct, operate, and maintain its Transmission System and Interconnection Facilities in accordance with this Agreement, with Prudent Utility Practice, and the Cooperative's Policies.

1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generation Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Cooperative or Affected Systems.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Interconnection Customer shall provide Interconnection Facilities that adequately protect the Cooperative's Transmission System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 The Interconnection Customer shall contact and coordinate with all Affected Systems to support the interconnection. Cooperative shall not be responsible in any manner regarding any contact or coordination with Affected Systems to support Interconnection Customer's interconnection. To the extent, Interconnection Customer needs to make a separate interconnection request or transmission request with another Cooperative or Affected System, Interconnection Customer shall make any necessary arrangements to apply for such service directly with the other transmission providers or Affected System. Additionally, to the extent Interconnection Customer interconnection requires arrangements with a Balancing Authority, Interconnection Customer shall contact and make any necessary arrangements with the Balancing Authority.

1.5.7 The Interconnection Customer agrees that as a condition to receive Interconnection Service pursuant to this Agreement, Interconnection Customer and any permitted successors or assigns

shall be and must remain a member of the Cooperative during the term of this Agreement. If Interconnection Customer, or any permitted successors or assigns, fail to become or remain cooperative members of the Cooperative, Cooperative may terminate this Agreement with five Business Days prior written notice.

1.6 Parallel Operation Obligations

Once the Small Generation Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generation Facility in the applicable control area, or Balancing Authority areas, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Cooperative's Policy and by the system operator for the Cooperative's Transmission System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Cooperative's cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules, Operating Requirements and Cooperative's Policies.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Small Generation Facility 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, unless the Cooperative has established different requirements that apply to all similarly situated generators in the control area on a comparable basis. [The requirements of this paragraph shall not apply to wind generators.]

1.9 Contract Interpretation

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Customer shall test and inspect its Small Generation Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Cooperative of such activities no fewer than five Business Days (or as may be agreed to by

the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Cooperative may send qualified personnel to the Small Generation Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide

the Cooperative a written test report when such testing and inspection is completed. Interconnection Customers shall be responsible for all reasonable costs that Cooperative incurs in any inspection and testing.

- 2.1.2 The Cooperative shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Cooperative of the safety, durability, suitability, or reliability of the Small Generation Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generation Facility.

2.2 Authorization Required Prior to Parallel Operation

- 2.2.1 The Cooperative shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Cooperative will notify the Interconnection Customer of any changes to these requirements when they become effective. The Cooperative will make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Small Generation Facility in parallel with the Cooperative's Transmission System without prior written authorization of the Cooperative. The Cooperative will provide such authorization once the Cooperative receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Cooperative may send a qualified person to the premises of the Interconnection Customer before or when the Small Generation Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generation Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Cooperative at least five Business Days prior to conducting any on-site verification testing of the Small Generation Facility. Interconnection Customer shall be responsible for all reasonable costs that Cooperative incurs with following this Section 2.3.1.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Cooperative shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers. Each Party shall be responsible for its own costs associated with following this Section 2.3.2.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon the date first written above.

3.2 Term of Agreement

This Agreement shall be effective from Effective Date and shall expire on the twentieth anniversary of the Effective Date, unless terminated earlier in accordance with other provisions set for in this Agreement.

3.3 Expiration or Termination

No expiration or termination of this Agreement shall become effective until the Parties have complied with all Cooperative Policies applicable to such expiration or termination.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Cooperative 60 Business Days written notice.

3.3.2 Either Party may terminate this Agreement pursuant to other provisions in the Agreement and after Default pursuant to article 7.6.

3.3.3 Upon termination or expiration of this Agreement, the Cooperative may disconnect the Small Generation Facility from the Cooperative's Transmission System. Interconnection Customer shall pay all costs Cooperative may incur to disconnect the Small Generation Facility. The termination or expiration of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination or expiration.

3.3.4 The provisions of this article shall survive the expiration or termination of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Prudent Utility Practice.

3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Cooperative, is imminently likely to cause a material adverse effect on the security of, or damage to the Transmission System, the Cooperative's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (3) that, in the case of the Cooperative, is declared by the Balancing Authority or any official reliability organization or (4) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generation Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Cooperative may immediately suspend Interconnection Service and temporarily disconnect the Small Generation Facility. The Cooperative shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generation Facility. The Interconnection Customer shall notify the

Cooperative promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Cooperative's Transmission System or other Affected Systems.

