



**GENERATOR INTERCONNECTION &
OPERATING AGREEMENT FOR
PROJECTS WITH
AGGREGATE GENERATOR OUTPUT
LESS THAN 30 kW**

PART I – IDENTIFICATION AND INFORMATION

Customer Name: _____
(hereinafter called "Customer")

Project Developer Name: _____

Project Service Address: _____ Account #: _____

Township/County/City: _____ State: _____ Zip Code: _____

Customer Contact Name: _____

Telephone: () _____ Fax: () _____ E-mail: _____

Mailing Address (if different): _____

Equipment Specifications: Make: _____ Model: _____

Service Type: Single Phase / Three Phase (circle one) Voltage Level: _____

Will there be an electric sale and purchase from the Project under separate terms and conditions? Yes No (circle one)

This section is to be completed by a Company representative.

Work Order Number: _____

Good Faith Estimate for Interconnection: \$_____

Electric Field Manager Location: _____

Terms and Conditions attached as Part II and all Exhibits are part of this Agreement.
CUSTOMER ACKNOWLEDGES HAVING READ SAID TERMS AND CONDITIONS.

CUSTOMER

[INSERT COMPANY NAME HERE]

By: _____
(Signature)

By: _____
(Signature)

Printed Name: _____

Printed Name: _____

Title: _____

Effective Date: _____

PART II
TERMS AND CONDITIONS

This GENERATOR INTERCONNECTON & OPERATING AGREEMENT (hereinafter the "Agreement"), is made and entered into as of the Effective Date identified in Part I, between Company and Customer, both identified in Part I. Company and Customer are hereinafter sometimes referred to individually as "Party" and collectively as "Parties" where appropriate. Capitalized terms used in this Agreement shall have the meaning as defined herein.

1. **Interconnection Service:** Company agrees to allow Customer to interconnect and operate in parallel with Company's electric distribution system an electric generating plant with aggregate generation capacity of less than 30 kW (the "Project"), as described in Part I, and both Parties agree that the interconnection and operation of the Project will be in accordance with this Agreement. The Parties enter into this Agreement for purposes, among others, of describing the physical facilities needed for, and the terms and conditions governing, the interconnection of the Project to Company's electric distribution system. Exhibit I hereto depicts the general location, design and physical configuration of the Project, including (i) the facilities and equipment, if any, that Company will install on Company's distribution system or on Customer's premises, at Customer's sole expense, to allow the interconnection ("Company Interconnection Facilities"), and (ii) the facilities and equipment that Customer will install on Customer's premises, at Customer's sole expense, to allow the interconnection, including protective equipment and devices necessary to allow the Project to operate in parallel with Company's electric distribution system ("Customer Interconnection Facilities").

This Agreement does not address the sale of electricity to or from Company. Any sale and purchase of electricity from the Project shall be governed by applicable Company tariffs or separate agreement of the Parties.

2. **Company Interconnection Facilities:** In order to provide said interconnection, it may be necessary for Company to install Company Interconnection Facilities. This Section 2 applies only when Company Interconnection Facilities will be installed.
 - a. Customer shall solely bear the costs of Company Interconnection Facilities.
 - b. **Deposit Requirements:** Prior to said installation, Customer shall pay 100% of the good faith estimate, indicated in Part I. If during construction, Company determines that the cost of the Company Interconnection Facilities varies significantly from the original good faith estimate Company will notify the Customer in writing. Company shall have the right to delay or suspend all construction of the Company Interconnection Facilities until Customer responds to the notice. If the Customer's response and acceptance of this new cost estimate is not received within **5 business days**, Company may terminate this Agreement by written notice to the Customer. Upon such termination, Company will refund, without interest, the Customer's payment, less any expenses incurred to provide interconnection service to the location described in Part I of this Agreement.
 - c. **Payments:** All payments shall be made payable to [_____] and shall be sent to Company at the address indicated in Section 21 or by wire transfer to a Company bank account or such other manner or at such place as Company shall, from time to time, designate by written notice to Customer. Payments made by wire transfer shall reference the appropriate invoice number for which payment is being made. When Company has determined that all costs and expenses are accounted for on its books, Company will issue a final invoice or credit to reconcile the good faith estimate with the final work order estimate of the interconnection. The final work order estimate will be reviewed and reconciled to the good faith estimate for each portion of the interconnection covered under this Agreement. If Company's final work order estimates are less than the good faith estimate provided in Part I, Company shall refund the incremental amount to Customer. If Company's final work order estimates are greater than the good faith estimate provided in Part I, Company shall issue a final invoice to the Customer for the incremental amount. Any payment not made on or before the due date shall bear interest, from the date due until the date upon which payment is made, at an annual percentage rate of interest equal to the lesser of (a) the prime rate published by the Wall Street Journal (which represents the base rate on corporate loans posted by at least 75% of the nation's banks) on the date due, plus 2%, or (b) the highest rate permitted by law.
 - d. **Easements/Permits:** Prior to the installation of Company Interconnection Facilities and anytime thereafter, Customer shall be responsible for obtaining any required permits and/or easements for Company Interconnection Facilities. These easements and/or permits may include, but shall not be limited to, easements to clear trees, and necessary rights-of-way for installation and maintenance of Company Interconnection Facilities. The easements and/or permits obtained by Customer shall

