

**UNIFORM CONTRACT FOR COGENERATION AND SMALL POWER
PRODUCTION FACILITIES**

THIS CONTRACT is entered into _____, ____, by the City of Two Harbors Electric Department, a municipal utility under Minnesota law, (hereafter called "Utility") and _____ (hereafter called "QF").

RECITALS

The QF has installed electric generating facilities, consisting of _____
_____ (description of facilities), rated at ____ kilowatts AC of
electricity, on property located at _____
_____.

The QF is a customer of the Utility located within the assigned electric service territory of the Utility.

The QF is prepared to generate electricity in parallel with the Utility.

The QF's electric generating facilities meet the requirements of the rules adopted by the Utility on Cogeneration and Small Power Production and any technical standards for interconnection the Utility has established that are authorized by those rules.

The Utility is obligated under federal and Minnesota law to interconnect with the QF and to purchase electricity offered for sale by the QF.

A contract between the QF and the Utility is required.

AGREEMENTS

The QF and the Utility agree:

1. The Utility will sell electricity to the QF under the rate schedule in force for the class of customer to which the QF belongs.
2. The Utility will buy electricity from the QF under the current rate schedule filed with the city council or city-appointed governing body of the utility. The QF elects the rate schedule category hereinafter indicated:

____ a. Average retail utility energy rate.

- QF capacity must be less than 40 kW.

SCHEDULE 2 – STANDARD CONTRACTS

- _____ b. Simultaneous purchase and sale billing rate.
 - QF capacity must be less than 40 kW.
- _____ c. Roll-over credits.
 - QF capacity must be less than 40 kW.
- _____ d. Time-of-day purchase rates.
 - QF capacity must be 40 kW or more and less than or equal to 100 kW.

A copy of the presently approved rate schedule is attached to this contract.

3. The rates for sales and purchases of electricity may change over the time this contract is in force, due to actions of the Utility or the State of Minnesota, and the QF and the Utility agree that sales and purchases will be made under the rates in effect each month during the time this contract is in force.
4. The Utility will compute the charges and payments for purchases and sales for each billing period. Any net credit to the QF, other than kilowatt-hour credits under clause 2(c), will be made under one of the following options as chosen by the QF.

- _____ a. Credit to the QF's account with the Utility.
- _____ b. Paid by check or electronic payment service to the QF within fifteen (15) days of the billing date.

5. Renewable energy credits associated with generation from the facility are owned by:
_____.

6. The QF must operate its electric generating facilities within any rules, regulations, and policies adopted by the Utility not prohibited by the rules governing Cogeneration and Small Power Production on the Utility's system which provide reasonable technical connection and operating specifications for the QF and are consistent with the Minnesota Public Utilities Commission's rules on Cogeneration and Small Power Production, as required under Minnesota Statutes §216B.164, subdivision 9.
7. The QF will not enter into an arrangement whereby electricity from the generating facilities will be sold to an end user in violation of the Utility's exclusive right to provide electric service in its service area under Minnesota Statutes, §216B.37-44.
8. The QF will operate its electric generating facilities so that they conform to the national, state, and local electric and safety codes, and will be responsible for the costs of conformance.

SCHEDULE 2 – STANDARD CONTRACTS

9. The QF is responsible for the actual, reasonable costs of interconnection which are estimated to be \$_____. The QF will pay the Utility in this way:

_____.

10. The QF will give the Utility reasonable access to its property and electric generating facilities if the configuration of those facilities does not permit disconnection or testing from the Utility 's side of the interconnection. If the Utility enters the QF's property, the Utility will remain responsible for its personnel.
11. The Utility may stop providing electricity to the QF during a system emergency. The Utility will not discriminate against the QF when it stops providing electricity or when it resumes providing electricity.
12. The Utility may stop purchasing electricity from the QF when necessary for the Utility to construct, install, maintain, repair, replace, remove, investigate, or inspect any equipment or facilities within its electric system. The Utility may stop purchasing electricity from the QF in the event the generating facilities listed in this contract are documented to be causing power quality, safety or reliability issues to the Utility's electric distribution system.

The Utility will notify the QF before it stops purchasing electricity in this way:

_____.

13. The QF will keep in force general liability insurance against personal or property damage due to the installation, interconnection, and operation of its electric generating facilities. The amount of insurance coverage will be \$ _____. (The amount must be consistent with the distributed generation tariff adopted by the Utility pursuant to Minnesota Statutes §216B.1611, subdivision 3, clause 2.)
14. The QF and the Utility agree to attempt to resolve all disputes arising hereunder promptly and in a good faith manner.
15. The city council or city-appointed body governing the Utility has authority to consider and determine disputes, if any, that arise under this contract in accordance with procedures in the rules it adopts implementing Minnesota Statute §216B.164, pursuant to §216B.164, subdivision 9.
16. This contract becomes effective as soon as it is signed by the QF and the Utility. This contract will remain in force until either the QF or the Utility gives written notice to the other that the contract is canceled. This contract will be canceled thirty (30) days after notice is given. If the listed electric generating facilities are not

SCHEDULE 2 – STANDARD CONTRACTS

interconnected to the Utility's distribution system within twelve months of the contract being signed by the QF and the Utility, the contract terminates. The QF and the Utility may delay termination by mutual agreement.

- 17.** Neither the QF nor the Utility will be considered in default as to any obligation if the QF or the Utility is prevented from fulfilling the obligation due to an act of God, labor disturbance, act of public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, an order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or other cause beyond the QF's or Utility's control. However, the QF or Utility whose performance under this contract is hindered by such an event shall make all reasonable efforts to perform its obligations.
- 18.** This contract can only be amended or modified by mutual agreement in writing signed by the QF and the Utility.
- 19.** The QF must notify the Utility prior to any change in the electric generating facilities' capacity size or generating technology according to the interconnection process adopted by the Utility.
- 20.** Termination of this contract is allowed (i) by the QF at any time without restriction; (ii) by Mutual Agreement between the Utility and the QF; (iii) upon abandonment or removal of electric generating facilities by the QF; (iv) by the Utility if the electric generating facilities are continuously non-operational for any twelve (12) consecutive month period; (v) by the Utility if the QF fails to comply with applicable interconnection design requirements or fails to remedy a violation of the interconnection process; or (vi) by the Utility upon breach of this contract by the QF unless cured with notice of cure received by the Utility prior to termination.
- 21.** In the event this contract is terminated, the Utility shall have the rights to disconnect its facilities or direct the QF to disconnect its generating facilities.
- 22.** This contract shall continue in effect after termination to the extent necessary to allow either the Utility or the QF to fulfill rights or obligations that arose under the contract.
- 23.** Transfer of ownership of the generating facilities shall require the new owners and the Utility to execute a new contract. Upon the execution of a new contract with the new owners this contract shall be terminated.
- 24.** The QF and the Utility shall at all times indemnify, defend, and save each other harmless from any and all damages, losses, claims, including claims and actions relating to injury or death of any person or damage to property, costs and expenses, reasonable attorneys' fees and court costs, arising out of or resulting from the QF's or the Utility's performance of its obligations under this contract,