3.4.2 Routine Maintenance, Construction, and Repair

The Cooperative may interrupt Interconnection Service or curtail the output of the Small Generation Facility and temporarily disconnect the Small Generation Facility from the Cooperative's Transmission System when necessary for routine maintenance, construction, and repairs on the Cooperative's Transmission System. The Cooperative shall provide the Interconnection Customer with five Business Days' notice prior to such interruption. The Cooperative shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Cooperative may suspend Interconnection Service to effect immediate repairs on the Cooperative's Transmission System. The Cooperative shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Cooperative shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Cooperative shall notify the Interconnection Customer as soon as practicable if, based on Prudent Utility Practice, operation of the Small Generation Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generation Facility could cause damage to the Cooperative's Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Cooperative may disconnect the Small Generation Facility. The Cooperative shall provide the Interconnection Customer with five Business day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generation Facility

The Interconnection Customer must receive written authorization from the Cooperative before making any change to the Small Generation Facility that may have a material impact on the safety or reliability of the Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Prudent Utility Practice. If the Interconnection Customer makes such modification without the Cooperative's prior written authorization, the latter shall have the right to disconnect the Small Generation Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generation Facility, Interconnection Facilities, and the Cooperative's Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. Interconnection Facilities includes Cooperatives Interconnection Facilities, and Interconnection Customer Interconnection Facilities. The Cooperative shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs.

4.1.2 The Interconnection Customer shall be responsible for all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Cooperative's Interconnection Facilities.

4.2 Distribution Upgrades

The Cooperative shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Cooperative and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generation Facility requires Network Upgrades.

5.2 Network Upgrades

The Cooperative or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Cooperative and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Network Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

5.2.1 Prepayment of Amounts for Upgrades

The Interconnection Customer shall prepay all costs associated with any Upgrade listed in Appendix 6, including any tax gross-up or other tax-related payments associated with the Upgrades, and not otherwise paid by the Interconnection Customer.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Cooperative shall bill the Interconnection Customer for the estimated costs for the design, engineering, construction, and equipment procurement of Interconnection Facilities, Upgrades and any other costs or expenses contemplated by this Agreement prior to the commitment of any work. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or

prior to the commencement of any work, which ever event occurs first. If costs exceed the Interconnection Customer's previous payments, the Cooperative shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Cooperative within 30 calendar days. If Interconnection Customer fails to pay any invoiced amount, Cooperative may suspend or terminate any work until such payments are made. If Interconnection Customer fails to pay or refuse to pay pursuant to the terms of this article, the Cooperative may terminate this Agreement with thirty calendar day's prior written notice.

6.1.2 Within three months of completing the construction and installation of the Cooperative's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Cooperative shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous payments to the Cooperative for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous payments, the Cooperative shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment without interest to the Cooperative within 30 calendar days of receipt of such invoice. If the Interconnection Customer's previous payments exceed its cost responsibility under this Agreement, the Cooperative shall refund to the Interconnection Customer an amount equal to the difference without interest within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and propose the earliest reasonable alternate date by which it can attain this and future milestones,. Under no circumstance will Cooperative be held responsible, financially or otherwise, under any theory of law, equity, or otherwise, if a milestone is not met for any reason.

6.3 Financial Security Arrangements

If the Parties agree to an alternative payment method to the method in section 6.1 of this Agreement, at least twenty Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Cooperative's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Cooperative a letter of credit or other form of security that is reasonably acceptable to the Cooperative. Such security for payment shall be in an amount sufficient to

cover the costs for constructing, designing, procuring, and installing the applicable portion of the Cooperative's Interconnection Facilities and Upgrades and any financial risk determined by Cooperative that may arise from either Party's performance under this Agreement. The letter of credit must be issued

by a financial institution or insured reasonably acceptable to the Cooperative and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 The Interconnection Customer may only assign this Agreement with prior written permission from the Cooperative, to an affiliate that is a member of the Cooperative with an equal or greater credit rating than the Interconnection Customer and with the legal authority and operational ability to satisfy the obligations of the Interconnection Customer under this Agreement;
- 7.1.2 The Interconnection Customer shall have the right to assign rights under this Agreement, without the consent of the Cooperative, for collateral security purposes to aid in providing financing for the Small Generation Facility, provided that the Interconnection Customer will promptly notify the Cooperative of any such assignment.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations under this Agreement, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. **IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, EXCEPT AS AUTHORIZED BY THIS AGREEMENT.**

7.3 Indemnity

- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2 and 7.4.
- 7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, fines, environmental damages or harm, court costs, attorney fees, and all other obligations to third parties, arising out

of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

- 7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

OTHER THAN AS EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFIT OR REVENUE, LOSS OF USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES. WHETHER BASED IN WHOLE OR IN PART IN CONTRACT, IN TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY; PROVIDED, HOWEVER, THAT DAMAGES FOR WHICH A PARTY MAY BE LIABLE TO THE OTHER PARTY UNDER ANOTHER AGREEMENT WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.