be in a form, and shall include language, acceptable to Company. Company shall have the right, at its election, to provide Customer with acceptable documentation form and language.

3. **Site Preparation/Access:** At its own expense, the Customer shall make the proposed Project site available to Company. Said site shall be free from hazards and shall be adequate for the operation and construction of any Company Interconnection Facilities necessary to connect the proposed Project. Company and its agents and employees shall have full right and authority of ingress and egress at all reasonable times on and across the premises of the Project for the purpose of installing, operating, maintaining, inspecting, replacing, repairing, and removing any Company equipment or Company Interconnection Facilities located on the premises. The right of ingress and egress, however, shall not unreasonably interfere with Customer's use of its premises. Customer shall be solely responsible for obtaining any necessary consent or authority from persons other than Customer who hold legal interests in or exercise control over the premises at the Project Service Address, to permit property access and Company Interconnection Facility construction and operation under this Agreement.
4. **Parallel Operation:** It is understood that the Project will normally remain connected to and be operated in parallel with Company's electric distribution system. Customer shall, at its expense, install and properly maintain Customer Interconnection Facilities and provide sufficiently trained personnel to protect its equipment and service, and the equipment and service of Company, from damage, injury or interruptions during the Project's parallel operation with Company's electric distribution system, and, without limiting the indemnity provided in Section 10, will assume any loss, liability or damage to the Project caused by lack of or failure of such protection. The specifications and design of Customer Interconnection Facilities shall be consistent with the requirements of the Electric Interconnection Standards of the Michigan Public Service Commission ("Commission"), Michigan Administrative Code Sections R 460.481 et seq. and the Company's Interconnection Procedures adopted under those Commissions rules (collectively the Commission rules and Company procedures are referred to herein as the "Interconnection Requirements"), and any successor and/or supplemental documents, incorporated herein by reference. Prior to the Project operating in parallel with Company's electric distribution system, the Customer shall provide satisfactory evidence to Company that Customer Interconnection Facilities, as well as any additional equipment or facilities described in Section 23 hereto, have satisfied the Interconnection Requirements, including, but not limited to, obtaining approval from the local building or electric code inspector, as applicable.
5. **Testing:** Customer shall perform operational testing and inspection of the Project at least 5 days before interconnection. Customer shall contact Company and arrange for a mutually agreeable time for performing the operational tests. Company may send qualified personnel to the Project site to inspect the Company Interconnection Facilities and observe the Project operational testing. Customer shall provide Company a written test report when such testing and inspection is completed and prior to interconnection. Customer shall be responsible for testing protective relay equipment periodically at Customer's expense in accordance with the manufacturer's specifications, which tests Company may witness at its discretion; *provided, however,* that Company may conduct such tests at its discretion, at Customer's expense. The results of protective relay tests shall be provided to Company in writing for review and approval. Company may, at any time and at its expense, inspect and test Company Interconnection Facilities and Customer Interconnection Facilities to verify that the required protective interconnection equipment is in service, properly maintained, and calibrated to provide the intended protection. If necessary, this inspection may also include a review of Customer's pertinent records. Inspection, testing and/or approval by Company or the omission of any inspection, testing and/or approval by Company pursuant to this Agreement (i) shall not relieve Customer of any obligations or responsibility assumed under this Agreement, and (ii) shall not be construed as warranting the suitability, safety, or adequacy of the Project or any of its components for their intended purposes.
6. **Obligation to Connect:** Company shall not be obligated to continue the interconnection to the Project, and shall have the right to disconnect immediately the Project, if any one or more of the following conditions exist: (a) those conditions listed in the Miscellaneous Operational Requirements section of the Company's Interconnection Requirements, (b) the electrical characteristics of the Project are not compatible with the electrical characteristics of Company's distribution system, (c) the Customer is deficient in following either the voltage schedule or reactive power schedule established by Company, (d) an emergency condition exists on Company's distribution system, (e) Customer's protective relay equipment fails, resulting in a lack of the level of protection required by prudent utility practice, (f) the Customer's Project is determined to be disrupting other customers of Company, (g) Company requires disconnecting the Project in order to construct, install, maintain, repair, replace, remove, investigate, inspect or test any part of the Company Interconnection Facilities or any other Company equipment electrically connected to the project, (h) a required component (example: phone line) or required modification to allow interconnection fails or becomes incapacitated and is not repaired in a timely manner, or (i) Company determines that the Project has been modified in any way without the prior written consent of Company. Company shall electrically connect or reconnect its distribution system to the Project when, in Company's sole opinion, the conditions named above cease to exist. Under any of the conditions listed above, Company will follow the procedures for