SCHEDULE 2 – STANDARD CONTRACTS

except to the extent that such damages, losses or claims were caused by the negligence or intentional acts of the QF or the Utility.

25. The Utility and the QF will each be responsible for its own acts or omissions and the results thereof to the extent authorized by law and shall not be responsible for the acts or omissions of any others and the results thereof.
26. The QF's and the Utility's liability to each other for failure to perform its obligations under this contract shall be limited to the amount of direct damage actually occurred. In no event, shall the QF or the Utility be liable to each other for any punitive, incidental, indirect, special, or consequential damages of any kind whatsoever, including for loss of business opportunity or profits, regardless of whether such damages were foreseen.
27. The Utility does not give any warranty, expressed or implied, to the adequacy, safety, or other characteristics of the QF's interconnected system.
28. This contract contains all the agreements made between the QF and the Utility. The QF and Utility are not responsible other than those stated in this contract.

THE QF AND THE UTILITY HAVE READ THIS CONTRACT AND AGREE TO BE BOUND BY ITS TERMS. AS EVIDENCE OF THEIR AGREEMENT, THEY HAVE EACH SIGNED THIS CONTRACT BELOW ON THE DATE LISTED BY SIGNER.

QF

By: _____

Printed Name: _____

DATE: _____

UTILITY

By: _____

Printed Name: _____

DATE: _____



*Minnesota Municipal Power Agency's 7 MW Buffalo Solar
Buffalo, MN*

INTERCONNECTION AGREEMENT

ABSTRACT

For use in lieu of the Utility's Uniform
Contract

SCHEDULE 2 – STANDARD CONTRACTS

Contents

i.	Contact Information	1
1	Scope and Limitations of Agreement	2
2	Responsibilities of the Parties	3
3	Parallel Operation Obligations	4
4	Metering	4
5	Distributed Energy Resource Capabilities and Grid Reliability	4
6	Equipment Testing and Inspection	5
7	Authorization Required Prior to Parallel Operation.....	5
8	Right of Access.....	5
9	Effective Date	6
10	Term of Agreement	6
11	Termination	6
12	Temporary Disconnection	6
13	Cost Responsibility for Interconnection Facilities and Distribution Upgrades	8
14	Cost Responsibility for Network Upgrades	9
15	Billing, Payment, Milestones, and Financial Security	11
16	Assignment, Force Majeure, Consequential Damages, and Default.....	12
17	Limitations of Liability	12
18	Non-Warranty.....	13
19	Indemnity	13
20	Consequential Damages	14
21	Force Majeure	14
22	Default	15
23	Insurance	15
24	Confidentiality	16
25	Disputes	17
26	Taxes.....	17
27	Miscellaneous.....	17
28	Notices.....	20

SCHEDULE 2 – STANDARD CONTRACTS

31 Signatures..... 24

Attachment I: Glossary of Terms 25

Attachment II: Description and Costs of the Distributed Energy Resource, Interconnection
Facilities, and Metering Equipment..... 31

Attachment III: One-line Diagram Depicting the Distributed Energy Resource, Interconnection
Facilities, and Metering Equipment, and Upgrades 32

Attachment IV: Milestones..... 33

Attachment V: Additional Operating and Maintenance Requirements for the Area EPS
Operator’s Distribution System and Affected Systems Need to Support the Interconnection
Customer’s Needs..... 35

Attachment VI: Area EPS Operator’s Description of Distribution and Network Upgrades and
Good Faith Estimates of Upgrade Costs 36

Attachment VII: Assignment of Interconnection Agreement 37

SCHEDULE 2 – STANDARD CONTRACTS

i. Contact Information

Contact information for each Party is listed below along with the basic information describing the Distributed Energy Resource (DER) system.

Area EPS Operator Information

Area EPS Operator: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

DER System Information

Application Number: _____
Type of DER System: _____
Capacity Rating of System (AC): _____
Limited Capacity Rating (AC): _____
Address of DER System: _____

SCHEDULE 2 – STANDARD CONTRACTS

THIS AGREEMENT is made and entered into this ____ day of _____ 20__ by and between _____, (“Interconnection Customer”), and _____, a municipal utility existing under the laws of the State of Minnesota, (“Area EPS Operator”). Interconnection Customer and Area EPS Operator each may be referred to as a “Party,” or collectively as the “Parties.”

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

1 Scope and Limitations of Agreement

- 1.1. This Agreement is intended to provide for the Interconnection Customer to interconnect at the Point of Common Coupling and operate a Distributed Energy Resource with a Nameplate Rating of 10 Megawatts (MW) or less in parallel with the Area EPS at the location identified above and in the Interconnection Application.
- 1.2. This Agreement shall be used for all Interconnection Applications submitted under the Municipal Minnesota Distributed Energy Resources Interconnection Process (M-MIP) except for those Interconnection Applications that qualify and choose for the Uniform Contract to replace the need for this Agreement.
- 1.3. This Agreement governs the terms and conditions under which the Interconnection Customer’s Distributed Energy Resource will interconnect with, and operate in parallel with, the Area EPS Operator’s Distribution System.
- 1.4. Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1, the M-MIP, or the body of this Agreement.
- 1.5. This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer’s power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Area EPS Operator.
- 1.6. Nothing in this Agreement is intended to affect any other agreement between the Area EPS Operator and the Interconnection Customer.