7.5 Force Majeure

- 7.5.1 As used in this article, the term "Force Majeure Event" shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing or economic hardship."
- 7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement (other than the obligation to make payments), the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall

keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State of Montana where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Cooperative, except that the Interconnection Customer shall show proof of insurance to the Cooperative no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 Interconnection Customer further agree to notify Cooperative whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

Article 10. Disputes

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations consistent with Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Cooperative's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.
- 11.3 Interconnection Customer shall indemnify and hold harmless Cooperative from any tax liability arising from any payments, capital contributions, or other compensation of any nature arising from the interconnection of the Small Generation Facility.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of Montana, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties. Any Amendment not in compliance with this article shall be void.

12.3 No Third-Party Beneficiaries

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, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 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 a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement.

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 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.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any

agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, such determination shall not invalidate, void, or make unenforceable any other provision, agreement, or covenant of this Agreement, *provided that* the Parties in good faith negotiate within a reasonable period alternative provisions that are valid and enforceable and that provide the Parties the expected rights and benefits as originally provided under this Agreement. If the Parties cannot negotiate mutually acceptable alternative provisions, then either Party may terminate this Agreement upon thirty calendar day's prior written notice.

12.9 Security Arrangements

Interconnection Customer shall comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generation Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from using the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

- 12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor or agent the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Cooperative be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.



LOWER YELLOWSTONE
RURAL ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative 

Date Adopted: 03/23/04
Date Revised: 01/24/17
Date Reviewed: 01/24/17

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights
[To be developed by cooperative.]

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national carrier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Cooperative:

Cooperative: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

Cooperative: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

13.3 Alternative Forms of Notice



LOWER YELLOWSTONE
RURAL ELECTRIC COOPERATIVE

Your Touchstone Energy® Cooperative 

Date Adopted: 03/23/04
Date Revised: 01/24/17
Date Reviewed: 01/24/17

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____

Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Cooperative:

Cooperative: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Cooperative's Operating Representative:


Cooperative: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.



**LOWER YELLOWSTONE
RURAL ELECTRIC COOPERATIVE**

Your Touchstone Energy® Cooperative 

Date Adopted: 03/23/04

Date Revised: 01/24/17

Date Reviewed: 01/24/17

Article 14. Signatures

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

For the Cooperative

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Title: _____

Date: _____

Attachment 1

Glossary of Terms

Affected System – An electric system other than the Cooperative's Transmission System that may be affected by the proposed interconnection.

Affiliate – With respect to a corporation, partnership, or other entity, each such other corporation, partnership, or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under the common control with, such corporation, partnership, or other entity.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, Applicable Reliability Standards, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council – The reliability council applicable to the transmission system to which the Small Generation Facility is directly interconnected.

Applicable Reliability Standards – The requirements, guidelines, standards and component requirements as approved by the Federal Energy Regulatory Commission, NERC, the Applicable Reliability Council, and the Balancing Authority for the transmission system to which the Small Generation Facility is directly interconnected.

Balancing Authority – An entity this is responsible for the maintenance of its interchange schedule with other Balancing Authority Areas of the Transmission System to which the Small Generation Facility is directly interconnected.

Balancing Authority Area – An electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Balancing Authority Areas and contributing to frequency regulation of the interconnection. A Balancing Authority Area must be certified by NERC.

Business Day – Monday through Friday, excluding federal holidays.

Cooperative – The electric cooperative (or its designated agent(s), including, but not limited to, the System Operator) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity. The term Cooperative should be read to include the Transmission Owner and System Operator when the Transmission Owner or System Operator is separate from the Cooperative.

Cooperative's Policies – Those policies, rules, and requirements adopted from time to time by the Cooperative, and any amendments, modifications and revisions, to such policies, rules, and requirements, concerning any interconnections to, and any transmission service on, the Cooperative's Transmission System, including without limitations, the Cooperative Transmission Policies.

Cooperative's Interconnection Facilities - All of the facilities and equipment owned by Interconnection Customer between the Small Generation Facility and the Point of Interconnection and listed in Attachment 2 of this Agreement including, but not limited to, any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generation Facility to the Cooperative's Transmission System.

Default – The failure of a breaching Party to cure its Breach under this Agreement.

Distribution System – The Cooperative's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or to and from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Cooperative's Distribution System beyond the Point of Interconnection to facilitate interconnection of the Small Generation Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity. Distribution Upgrades do not include Interconnection Facilities.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction on the Effective Date and at any time during the Term of this Agreement over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; *provided, however*, that such term does not include the Interconnection Customer, the Cooperative, or any Affiliate thereof.

