

CAPE HATTERAS ELECTRIC COOPERATIVE

INTERCONNECTION AGREEMENT

FOR SMALL GENERATION LESS THAN 25 KW

This Interconnection Agreement For Small Generation Less Than 25 kW, (the "Agreement"), is entered into as of _____, 20____, (the "Effective Date"), by and between _____ hereinafter called "Member", and Cape Hatteras Electric Cooperative, hereinafter called "Cooperative". Member and Cooperative are hereinafter collectively referred to as the "Parties" or "Party". In consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. SCOPE OF AGREEMENT:

- a. This Agreement relates solely to the conditions under which Cooperative and Member agree that Member's generation system and equipment, hereinafter the "Generator", and located at or near (address) may be interconnected to and operated in parallel with Cooperative's electric system. This Agreement does not authorize Member to export power or constitute an agreement to purchase or wheel Member's power. Other services that Member may require from Cooperative shall be covered under separate agreements.
- b. Cooperative will supply the electrical requirements of Member that are not supplied by Member's Generator. Such electric service shall be supplied to Member under Cooperative's rate schedule, riders, and services regulations applicable to Member's class of service.

2. INTERCONNECTION:

- a. Cooperative hereby authorizes Member to interconnect and commence operation under the terms of this Agreement on or after (date) subject to Member having received Cooperative's written acceptance specified in 2.f. below.
- b. Member's Generator must be manufactured, installed, and operated in accordance with governmental and industry standards and must conform with Cooperative's "Standard for Interconnecting Small Generation 25 kW or Less with Electric Power Systems (EPS)", hereinafter referred to as "Interconnection Standard", a copy being attached hereto and made a part of this Agreement, and any other requirements imposed by the Cooperative.
- c. Member's Generator shall be installed as described in Member's Application To Interconnect Small Generation 25 kW or Less, a copy attached hereto and made a part hereof.
- d. The nameplate output of the Generator is _____ kW in the form of _____ phase, _____ wires, alternating current of 60 hertz frequency and at _____ volts.
- e. The point of interconnection between Member and Cooperative hereunder will be _____.
- f. Member shall not interconnect Member's Generator with Cooperative's electric system nor commence parallel operation of Member's Generator until both Parties have accepted this Agreement and the requirements for interconnection stated in the Interconnection Standard have been met. Cooperative shall have the right and opportunity to have representatives present at the initial testing of Member's protective apparatus. Member shall notify Cooperative _____ business days prior to the initial testing. In the event Member has interconnected Member's Generator without Cooperative's acceptance to this Agreement or the Generator has not met the requirements of the Interconnection Standard, Cooperative shall have the right to immediately