2 Responsibilities of the Parties

- 2.1. The Parties shall perform all obligations of this Agreement in accordance with the M-MIP, Minnesota Technical Requirements, all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.
- 2.2. The Interconnection Customer shall construct, interconnect, operate and maintain its Distributed Energy Resource and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule and, in accordance with this Agreement, and with Good Utility Practice.
- 2.3. The Area EPS Operator shall construct, operate, and maintain its Distribution System and its Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.
- 2.4. The Interconnection Customer agrees to construct its facilities or systems in accordance with the Minnesota Technical Requirements and this Agreement; including, applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, Institute of Electrical and Electronics Engineers (IEEE), Underwriter's Laboratory (UL), 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 Distributed Energy Resource so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Area EPS Operator and any Affected Systems.
- 2.5. Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now owns or subsequently owns 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 common coupling. The Area EPS Operator and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Area EPS Operator's Distribution 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.
- 2.6. The Area EPS Operator shall coordinate with all Affected Systems to support the interconnection.

3 Parallel Operation Obligations

- 3.1. Once the Distributed Energy Resource has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Distributed Energy Resource in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth by the applicable system operator(s) for the Area EPS Operator's Distribution System provided or referenced in an attachment to this Agreement and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement. The Minnesota Technical Requirements for interconnection are covered in a separate document, a copy of which has been made available to the Interconnection Customer and incorporated and made part of this Agreement by this reference.

4 Metering

- 4.1. As described in M-MIP Overview Process Section 9.1, the Interconnection Customer shall be responsible for the Area EPS Operator's reasonable and necessary 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 and Operating Requirements.

5 Distributed Energy Resource Capabilities and Grid Reliability

- 5.1. The Minnesota Technical Requirements outlines the Parties responsibilities consistent with IEEE 1547 Standard for Interconnection and Interoperability of Distributed Energy Resources with Associated Electric Power Systems Interfaces which provides requirements relevant to the interconnection and interoperability performance, operation and testing, and, to safety, maintenance and security considerations.
- 5.2. The Area EPS Operator may offer the Interconnection Customer the option to utilize required DER capabilities to mitigate Interconnection Customer costs related to Upgrades or Interconnection Facilities to address anticipated system impacts from the engineering review (i.e. Initial Review, Supplemental Review, or Study Process described in the M-MIP.)

6 Equipment Testing and Inspection

- 6.1. As described in M-MIP Overview Process Section 9.3, the Interconnection Customer shall test and inspect its Distributed Energy Resource and Interconnection Facilities prior to interconnection pursuant to Minnesota Technical Requirements and this Agreement.

7 Authorization Required Prior to Parallel Operation

- 7.1. As described in M-MIP Overview Process Section 9.5, the Area EPS Operator shall use Reasonable Efforts to list applicable parallel operation requirements by attaching the Minnesota Technical Requirements and/or including them in Attachment 5 to this Agreement. Additionally, the Area EPS Operator shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. Pursuant to the M-MIP Overview Process Section 8.5, the Interconnection Customer shall not operate its Distributed Energy Resource in parallel with the Area EPS Operator's Distribution System without prior written authorization of the Area EPS Operator.

8 Right of Access

- 8.1. Upon reasonable notice, the Area EPS Operator may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Distributed Energy Resource first produces energy to inspect the interconnection, and observe the commissioning of the Distributed Energy Resource (including any required testing), startup, and operation for a period of up to three (3) Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Area EPS Operator at least five (5) Business Days prior to conducting any on-site verification testing of the Distributed Energy Resource.
- 8.2. 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 Area EPS Operator 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.
- 8.3. Each Party shall be responsible for its costs associated with the interconnection of the DER system as outlined in M-MIP Overview Process Section 9.3 and the Minnesota Technical Requirements.

9 Effective Date

9.1 This Agreement shall become effective upon execution by the Parties.

10 Term of Agreement

10.1. This Agreement shall become effective on the Effective Date and shall remain in effect from the Effective Date unless terminated earlier in accordance with Section 11 of this Agreement.

11 Termination

- 11.1. No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.
- 11.2. The Interconnection Customer may terminate this Agreement at any time by giving the Area EPS Operator twenty (20) Business Days written notice.
- 11.3. The Area EPS Operator may terminate this Agreement if the listed electric generating facilities are not interconnected to the Area EPS Operator's distribution system within thirty-six (36) months of this Agreement signed by the Parties. The Parties may choose to delay termination by mutual agreement.
- 11.4. Either Party may terminate this Agreement after Default pursuant to Section 3.
- 11.5. Upon termination of this Agreement, the Distributed Energy Resource will be disconnected from the Area EPS Operator's Distribution System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.
- 11.6. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.
- 11.7. The provisions of this article shall survive termination or expiration of this Agreement.

12 Temporary Disconnection

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

SCHEDULE 2 – STANDARD CONTRACTS

- 12.2. Emergency Conditions. Under emergency conditions, the Area EPS Operator may immediately suspend interconnection service and temporarily disconnect the Distributed Energy Resource. The Area EPS Operator shall use Reasonable Efforts to 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 Distributed Energy Resource. The Interconnection Customer shall use Reasonable Efforts to notify the Area EPS Operator promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Area EPS Operator's Distribution System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.
- 12.3. Temporary Interruption. The Area EPS Operator may interrupt interconnection service or curtail the output of the Distributed Energy Resource and temporarily disconnect the Distributed Energy Resource from the Area EPS Operator's Distribution System when necessary for routine maintenance, construction, or repairs on the Area EPS Operator's Distribution System. The Area EPS Operator shall use Reasonable Efforts to provide the Interconnection Customer with three (3) Business Days' notice prior to such interruption. The Area EPS Operator shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.
- 12.4. Forced Outage. During any forced outage, the Area EPS Operator may suspend interconnection service to effect immediate repairs on the Area EPS Operator's Distribution System. The Area EPS Operator shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Area EPS Operator shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.
- 12.5. Adverse Operating Effects. The Area EPS Operator shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Distributed Energy Resource may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Distributed Energy Resource could cause damage to the Area EPS Operator's Distribution 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 Area EPS Operator may disconnect the Distributed Energy Resource. The Area EPS Operator shall provide the Interconnection Customer

SCHEDULE 2 – STANDARD CONTRACTS

with five Business Day notice of such disconnection, unless the provisions of Section 12.2 apply.