disconnecting and re-connecting the interconnection as contained in the Interconnection Requirements.

7. **Subcontractors:** Either Party may hire a subcontractor to perform its obligations under this Agreement. However, each Party shall require its subcontractors to abide by the terms of this Agreement. Each Party shall remain primarily liable to the other Party for the performance of such subcontractor. Hiring a subcontractor does not release either Party from any of its obligations.
8. **Breach and Default:** A breach of this Agreement ("Breach") shall occur upon the failure of a Party to perform or observe any material term or condition of this Agreement. A default of this Agreement ("Default") shall occur upon the failure of a Party in Breach of this Agreement to cure such Breach. Examples of Breach include, but are not limited to:
 - a. Failure to pay money when due;
 - b. Failure to comply with any material term or condition of this Agreement, including but not limited to any failure to comply with any representation, warranty or covenant made in this Agreement;
 - c. Assignment of this Agreement in a manner inconsistent with the terms of this Agreement;
 - d. Failure of either Party to provide access rights, or a Party's attempt to revoke or terminate such access rights, as provided under this Agreement;
 - e. Failure of either Party to provide information or data to the other Party as required under this Agreement, provided the Party entitled to the information or data under this Agreement requires such information or data to satisfy its obligations under this Agreement.

In the event of a Breach by either Party, and except as provided in Section 6, the Parties shall continue to operate and maintain, as applicable, its Interconnection Facilities, including but not limited to: protection and metering equipment, transformers, communication equipment, building facilities, software, documentation, structural components and other facilities and appurtenances that are reasonably necessary for Company to operate and maintain its distribution system and for the Customer to operate and maintain its Project in a safe and reliable manner. Upon Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. The breaching Party then has 30 days to cure the Breach, or such additional time as may be agreed upon by both Parties. If a Breach is not cured within the period provided for herein or as agreed to by the Parties, the breaching Party shall be deemed in Default, and the non-defaulting Party shall have the right to terminate this Agreement by written notice and shall be relieved of any further obligations hereunder. Further, in the event of such termination, the non-defaulting Party shall be entitled 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 Section 8 will survive termination of this Agreement.

Notwithstanding the above, if a Party: (i) becomes insolvent; (b) files a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; (c) makes a general assignment for the benefit of its creditors or (d) consents to the appointment of a receiver, trustee, or liquidator, this Party will be deemed in Default (no cure period shall apply), and the non-defaulting Party shall have the immediate right to terminate this Agreement and take all remedial action as set forth above.

9. **Force Majeure:** Neither Party shall be considered to be in Default with respect to any obligation hereunder other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. For purposes of this Agreement, "Force Majeure" means an event or circumstance which materially adversely affects the ability of a Party to perform its obligations under this Agreement and which is not within the reasonable control of, or the result of the negligence of, the Party claiming Force Majeure, and which the claiming Party is unable to overcome or avoid or cause to be avoided, by the exercise of reasonable care. Force Majeure shall not include Customer's obligation to make payments under this Agreement. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.
10. **Indemnity:** Each Party shall at all times assume all liability for, and shall indemnify and save the other Party harmless from, any and all damages, losses, claims, demands, suits, recoveries, costs, legal fees, and expenses for injury to or death of any person or persons whomsoever occurring on its own system, or for any loss, destruction of or damage to any property of third persons, firms, corporations or other entities occurring on its own system, including environmental harm or damage arising out of or resulting from, either directly or indirectly, its own Interconnection Facilities, or arising out of or resulting from, either directly or

indirectly, any electric energy furnished to it hereunder after such energy has been delivered to it by such other Party, unless caused by the sole negligence or intentional wrongdoing of the other Party. The provisions of this Section 10 shall survive termination or expiration of this Agreement.