- isolate Member's premises and/or Generator from Cooperative's system until Cooperative's acceptance is granted and the requirements of the Interconnection Standard have been met.
- g. Member shall not make any changes to the Generator output capacity and/or modification to the protection system required to meet the Interconnection Standard without first submitting a new Application To Interconnect Small Generation 25 kW or Less and obtaining a new acceptance from Cooperative before making the changes to the Generator.
 - h. **Isolation Device:** Member shall install a manual load-break disconnect switch with a clear visible indication of switch position between Cooperative's electric system and Member's Generator. The Isolation Device shall be installed as specified in the Interconnection Standard.
 - i. **Warning Label:** Member shall install a permanent warning label in a conspicuous place in close proximity to the electric meter or on the meter base to notify Cooperative personnel that there is a generator installed on the load side of the meter. The warning label shall not be placed in a location that would interfere with the ability of Cooperative personnel to read the electric meter. Member shall also place a warning label on the Isolation Device. Cooperative will provide the warning labels to Member. The warning labels must be in place before the Generator can be interconnected with Cooperative's system.
3. **INTERCONNECTION COST:** The cost to Member for all Cooperative owned and maintained facilities constructed and/or installed by Cooperative to accommodate the interconnection and safe operation of Member's Generator in parallel with Cooperative's electric system shall be determined in accordance with Cooperative's applicable Service Regulations and/or Terms and Conditions for the Purchase of Electric Power. The cost to Member and other applicable terms and conditions related to facilities installed by Cooperative are as stated in the "*Interconnection Schedule of Charges*", hereto attached and made a part hereof.
4. **RIGHT OF ACCESS AND EQUIPMENT INSTALLATION:**
- a. **Access to Premises:** The duly authorized agents of Cooperative shall have the right of ingress and egress to the premises of Member at all reasonable hours, over the same general route as Member utilizes, for the purpose of reading meters, inspecting Cooperative's wiring and apparatus, changing, exchanging, or repairing its property on the premises of Member and to remove such property at the time of or at any time after the suspension of interconnection of the Generator or termination of this Agreement. Cooperative shall have access to Member's Isolation Device at all times.
 - b. Cooperative's obligation to provide the interconnection as covered in this Agreement on the agreed upon Effective Date is contingent upon Cooperative receiving the rights-of-way and receiving the necessary equipment in sufficient time to install it on or before that date.
5. **MAINTENANCE OF INTERCONNECTION FACILITIES:** Member shall maintain Member's Generator and all related Member-owned protective equipment and facilities in a safe and prudent manner, conforming to all applicable laws and regulations. Member shall reimburse Cooperative for any and all losses, damages, claims, penalties, or liability Cooperative incurs as a result of Member's failure to maintain the Generator, equipment, and facilities in a safe and prudent manner or failure to obtain and/or maintain any governmental authorizations or permits required for construction and operation of Member's facility.
6. **DISCONNECTION OF GENERATOR:** Cooperative may isolate Member's premises and/or Generator from Cooperative's system when necessary in order to construct, install, repair, replace, remove, investigate, or inspect any of Cooperative's equipment or part of Cooperative's system; or if Cooperative determines that isolation of Member's premises and/or Generator from Cooperative's system is necessary. Whenever feasible, Cooperative shall give Member reasonable notice of the possible isolation of Member's premises and/or Generator from Cooperative's system.

Notwithstanding any other provision of this Agreement, if at any time Cooperative determines that either the Generator may endanger Cooperative's personnel or other persons or property, or the continued operation of Member's Generator may endanger the integrity or safety of Cooperative's electric system, Cooperative shall have the right to isolate Member's premises and/or Generator from Cooperative's system. **It is agreed that Cooperative shall have no liability for any loss of sales or other damages, including all punitive and consequential damages for the loss of business opportunity, profits, or other losses, regardless of whether such damages were foreseeable, for the isolation of Member's premises and/or Generator from Cooperative's system per this Agreement.** Cooperative shall expend reasonable effort to reconnect the Member's premises and/or Generator with the Cooperative's system in a timely manner.

7. **PERMITS AND APPROVALS:** Member shall obtain all environmental and other permits required by governmental authorities prior to construction, installation, and interconnection of the Generator. Member shall also maintain these applicable permits and compliance with these permits as long as Generator is connected to EPS.

8. **INDEMNITY AND LIABILITY:**

- a. **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 hereunder, 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, incidental, consequential, or punitive damages of any kind.
- b. **Indemnification:** The parties shall at all times indemnify, defend, and save the other party harmless from any and all damages, losses, claims, including claims and actions relating to injury or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney's fees, and all other obligations by or to third parties, arising out of or resulting from the other party's action or inaction of its obligations hereunder on behalf of the indemnifying party, except in cases of gross negligence or intentional wrongdoing by the indemnified party.
- c. The provisions of Section 8.a. shall not be construed to relieve any insurer of its obligations to pay any claims in accordance with the provision of any valid insurance policy.
- d. If Member at any time fails to comply with the insurance provisions of this Agreement, Member shall, at its own cost, defend, save harmless and indemnify Cooperative, its directors, officers, employees, agents, assignees, and successors in interest from and against any and all loss, liability, damage, claim, cost, charge, demand, or expense of any kind or nature (including attorney's fees and other costs of litigation) resulting from the death or injury to any person or damage to any property, including the personnel and property of Cooperative, its contractors, its Members, and/or the public to the extent that Cooperative would have been protected had Member complied with all such insurance provisions. The inclusion of this Section 8.d. is not intended to create any express or implied right in Member to elect not to provide any such required insurance.
- e. Member shall be responsible for installing and maintaining devices adequate to protect against damages caused by irregularities or outages on Cooperative's system, regardless of the cause or fault, including devices to protect against voltage fluctuations and single phasing. The Cooperative reserves the right to require installation of additional devices at any time. The cost of such devices, and the cost of installation, will be the sole responsibility of the Member.