Interconnection Customer – Any entity that proposes to interconnect its Small Generation Facility with the Cooperative's Transmission System.

Interconnection Customer's Interconnection Facilities – All of the facilities and equipment owned by Interconnection Customer between the Small Generation Facility and the Point of Interconnection and listed in Attachment 2 of this Agreement including, but not limited to, any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generation Facility to the Cooperative's Transmission System.

Interconnection Facilities – The Cooperative's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generation Facility and the Point of Interconnection including, but not limited to, any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generation Facility to the Cooperative's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Request – The Interconnection Customer's request, in accordance with the Cooperative's Policies, to interconnect a new Small Generation Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generation Facility that is interconnected with the Cooperative's Transmission System.

Interconnection Service – The service provided by the Cooperative associated with interconnecting the Interconnection Customer’s Small Generation Facility to the Cooperative’s Transmission System that would enable the Cooperative to receive energy and capacity from the Small Generation Facility at the Point of Interconnection pursuant to the terms of this Agreement and the Cooperative’s Policies.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the Cooperative's Transmission System required at or beyond the point at which the Small Generation Facility interconnects with the Cooperative’s Transmission System to accommodate the interconnection of the Small Generation Facility with the Cooperative’s Transmission System. Network Upgrades do not include Distribution Upgrades.

NERC – The North American Reliability Corporation.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, balancing authority, or the Cooperative's requirements, including those set forth in this Agreement.

Party or Parties – The Cooperative, Transmission Owner, Transmission Operator, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Cooperative's Transmission System.

Prudent Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utilities in the Pacific Northwest during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition and which practices, methods, standards and acts reflect due regard for operation and maintenance standards recommended by the equipment suppliers and manufacturers, operations unit and all applicable governmental rules. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted by electric utilities in the Pacific Northwest.


Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under this Agreement, efforts that are timely and consistent with Prudent Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generation Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

System Operator – The entity that operates or has operational control of the Cooperative’s Transmission System and may be a Party to this Agreement to the extent necessary.



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Date Revised: 01/24/17

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Transmission Owner – The entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to this Agreement to the extent necessary.

Transmission Policies - Those policies, rules, and requirements adopted from time to time by the Cooperative, and any amendments, modifications and revisions, to such policies, rules, and requirements, concerning any transmission service on the Cooperative's Transmission System.

Transmission System – The transmission and distribution facilities owned, controlled or operated by the Cooperative or the Transmission Owner that are used to provide transmission and distribution services under this Agreement.

Upgrades – The required additions and modifications to the Cooperative's Transmission System beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

**Description and Costs of the Small Generation Facility,
Interconnection Facilities and Metering Equipment**

[Equipment, including the Small Generation Facility, Interconnection Facilities and metering equipment shall be itemized and identified below as being owned by the Interconnection Customer, the Cooperative, or the Transmission Owner. The Cooperative will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities, and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with those facilities and equipment.]

I. Small Generation Facility

II. Interconnection Facilities


A. Interconnection Customer's Interconnection Facilities

B. Cooperative's Interconnection Facilities

III. Metering Equipment



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Attachment 3

**One-line Diagram Depicting the Small Generation Facility, Interconnection
Facilities, Metering Equipment, and Upgrades**



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Attachment 4

Milestones

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

	Milestone/Date	Responsible Party
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____
9.	_____	_____
10.	_____	_____

Agreed to by:

For the Cooperative: _____ Date: _____

For the Transmission Owner (If Applicable): _____ Date: _____

For the Interconnection Customer: _____ Date: _____

Attachment 5

**Additional Operating Requirements for the Cooperative's
Transmission System and Affected Systems Needed to Support
the Interconnection Customer's Needs**

The Interconnection Customer shall also comply with the following Operating Requirements prior to initiating parallel operation with the Cooperative's Transmission System.

[Disclaimer for this Section - Cooperative may revise, modify or otherwise change these Additional Operating Requirements at any time. Cooperative will notify the Interconnection Customer of any changes to the Additional Operating Requirements when they become effective.]



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Attachment 6

Cooperative's Description of Transmission and Distribution Upgrades and Best Estimate of Upgrade Costs

[Here, the Cooperative describes Transmission and Distribution Upgrades and provide an itemized best estimate of the cost, including overheads, of the Transmission and Distribution Upgrades and annual operation and maintenance expenses associated with such Transmission and Distribution Upgrades. The Cooperative needs to functionalize Transmission and Distribution Upgrade costs and annual expenses as either transmission or distribution related.]

Commercial Operation

Date: _____