- 11. Insurance:** Customer shall obtain and continuously maintain throughout the term of this Agreement liability insurance covering bodily injury and property damage with a per occurrence and annual policy aggregate amount of at least \$500,000. Such policy shall include, but not be limited to, contractual liability for indemnification assumed by Customer under this Agreement. Company reserves the right, after this Agreement has been in effect for 5 years, to increase the required limit of liability insurance.

Evidence of insurance coverage on a certificate of insurance shall be provided to Company upon execution of this Agreement and thereafter within ten (10) days after expiration of coverage; however, if evidence of insurance is not received by the 11th day, Company has the right, but not the duty, to purchase the insurance coverage required under this Section and to charge the annual premium to Customer. Company shall receive thirty (30) days advance written notice if the policy is cancelled or substantial changes are made that affect the additional insured. At Company's request, Customer shall provide a copy of the policy to Company. All certificates and notices shall be mailed to Company at the address stated in Section 21.

- 12. Limitation on Liability:** NEITHER PARTY SHALL IN ANY EVENT BE LIABLE TO THE OTHER FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES SUCH AS, BUT NOT LIMITED TO, LOST PROFITS, REVENUE OR GOOD WILL, INTEREST, LOSS BY REASON OF SHUTDOWN OR NON-OPERATION OF EQUIPMENT OR MACHINERY, INCREASED EXPENSE OF OPERATION OF EQUIPMENT OR MACHINERY, COST OF PURCHASED OR REPLACEMENT POWER OR SERVICES OR CLAIMS BY CUSTOMERS, WHETHER SUCH LOSS IS BASED ON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

- 13. Effective Date, Term, and Termination:** The Effective Date of this Agreement shall be the date of execution, as identified in Part I, and this Agreement shall continue in effect until terminated as provided herein. The Agreement may be terminated at any time by mutual agreement of both Parties, or by either Party upon giving the other at least ninety (90) days written notice if one or more of the conditions exist as outlined in Section 6, Obligation to Connect.

- 14. Retirement:** Upon termination of this Agreement pursuant to Section 13 or at such time after any of the Company Interconnection Facilities or Customer interconnection Facilities are no longer required, then Company shall be responsible for retiring Company Interconnection Facilities, and Customer shall be responsible for retiring Customer Interconnection Facilities. Retirement may include without limitation: (i) dismantling, demolition, and removal of equipment, facilities, and structures, (ii) security, (iii) maintenance and (iv) disposing of debris. Each Party shall bear the costs it incurs in retiring such facilities.

- 15. Assignment:** This Agreement shall not be assigned by the Customer without the prior written consent of Company and any assignment without such consent shall be considered void.

- 16. Governing Law:** This Agreement shall be construed in accordance with and governed by the laws of Michigan.

- 17. 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.

- 18. 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, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

- 19. Entire Agreement:** This Agreement and the Interconnection Requirements shall constitute the entire understanding between the Parties with respect to the subject matter hereof, supersede any and all previous understandings between the Parties with respect to the subject matter hereof, and binds and insures to the benefit of the Parties, their successors, and permitted assigns. No amendments or changes to this Agreement, including any change to the design or configuration of the Project, shall be binding unless made in writing and duly executed by both Parties.

- 20. No Third Party Beneficiaries:** This Contract is intended for the benefit of the parties hereto and does not grant any rights to any third parties unless otherwise specifically stated herein.

21. Notices: All notices required hereunder shall be in writing and shall be sent by United States mail or delivered in person to the Parties at their respective addresses as set forth in Part I or at the following addresses. Either Party may at any time change the addressee or address to which notices to it are to be mailed or delivered by giving notice of such change to the other Party. All Notices shall become effective upon date of receipt.

For payments: _____

For insurance: _____

For Project information, including proposed modifications: _____

22. Waivers: This Agreement shall not affect the ability of the Company to apply for a waiver from one (1) or more provisions of the Commission's Interconnection Standards, available upon a showing of good cause.

23. Other: The Parties further agree to the following provisions which reflect the unique circumstances of Customer's Project (if applicable):

EXHIBIT 1
INTERCONNECTION DIAGRAM

(Insert one of the eighteen One-Line Diagrams (PDF file) for the various size and type of generator that will be installed.)