9. **INSURANCE:**

- a. Member shall obtain and retain, for as long as its Generator is interconnected with the Cooperative's system, liability insurance which protects Member from claims for bodily injury and/or property damage. The minimum coverage shall be comprehensive general liability

insurance with coverage at least \$100,000 per occurrence. Prior to interconnection of the Generator with Cooperative's system, Member shall furnish a properly executed certificate of insurance to Cooperative clearly evidencing the required coverage and any exclusion applicable to such coverage. The certificate shall provide that the insurance coverage shall not be canceled or modified unless and until Cooperative receives at least thirty (30) days prior written notice. Member shall further replace such certificates for policies expiring during the period its Generator is interconnected with Cooperative's system. Cooperative has the right to refuse to establish or continue the interconnection of Member's generation facility to Cooperative's system if such insurance is not in effect.

- b. Insurance on the premises where the Member's Generator is located shall, by endorsement to the policy or policies, provide for thirty (30) days of written notice to Cooperative prior to cancellation, termination, alteration, or material change of such insurance.

10. FORCE MAJEURE: For purposes of this Agreement, Force Majeure shall mean any act of God, labor disturbance, act of public enemy, war, terrorism, 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.

11. NON-WARRANTY: Cooperative's approvals given pursuant to this Agreement or actions taken hereunder shall not be construed as any warranty or representation to Member or any third party regarding the safety, durability, reliability, performance or fitness of Member's generation and service facilities, its control or protective devices or the design, construction, installation or operation thereof.

12. EFFECTIVE TERM AND TERMINATION RIGHTS: This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. The Agreement may be terminated in accordance with the following:

- a. If Member desires to terminate the Agreement, Cooperative will agree to such termination if Cooperative is satisfied that Member no longer can operate Member's Generator in parallel with Cooperative's system at the premises and all bills for services previously rendered to Member, plus any applicable termination charges as specified in the "*Interconnection Schedule of Charges*", have been paid. Cooperative may waive the termination charges if Cooperative has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Cooperative for the interconnection to Cooperative for a term not less than the unexpired portion of Member's Agreement.
- b. Cooperative, in addition to all other legal remedies, may either terminate the Agreement or suspend interconnection with Member, i.) For any default or breach of Agreement by Member, ii.) For failure to pay any applicable bills when due and payable, iii.) For a condition on Member's side of the point of interconnection actually known by Cooperative to be, or which Cooperative anticipates may be, dangerous to life or property, iv.) If Member either fails to energize the Generator within 12 months of the Effective Date of this Agreement or permanently abandons the Generator, or v.) By giving the Member at least sixty days notice in the event that there is a material change in an applicable rule or statute concerning interconnection and parallel operation of the Generator, unless the Member's installation is exempted from the change or the Member complies with the change in a timely manner. No such termination or suspension, however, will be made by Cooperative without written notice delivered to Member, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 12.b.iii above. Failure to operate the Generator for any consecutive 12 month period after the Effective Date shall constitute permanent abandonment unless otherwise agreed to in writing between the Parties.