- 12.6. Modification of the Distributed Energy Resource. The Interconnection Customer must receive written authorization from the Area EPS Operator before making any change to the Distributed Energy Resource that may have a material impact on the safety or reliability of the Distribution System. Such authorization shall not be unreasonably withheld if the modification is not a Material Modification. Material Modifications, including an increase Nameplate Rating or capacity, may require the Interconnection Customer to submit a new Interconnection Application as described in the M-MIP Overview Process Section 7. If the Interconnection Customer makes such modification without the Area EPS Operator's prior written authorization, the latter shall have the right to temporarily disconnect the Distributed Energy Resource.
- 12.7. Reconnection. The Parties shall cooperate with each other to restore the Distributed Energy Resource, Interconnection Facilities, and the Area EPS Operator's Distribution System to their normal operating state as soon as reasonably practicable following a temporary disconnection.
- 12.8. Treatment Similar to Other Retail Customers. If the Interconnection Customer receives retail electrical service at the same site as the Distributed Energy Resource, it may also be disconnected consistent with the rules and practices for disconnecting other retail electrical customer.
- 12.9. Disconnection for Default. If the Interconnection Customer is in Default of this Agreement, it may be disconnected after a sixty (60) day written notice is provided and the Default is not cured during this sixty (60) day notice. This provision does not apply to disconnection based on Sections 12.2, 12.3, 12.4 or 12.5 of this Agreement.

13 Cost Responsibility for Interconnection Facilities and Distribution Upgrades

- 13.1 Interconnection Facilities. The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Area EPS Operator shall provide a good faith estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Area EPS Operator.

SCHEDULE 2 – STANDARD CONTRACTS

- 13.2 The Interconnection Customer shall be responsible for its share of 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 Area EPS Operator's Interconnection Facilities.
- 13.3 Distribution Upgrades. The Area EPS Operator shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. The Area EPS Operator shall provide a good faith estimate cost, including overheads, for the purchase and construction of the Distribution Upgrades and provide a detailed itemization of such costs. If the Area EPS Operator 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.

14 Cost Responsibility for Network Upgrades

- 14.1. Applicability. No portion of Section 14 shall apply unless the interconnection of the Distributed Energy Resource requires Network Upgrades.
- 14.2. Network Upgrades. The Area EPS Operator or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. The Area EPS Operator shall provide a good faith estimate cost, including overheads, for the purchase and construction of the Network Upgrades and provide a detailed itemization of such costs. If the Area EPS Operator and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Area EPS Operator elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.
- 14.3. Repayment of Amounts Advanced for Network Upgrades. The Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Area EPS Operator and Affected System operator, if any, for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Area EPS Operator's Tariff and Affected System's Tariff for transmission services with respect to the Distributed Energy Resource. Any repayment shall include interest

SCHEDULE 2 – STANDARD CONTRACTS

calculated in accordance with the methodology set forth in Federal Energy Regulatory Commission's (FERC's) regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.

- 14.4. Notwithstanding the foregoing, the Interconnection Customer, the Area EPS Operator, and any applicable Affected System operators may adopt any alternative payment schedule that is mutually agreeable so long as the Area EPS Operator and said Affected System operators take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Area EPS Operator or any applicable Affected System operators will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond 20 years from the commercial operation date.
- 14.5. If the Distributed Energy Resource fails to achieve commercial operation, but it or another Distributed Energy Resource is later constructed and requires use of the Network Upgrades, the Area EPS Operator and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Distributed Energy Resource, if different, is responsible for identifying the entity to which reimbursement must be made.
- 14.6. Special Provisions for Affected Systems. Unless the Area EPS Operator provides, under this Agreement, for the repayment of amounts advanced to any applicable Affected System operators for Network Upgrades, the Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by Affected System Operator.
- 14.7. 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 or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Distributed Energy Resource.

15 Billing, Payment, Milestones, and Financial Security

- 15.1. Billing and Payment Procedures and Final Accounting. The Area EPS Operator shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement, and the Interconnection Customer shall pay each bill, pursuant to the M-MIP Interconnection Process documents, or as otherwise agreed to by the Parties.
- 15.2. Within 80 Business Days (approximately 4 calendar months) of completing the construction and installation of the Area EPS Operator's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Area EPS Operator shall provide the Interconnection Customer with a final accounting report, as described in the M-MIP Fast Track Process Section 9.4.3 and the Study Process Section 11.4.3.
- 15.3. Milestones. Pursuant to the M-MIP Fast Track Process Section 9.1 and the Study Process Section 11.1, the Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement.
- 15.4. Financial Security Arrangements. Pursuant to the M-MIP Fast Track Process Section 9.5 and the Study Process Section 11.5, the Interconnection Customer shall provide the Area EPS Operator, at the Interconnection Customer's option, a guarantee, letter of credit or other form of security that is reasonably acceptable to the Area EPS Operator and is consistent with the Minnesota Uniform Commercial Code. 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 Area EPS Operator's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Area EPS Operator under this Agreement during its term. In addition:
- 15.4.1. The guarantee must be made by an entity that meets the creditworthiness requirements of the Area EPS Operator, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

- 15.4.2. The letter of credit must be issued by a financial institution or insurer reasonably acceptable to the Area EPS Operator and must specify a reasonable expiration not sooner than sixty (60) Business Days (three calendar months) after the due date for the issuance of the final bill.

16 Assignment, Force Majeure, Consequential Damages, and Default

- 16.1. 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:

- 16.1.1. Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Area EPS Operator of any such assignment.
- 16.1.2. Interconnection Customer shall have the right to assign this Agreement, without the consent of the Area EPS Operator, for collateral security purposes to aid in providing financing for the Distributed Energy Resource, provided that the Interconnection Customer will promptly notify the Area EPS Operator of any such assignment.
- 16.1.3. Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, 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. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

17 Limitations of Liability

- 17.1. 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.

18 Non-Warranty

- 18.1. The Area EPS Operator does not give any warranty, expressed or implied, as to the adequacy, safety, or other characteristics of any structures, equipment, wires, appliances or devices owned, installed or maintained by the Interconnection Customer, including without limitation the Distributed Energy Resource and any structures, equipment, wires, appliances or devices not owned, operated or maintained by the Area EPS Operator.

19 Indemnity

- 19.1. 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 Section 17.
- 19.2. 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, court costs, attorney fees, and all other obligations by or 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.
- 19.3. 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.
- 19.4. 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.
- 19.5. 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.

- 19.6. This indemnification obligation shall apply notwithstanding any negligent or intentional acts, errors or omissions of the Indemnified Party, but the Indemnifying Party's liability to indemnify the Indemnifying Party shall be reduced in proportion to the percentage by which the Indemnified Party's negligent or intentional acts, errors or omissions caused damaged.
- 19.7. Neither Party shall be indemnified for its damages resulting from its sole negligence, intentional acts or willful misconduct. These indemnity provisions shall not be construed to relieve any insurer of its obligation to pay claims consistent with the provisions of a valid insurance policy.

20 Consequential Damages

- 20.1. 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 the 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.

21 Force Majeure

- 21.1. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, 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.

22 Default

- 22.1. 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 Section 21, the defaulting Party shall have sixty (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 sixty (60) calendar days, the defaulting Party shall commence such cure within twenty (20) calendar days after notice and continuously and diligently complete such cure within six (6) months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.
- 22.2. 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.

23 Insurance

- 23.1. An Area EPS Operator may only require an Interconnection Customer to purchase insurance covering damages pursuant to the applicable M-MIP process document in which the distributed energy resource falls under.
- 23.2. The Area EPS Operator agrees to maintain general liability insurance or self-insurance consistent with the Area EPS Operator's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Area EPS Operator's liabilities undertaken pursuant to this Agreement.
- 23.3. The Parties further agree to notify each other 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.
- 23.4. Failure of the Interconnection Customer or Area EPS Operator to enforce the minimum levels of insurance does not relieve the Interconnection Customer from maintaining such levels of insurance or relieve the Interconnection Customer of any liability.

24 Confidentiality

- 24.1. 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, design, operating specifications, and metering data provided by the Interconnection Customer may be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such. If requested by either Party, the other Party shall provide in writing the basis for asserting that the information warrants confidential treatment. Parties providing a Governmental Authority trade secret, privileged or otherwise not public data under Minnesota Government Data Privacy Act, Minnesota Statutes Chapter 13, must provide information consistent with the Commission’s September 1, 1999 Revised Procedures for Handling Trade Secret and Privileged Data.
- 24.2. Confidential Information does not include information previously in the public domain with proper authorization, 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 publicly 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 that could not otherwise be fulfilled by not making the information public.
- 24.3. Each Party shall hold in confidence and shall not disclose Confidential Information, to any person (except employees, officers, representatives and agents, who agree to be bound by this section). Confidential Information shall be clearly marked as such on each page or otherwise affirmatively identified. If a court, government agency or entity with the right, power, and authority to do so, requests or requires either Party, by subpoena, oral disposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirements(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. In the absence of a protective order or waiver the Party shall disclose such confidential information which, in the opinion of its counsel, the party is legally compelled to disclose. Each Party will use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any confidential information so furnished.

SCHEDULE 2 – STANDARD CONTRACTS

- 24.4. Critical infrastructure information or information that is deemed or otherwise designated by a Party as Critical Energy/Electric Infrastructure Information (CEII) pursuant to FERC regulation 18 C.F.R. §388.133, as may be amended from time to time, may be subject to further protections for disclosure as required by FERC or FERC regulations or orders and the disclosing Party's CEII policies.
- 24.5. 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.
- 24.6. 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.

25 Disputes

The Parties agree in a good faith effort to attempt to resolve all disputes arising out of the interconnection process and associated study and Interconnection Agreements. The Parties agree to follow the established dispute resolution policy adopted by the Area EPS Operator.

26 Taxes

- 26.1. The Parties agree to follow all applicable tax laws and regulations, consistent with Internal Revenue Service and any other relevant local, state and federal requirements.
- 26.2. Each Party shall cooperate with the other to maintain the other Party's tax status. It is incumbent on the Party seeking to maintain its tax status to provide formal written notice to the other Party detailing what exact cooperation it is seeking from the other Party well prior to any deadlines by which any such action would need to be taken. Nothing in this Agreement is intended to adversely affect, if applicable, the Area EPS Operator's tax-exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

27 Miscellaneous

- 27.1. Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the Area EPS Operator's board of directors and the laws of the state of Minnesota, without regard to its conflicts of law principles. This Agreement is subject to all

SCHEDULE 2 – STANDARD CONTRACTS

Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

- 27.2. Amendment. The Parties may amend this Agreement by a written instrument duly executed by both Parties, or under Section 27.12 of this Agreement.
- 27.3. 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.
- 27.4. 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. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Area EPS Operator. Any waiver of this Agreement shall, if requested, be provided in writing.
- 27.5. 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. This Agreement can only be amended or modified in writing signed by both Parties.
- 27.6. 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. Electronic signatures are acceptable if the Area EPS Operator has made such a determination pursuant to M-MIP Overview Process Section 4.1.
- 27.7. 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.

SCHEDULE 2 – STANDARD CONTRACTS

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.

- 27.8. 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, (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.
- 27.9. Security Arrangements. Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.
- 27.10. 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 Distributed Energy Resource 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.
- 27.11. Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement. 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.
- 27.11.1. 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 the hiring Party hires as if no subcontract had been made. In no event shall the Area EPS Operator be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this

SCHEDULE 2 – STANDARD CONTRACTS

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.

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

27.12. Inclusion of Area EPS Operator Tariff and Rules. The interconnection services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the rate schedules and rules applicable to the electric service provided by the Area EPS Operator, which rate schedules and rules are hereby incorporated into this Agreement by this reference.

28 Notices

28.1. 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 courier service, or sent by first class mail, postage prepaid, to the person specified as follows:

SCHEDULE 2 – STANDARD CONTRACTS

Area EPS Operator Information

Area EPS Operator: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

28.2. Billing and Payment. Billing and payments shall be sent to the addresses set out below:

Area EPS Operator Information

Area EPS Operator: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

SCHEDULE 2 – STANDARD CONTRACTS

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

28.3. Alternative Forms of Notice. 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 or e mail to the telephone numbers and e-mail addresses set out below:

Area EPS Operator Information

Area EPS Operator: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

SCHEDULE 2 – STANDARD CONTRACTS

28.4. 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.

Area EPS Operator Information

Area EPS Operator: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

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

31 Signatures

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 Area EPS Operator]

[Insert name of Interconnection Customer]

Signed: _____

Signed: _____

Name (Printed): _____

Name (Printed): _____

Title: _____

Title: _____

Attachment I: Glossary of Terms

Affected System – Another Area EPS Operator’s System, Transmission Owner’s Transmission System, or Transmission System connected generation which may be affected by the proposed interconnection.

Applicant Agent – A person designated in writing by the Interconnection Customer to represent or provide information to the Area EPS on the Interconnection Customer’s behalf throughout the interconnection process.

Area EPS – The electric power distribution system connected at the Point of Common Coupling.

Area EPS Operator – An entity that owns, controls, or operates the electric power distribution systems that are used for the provision of electric service in Minnesota. For this Interconnection Process the Area EPS Operator is [NAME OF UTILITY]

Business Day – Monday through Friday, excluding Holidays as defined by Minn. Stat. §645.44, Subdivision 5. Any communication to have been sent or received after 4:30 p.m. Central Prevailing Time or on a Saturday, Sunday or holiday shall be considered to have been sent on the next Business Day.

Certified Equipment – Certified equipment is equipment that has been tested by a national recognized lab meeting a specific standard. For DER systems, UL 1741 listing is a common form of DER inverter certification. Additional information is seen in the Certification Codes and Standards document.

Confidential Information – Any confidential and/or proprietary information provided by one Party to the other Party and is clearly marked or otherwise designated “Confidential.” All procedures, design, operating specifications, and metering data provided by the Interconnection Customer may be deemed Confidential Information. See Overview Process Section 12.1 for further information.

Distributed Energy Resource (DER) – A source of electric power that is not directly connected to a bulk power system or central station service. DER includes both generators and energy storage technologies capable of exporting active power to an EPS. An interconnection system or a supplemental DER device that is necessary for compliance with this standard is part of a DER. For the purpose of the Interconnection Process and interconnection agreements, the DER includes the Customer’s Interconnection Facilities but shall not include the Area EPS Operator’s Interconnection Facilities.

Distribution System – The Area EPS facilities which are not part of the Local EPS, Transmission System or any generation system.

SCHEDULE 2 – STANDARD CONTRACTS

Distribution Upgrades – The additions, modifications, and upgrades to the Distribution System at or beyond the Point of Common Coupling to facilitate interconnection of the DER and render the distribution service necessary to affect the Interconnection Customer's connection to the Distribution System. Distribution Upgrades do not include Interconnection Facilities.

Electric Power System (EPS) – The facilities that deliver electric power to a load.

Fast Track Process – The procedure as described in the Interconnection Process - Fast Track Process for evaluating an Interconnection Application for a DER that meets the eligibility requirements in the Overview Process Section 2.3.

Force Majeure Event – An 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, an order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or another cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and act 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. 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 region.

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 the Interconnection Customer, the Area EPS Operator, or any Affiliate thereof. The utility's local governing body is the authority governing interconnection requirements unless otherwise provided for in the Minnesota Technical Requirements.

Interconnection Agreement – The terms and conditions between the Area EPS Operator and Interconnection Customer (Parties). See Section 8 in the Overview Process **Error! Reference source not found.** for when the Uniform Contract or Interconnection Agreement applies.

Interconnection Application – The Interconnection Customer's request to interconnect a new or modified, as described in Section 4 of the Overview Process, DER. See Simplified Application Form and Interconnection Application Form.

SCHEDULE 2 – STANDARD CONTRACTS

Interconnection Customer – The person or entity, including the Area EPS Operator, whom will be the owner of the DER that proposes to interconnect a DER(s) with the Area EPS Operator’s Distribution System. The Interconnection Customer is responsible for ensuring the DER(s) is designed, operated and maintained in compliance with the Minnesota Technical Requirements.

Interconnection Facilities – The Area EPS Operator’s Interconnection Facilities and the Interconnection Customer’s Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the DER and the Point of Common Coupling, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the DER to the Area EPS Operator’s System. Some examples of Customer Interconnection Facilities include: supplemental DER devices, inverters, and associated wiring and cables up to the Point of DER Connection. Some examples of Area EPS Operator Interconnection Facilities include sole use facilities; such as, line extensions, controls, relays, switches, breakers, transformers and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Process – The Area EPS Operator’s interconnection standards in this document.

Material Modification – A modification to machine data, equipment configuration or to the interconnection site of the DER at any time after receiving notification by the Area EPS Operator of a complete Interconnection Application that has a material impact on the cost, timing, or design of any Interconnection Facilities or Upgrades, or a material impact on the cost, timing or design of any Interconnection Application with a later Queue Position or the safety or reliability of the Area EPS.¹

MN Technical Requirements – The term including all of the DER technical interconnection requirement documents for the state of Minnesota; including Attachment 2 Distributed Generation Interconnection Requirements established in the Commission’s September 28, 2004 Order in E-999/CI-01-1023) until superseded and upon Commission approval of updated

¹ A Material Modification shall include, but may not be limited to, a modification from the approved Interconnection Application that: (1) changes the physical location of the point of common coupling; such that it is likely to have an impact on technical review; (2) increases the nameplate rating or output characteristics of the Distributed Energy Resource; (3) changes or replaces generating equipment, such as generator(s), inverter(s), transformers, relaying, controls, etc., and substitutes equipment that is not like-kind substitution in certification, size, ratings, impedances, efficiencies or capabilities of the equipment; (4) changes transformer connection(s) or grounding; and/or (5) changes to a certified inverter with different specifications or different inverter control settings or configuration. A Material Modification shall not include a modification from the approved Interconnection Application that: (1) changes the ownership of a Distributed Energy Resource; (2) changes the address of the Distributed Energy Resource, so long as the physical point of common coupling remains the same; (3) changes or replaces generating equipment such as generator(s), inverter(s), solar panel(s), transformers, relaying, controls, etc. and substitutes equipment that is a like-kind substitution in certification, size, ratings, impedances, efficiencies or capabilities of the equipment; and/or (4) increases the DC/AC ratio but does not increase the maximum AC output capability of the Distributed Energy Resource in a way that is likely to have an impact on technical review.

SCHEDULE 2 – STANDARD CONTRACTS

Minnesota DER Technical Interconnection and Interoperability Requirements in E-999/CI-16-521 (anticipated July 2019.)

Nameplate Rating - nominal voltage (V), current (A), maximum active power (kWac), apparent power (kVA), and reactive power (kVar) at which a DER is capable of sustained operation. For a Local EPS with multiple DER units, the aggregate nameplate rating is equal to the sum of all DERs nameplate rating in the Local EPS. For purposes of the Attachment V in the Interconnection Agreement, the DER system's capacity may, with the Area EPS's agreement, be limited through use of control systems, power relays or similar device settings or adjustments as identified in IEEE 1547. The nameplate ratings referenced in the Interconnection Process are alternating current nameplate DER ratings at the Point of DER Coupling.

Network Upgrades – Additions, modifications, and upgrades to the Transmission System required at or beyond the point at which the DER interconnects with the Area EPS Operator's System to accommodate the interconnection with the DER to the Area EPS Operator's System. Network Upgrades do not include Distribution Upgrades.

Operating Requirements – Any operating and technical requirements that may be applicable due to the Transmission Provider's technical requirements or Minnesota Technical Requirements, including those set forth in the Interconnection Agreement.

Party or Parties – The Area EPS Operator and the Interconnection Customer.

Point of Common Coupling (PCC)– The point where the Interconnection Facilities connect with the Area EPS Operator's Distribution System. See figure 1. Equivalent, in most cases, to "service point" as specified by the Area EPS Operator and described in the National Electrical Code and the National Electrical Safety Code.

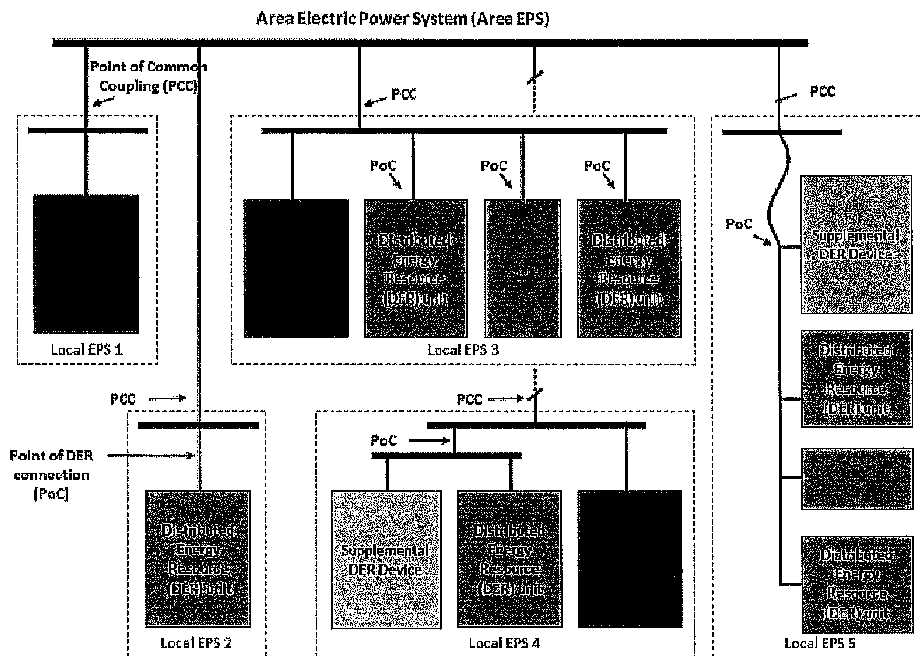


Figure 1: Point of Common Coupling and Point of DER Connection

(Source: IEEE 1547)

Point of DER Connection (PoC) – When identified as the Reference Point of Applicability, the point where an individual DER is electrically connected in a Local EPS and meets the requirements of this standard exclusive of any load present in the respective part of the Local EPS (e.g. terminals of the inverter when no supplemental DER device is required.) For DER unit(s) that are not self-sufficient to meet the requirements without a supplemental DER device(s), the Point of DER Connection is the point where the requirements of this standard are met by DER in conjunction with a supplemental DER device(s) exclusive of any load present in the respective part of the Local EPS.

Queue Position – The order of a valid Interconnection Application, relative to all other pending valid Interconnection Applications, that is established based upon the date- and time- of receipt of the complete Interconnection Application as described in Section 4.7 of the Overview ProcessError! Reference source not found..

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

SCHEDULE 2 – STANDARD CONTRACTS

Reference Point of Applicability – The location, either the Point of Common Coupling or the Point of DER Connection, where the interconnection and interoperability performance requirements specified in IEEE 1547 apply. With mutual agreement, the Area EPS Operator and Customer may determine a point between the Point of Common Coupling and Point of DER Connection. See Minnesota Technical Requirements for more information.

Simplified Process – The procedure for evaluating an Interconnection Application for a certified inverter-based DER no larger than 20 kW that uses the screens described in the Interconnection Process – Simplified Process document. The Simplified Process includes simplified procedures.

Study Process – The procedure for evaluating an Interconnection Application that includes the scoping meeting, system impact study, and facilities study.

Transmission Owner – The entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System relevant to the Interconnection.

Transmission Provider – The entity (or its designated agent) that owns, leases, controls, or operates transmission facilities used for the transmission of electricity. The term Transmission Provider includes the Transmission Owner when the Transmission Owner is separate from the Transmission Provider. The Transmission Provider may include the Independent System Operator or Regional Transmission Operator.

Transmission System – The facilities owned, leased, controlled or operated by the Transmission Provider or the Transmission Owner that are used to provide transmission service. See the Commission’s July 26, 2000 Order Adopting Boundary Guidelines for Distinguishing Transmission from Generation and Distribution Assets in Docket No. E-999/CI-99-1261.

Uniform Contract – the Area EPS Operator’s Agreement for Cogeneration and Small Power Production Facilities (Uniform Contract) that may be applied to all qualifying new and existing interconnections between the Area EPS Operator and an DER system having capacity less than 40 kilowatts.

Upgrades – The required additions and modifications to the Area EPS Operator’s Transmission or Distribution System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment II: Description and Costs of the Distributed Energy Resource, Interconnection Facilities, and Metering Equipment

Equipment, including the Distribution Energy Resource, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer or the Area EPS Operator. The Area EPS Operator will provide a good faith estimate itemized cost, including administrative overheads, of its Interconnection Facilities and metering equipment, and a good faith estimate itemized cost of the annual operation and maintenance expenses associated with the Interconnection Facilities and metering equipment.

Attachment III: One-line Diagram Depicting the Distributed Energy Resource, Interconnection Facilities, and Metering Equipment, and Upgrades

Attachment IV: Milestones

The Milestones in line (1) below may be a calendar date. All other dates in this Attachment IV may be the number of Business Days from the calendar date in line (1) or from the completion of a different Milestone described in a specific number line. Similarly, the anticipated In-Service Date may be based on the number of Business Days from the completion of a specified line number.

In-Service Date: _____

Critical milestones and responsibilities as agreed to by the Parties:

	Milestone/Anticipated Date	Responsible Party
(1)	_____	_____
(2)	_____	_____
(3)	_____	_____
(4)	_____	_____
(5)	_____	_____
(6)	_____	_____
(7)	_____	_____
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____
(11)	_____	_____
(12)	_____	_____
(13)	_____	_____

Agreed to by:

SCHEDULE 2 – STANDARD CONTRACTS

Area EPS Operator	_____	Date	_____
Transmission Owner (If Applicable)	_____	Date	_____
Interconnection Customer	_____	Date	_____

**Attachment V: Additional Operating and Maintenance Requirements
for the Area EPS Operator’s Distribution System and Affected Systems
Need to Support the Interconnection Customer’s Needs**

The Area EPS Operator shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Area EPS Operator’s Distribution System. Additional operating and maintenance requirements for an Affected System needed to support the Interconnection Customer’s needs may be addressed in a separate agreement described in Section 14.6.

Attachment VI: Area EPS Operator’s Description of Distribution and Network Upgrades and Good Faith Estimates of Upgrade Costs

The Area EPS Operator shall describe Distribution and Network Upgrades and provide an itemized good faith estimate of the costs, including administrative overheads, of the Upgrade and annual operations and maintenance expenses associated with such Upgrades. The Area EPS Operator shall functionalize Upgrade costs and annual expenses as either transmission or distribution related. Additional Distribution or Network Upgrades required for an Affected System may be addressed in a separate agreement as described in Section 14.6.

Attachment VII: Assignment of Interconnection Agreement

This is an Assignment of Interconnection Agreement (“Agreement”).

There is an Interconnection Agreement, including any and all Attachments thereto including any and all amendments (“Agreement”) by and between _____, a municipal utility existing under the laws of the State of Minnesota, (“Area EPS Operator”), and _____, (“Assignor”) originally signed by the Area EPS Operator on _____ for a Distributed Energy Resource (DER) described as follows:

DER System Information

Type of DER System: _____
Capacity Rating of System (AC): _____
Limited Capacity Rating (AC): _____
Address of DER System: _____

The Assignor intends to convey its interest in the above-referenced DER to _____ (“Assignee”), and the Assignor intends to assign the Agreement to the Assignee.

Upon the execution of this Assignment by the Assignor, Assignee and the Area EPS Operator, agree as follows:

- 1. Capitalized Terms.** Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.
- 2. Consent to Assignment.** The Assignor hereby irrevocably assigns the Agreement in all respects to the Assignee and the Assignee accepts the assignment thereof in all respects.
- 3. Amendment to Agreement.** The Area EPS Operator consents to this assignment and, as assigned, the Agreement is hereby amended so that wherever the name of the Assignor

SCHEDULE 2 – STANDARD CONTRACTS

is used therein it shall mean the Assignee. It is further agreed that all terms and conditions of the Agreement, as amended by this Assignment, shall remain in full force and effect.

- 4. **Payments by Area EPS Operator.** Any and all payments made by Area EPS Operator under the Agreement to either the Assignor or the Assignee shall be deemed to have been made to both and shall discharge the Area EPS Operator from any further liability with regard to said payment.
- 5. **Financial Obligations of Assignor and Assignee.** Any and all financial liability, including but not limited to amounts due, from the Interconnection Customer to the Area EPS Operator, occurring or accruing under the Agreement on or before the date of the signature of the Area EPS Operator to this Assignment shall be deemed to be the obligation of both the Assignor and Assignee, and the Area EPS Operator may recover any such amounts jointly and severally from the Assignor and Assignee.
- 6. **Contact information.** The following information updates and replaces the designated information as set forth on page 1 of the Agreement, and in Section 28.1, 28.2, 28.3 and 28.4 of the Agreement.

Page 1 Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____
Phone: _____
Email: _____

28.1 General Notices. Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____
Phone: _____
Email: _____

SCHEDULE 2 – STANDARD CONTRACTS

28.2 Billing and Payment Notices. Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

28.3 Alternative Forms of Notices. Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

28.4 Designated Operating Representative. Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____

Phone: _____
Email: _____

7. Signatures. Facsimile or electronic signatures, or signatures to this Assignment sent electronically, shall have the same effect as original signatures. Photocopies, or electronically stored versions of this Assignment, shall have the same validity as the original.

SCHEDULE 2 – STANDARD CONTRACTS

The Area EPS Operator, Assignor, and Assignee have executed this Assignment as of the dates as set forth below.

Assignor

[Insert legal name of Assignor]

Signed: _____

Name (Printed): _____

Title: _____

Date: _____

Assignee

[Insert legal name of Assignee]

Signed: _____

Name (Printed): _____

Title: _____

Date: _____

Area EPS Operator

[Insert legal name of Area EPS Operator]

Signed: _____

Name (Printed): _____

Title: _____

Date: _____