13. GENERAL:

- a. This Agreement and the applicable Schedule, Riders, Interconnection Standard, Service Regulations, and Terms and Conditions for the Purchase of Electric Power hereto attached are subject to changes or substitutions, either in whole or in part, made from time to time by a legally effective filing of Cooperative with, or by order of, the regulatory authority having jurisdiction, and each party to this Agreement reserves the right to seek changes or substitutions, in accordance with law, from such regulatory authority. Unless specified otherwise, any such changes or substitution shall become effective immediately and shall nullify all prior provisions in conflict therewith.
- b. **Headings:** The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

14. ENTIRE AGREEMENT: This Agreement and the documents attached hereto constitute the entire Agreement between the Parties relating to the subject matter hereof, there being no other agreements or understandings, written or oral, other than those contained in this Agreement and the attachments hereto. This Agreement does not modify, change, or impact any other agreement between the Parties relating to the supply of electric service, or the sale of, or purchase of, electric power.

15. AMENDMENTS: The Parties may amend this Agreement but such amendment may only be effective and enforceable if it is set forth in a written instrument signed by both Parties.

16. ASSIGNMENT: Member shall not assign its rights nor delegate its duties under this Agreement without Cooperative's written consent. Any assignment or delegation member makes without Cooperative's written consent shall not be valid. Cooperative shall not unreasonably withhold its consent to Member's assignment of this Agreement. An assignee or new Member must submit a new Application to Interconnect Small Generation 25 kW or Less to Cooperative and obtain Cooperative's written approval before any assignment shall occur. Member assumes the responsibility of ensuring a new Member or assignee is aware the new Member or assignee must re-apply and obtain Cooperative's written acceptance or the equipment must be removed or disabled to prevent future interconnection and/or operation.

17. THIRD PARTIES: This Agreement is intended solely for the benefit of the parties hereto. Nothing in this Agreement shall be construed to create any duty to, or standard of care with reference to, or any liability to, any person not a party of this Agreement.

18. GOVERNING LAW: This Agreement shall be governed under laws of the State of North Carolina and any action brought pursuant hereto shall be brought in a forum of competent jurisdiction in the State of North Carolina.

19. 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, such portion or provision shall be deemed separate and independent, and the remainder of this Agreement shall remain in full force and effect.

20. WAIVER: No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. In the event that any agreement or covenant herein shall be breached and thereafter waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

21. MEMBER CERTIFICATION: By signing this “*Interconnection Agreement*” below, Member hereby certifies, that to the best of Member’s knowledge, all of the information provided in the Application To Interconnect Small Generation of 25 kW or Less is true and correct, the Generator will comply with the Interconnection Standard, and that Member has received and reviewed this Agreement.

22. PROFESSIONAL ENGINEER CERTIFICATION: By signing and sealing this “*Interconnection Agreement*” below, Engineer hereby certifies, that to the best of Engineer’s knowledge, all of the requirements in section #5 of the “*Interconnection Standard*”, hereto attached and made a part hereof, have been met. The Generator will comply with the “*Interconnection Standard*”, and that the Engineer has reviewed this Agreement.

23. ACCEPTANCE AND SIGNATURES: Upon the acceptance hereof by Cooperative, evidenced by the signature of its authorized representative appearing below, this document shall be an Agreement for the Interconnection of Member’s Generator to Cooperative’s system.

Witness as to Member:

Member Signature

By _____ Title _____

This the _____ day of _____, 20 ____

NC Registered Professional Engineer:

(Name)

SEAL

ACCEPTED:

Cape Hatteras Electric Cooperative

Address of Member:

By _____

Title _____

This the _____ day of _____, 20 ____

Name: _____

Address: _____

EXHIBITS AND ATTACHMENTS

1. “*Application to Interconnect*” Small Generation 25 kW or Less
2. “*Interconnection Standards*” Standard for Interconnecting Small Generation 25 kW or Less
3. Service Regulations or Terms and Conditions
4. “*Interconnection Schedule of Charges*”
5. Other exhibits when needed

Cape Hatteras Electric Cooperative Interconnection Agreement
Effective: