

**BOARD POLICY 307: ATTACHMENT D**



**Shelby Electric Cooperative**

Your Touchstone Energy® Partner 

# Agreement for Interconnection and Parallel Operation of Distributed Generation

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DATE OF AGREEMENT: \_\_\_\_\_

Shelby Electric Cooperative, hereinafter “Cooperative”  
1355 HWY 128, PO Box 560  
Shelbyville, IL 62565

\_\_\_\_\_ hereinafter “Member”  
\_\_\_\_\_  
\_\_\_\_\_

This Agreement for Interconnection and Parallel Operation of Distributed Generation (hereinafter “Agreement”) is made and entered the date indicated above between **SHELBY ELECTRIC COOPERATIVE** (hereinafter referred to as “Cooperative”), a not-for-profit corporation organized under the laws of the State of Illinois, and \_\_\_\_\_, (hereinafter referred to as “Member”), a member of the Cooperative presently receiving electric service from Cooperative and said Member being the Requestor under an Interconnection Request submitted to Cooperative under the Cooperative’s Board Policy 307 (Interconnection and Parallel Operation of Distributed Generation) , each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties”.

In consideration of the mutual covenants set forth herein, and other good and valuable consideration, the sufficiency and receipt thereof is hereby acknowledged, the Parties agree as follows:

**1. Scope of Agreement** – This Agreement addresses the conditions under which the Cooperative and Member agree that one or more distributed generating facilities (herein “Distributed Generation Project” or “DGP” and more particularly described in the Application for Distributed Generation, including the Distributed Generation Project General Description and Electrical Characteristics contained therein, as heretofore submitted by Member to

Cooperative) owned by Member with a nameplate capacity not exceeding 100 kW and connected to the Member's low-voltage premises wiring associated with a specified service retail metering point (collectively with the DGP sometimes referred to as the "Facilities") may be interconnected to the Cooperative's electric power distribution system (hereinafter sometimes referred to as the "System"). This Agreement shall not entitle the Member to electric service beyond the terms of any separate membership agreement for service between the Cooperative and the Member and is subject to the Cooperative's rules, policies, regulations, by-laws, and rates (hereinafter collectively "Requirements").

**2. Establishment of Point of Interconnection** – Cooperative and Member agree to interconnect the Facilities to the System at the location(s) specified in the one-line drawing in the Distributed Generation Project General Description and Electric Characteristics included in the Application for Distributed Generation Project (herein, "Point of Interconnection") in accordance with the terms of the Cooperative's Board Policy 307 and the Institute of Electrical and Electronic Engineers (IEEE) Standards 1547, 1547.1, and UL Standard 1741, all as they may, from time to time, be amended or revised.

**3. Responsibilities of Cooperative and Member for Ownership, Installation, Operation, and Maintenance of Facilities** – Member will, at Member's sole cost and expense, own, install, operate, maintain, repair, and inspect, and shall be fully responsible for, the Facilities. Member shall conduct operations of the Facilities in compliance with all aspects of the Cooperative's Requirements and in accordance with industry standards and prudent engineering practice. Maintenance of the Facilities shall be performed in accordance with the applicable manufacturers' recommended maintenance schedule. Member agrees to cause its Facilities and interconnection facilities to be constructed in accordance with Board Policy 307, as it may, from time to time, be amended or revised. The Cooperative shall have the right to inspect and require changes prior to energizing the DGP. Phase, frequency, and voltage of the Member's interconnected generation shall be compatible with that provided by the Cooperative.

Member shall comply with all applicable Federal, State, and local laws, regulations, zoning codes, building codes, safety rules, and environmental restrictions applicable to the design, installation, operation, and maintenance of the Facilities.

The Cooperative will notify Member if there is evidence that the Facilities' operation causes disturbance, disruption, or deterioration of service to other members served from the System and/or if the Facilities' operation causes damage to the System. If this condition persists, the Cooperative shall have the right to disconnect Member and Member's Facilities from the System. Member will notify the Cooperative of any emergency or hazardous condition or occurrence with the Facilities which could affect safe operation of the System.

**4. Operator in Charge** – Member shall provide the name(s), phone number(s) and address(es) of individual contact person(s) with knowledge of this Agreement and familiarity with the installation, maintenance, and operation of the Facilities, who shall, individually or collectively,

provide a point of contact for the Cooperative to the Member at all times and who have the authority to disconnect the Facilities from the System in the event the Cooperative directs such disconnection.

**5. No Power Sales to Cooperative** - Interconnection of the Facilities with the System does not grant Member the right to export electric power or energy nor does it constitute an agreement by the Cooperative to purchase or wheel electric power or energy. Purchase of, or credit for, excess energy and capacity generated by the Facilities is governed by the Cooperative's Board Policies 321 (Interconnection of and Service to Qualifying Facilities under Public Utility Regulatory Policies Act (PURPA)) and 308 (Net Metering and Cooperative Credit for Excess Member-Generated Electric Energy), as such policies may, from time to time, be revised.

## **6. Limitation of Liability and Indemnification**

a. Notwithstanding any other provision in this Agreement, with respect to the Cooperative's provision of electric service to Member and the services provided by the Cooperative pursuant to this Agreement, Cooperative's liability to Member shall be limited as set forth in the Cooperative's rules, bylaws, policies, contracts, and terms and conditions for electric service, which are incorporated herein by reference, and in no event shall the Cooperative be liable for loss of profit, loss of operation time, or loss of or reduction in use of any facilities or any portion thereof, for increased expense of construction, operation, or maintenance, or for any special, indirect, incidental, or consequential damages resulting from the construction, operation, or maintenance of the Facilities.

b. For the purposes of this Agreement, a Force Majeure event is any event beyond the reasonable control of the affected party that the affected party is unable to prevent or protect against by exercising reasonable diligence. A Force Majeure event includes, but is not limited to, public disorder, rebellion or insurrection, floods, hurricanes, earthquakes, lightning, storms or other natural calamities, explosions or fires, strikes, work stoppages or labor disputes, embargoes, and sabotage. If a Force Majeure event prevents a party from fulfilling any obligations under this Agreement, such party will promptly notify the other party in writing and will keep the other party informed on a continuing basis as to the scope and duration of the Force Majeure event. The affected party will specify the circumstances of the Force Majeure event, its expected duration and the steps that the affected party is taking to mitigate the effect of the event on its performance. The affected party will be entitled to suspend or modify its performance of obligations under this Agreement during an event of Force Majeure, but will use reasonable efforts to resume its performance as soon as possible.

c. Member shall be responsible for the safe installation, maintenance, repair, and condition of lines, wires, switches, and other equipment and property on Member's side of the Point of Interconnection. The Cooperative does not assume any duty of inspecting

Member's lines, wires, switches, or other equipment or property and will not be responsible therefore. Member assumes all responsibility for the electric service supplied hereunder and the facilities used in connection therewith at or on the Member's side of the Point of Interconnection.

d. The Member shall indemnify the Cooperative, its directors, officers, representatives, agents, and employees against any and all loss, damage, expense and/or liability to any other person, including other members of the Cooperative, for injury to or death of any persons and/or damage to property, including without limitation, damages of any kind or character whatsoever, interest, attorneys' fees, court costs and expenses, whether in whole or in part proximately caused by the construction, ownership, interconnection, operation, or maintenance of, or by failure of, any of 's works, facilities or system used in connection with the operation of the Member's DGP or related Facilities. The Member will, upon the Cooperative's request, accept tender of and defend any suit asserting a claim covered by this obligation to indemnify the Cooperative and/or its directors, officers, agents, or employees.

**7. Testing and Testing Records** – Member shall perform or cause to be performed such tests of the DGP and other components of the Facilities as the Cooperative may reasonably require and shall provide to the Cooperative all records of testing. Testing of protection systems shall comply with existing industry standards and practices. These records shall include testing at the start of operation and periodic testing thereafter. Factory testing of pre-packaged interconnection facilities and the protective systems of small units shall be acceptable in the absence of reasonable grounds for additional testing. In the case of a factory test, Member shall provide a written description and certification by the factory of the test, the test results, and the qualification of any independent testing laboratory. In addition, Member shall obtain approval by the Cooperative of the settings of the DGP and other components of the Facilities being installed prior to operation.

**8. Right of Access, Equipment Installation, Removal & Inspection** – The Cooperative (and its agents and employees) shall have free and unencumbered access to the Facilities at all times to monitor operation of the Member's equipment and Cooperative-supplied service equipment connected to its System, and to disconnect, for good cause, the DGP and the Facilities from the System, without prior notice to the Member.

The Cooperative (and its agents and employees) shall also have access to Member's premises and to operational records for any reasonable purpose in connection with the interconnection described in this Agreement, the Requirements, or the provision of service to its members.

**9. Disconnection of Facilities** – Member retains the option to disconnect the Facilities from the System, provided that Member notifies the Cooperative of the Member's intent to disconnect

by giving the Cooperative at least 30 days' prior written notice. Such disconnection shall not be a termination of this Agreement unless Member exercises the rights under Section 12.

Member shall disconnect the Facilities from the System upon the effective date of any termination resulting from and required by actions under Section 12.

The Cooperative (and its agents and employees) may disconnect the Facilities from the System whenever, in the sole and unfettered opinion of the Cooperative, such action is required by an emergency, for reasons of personal or public safety, or due to interference with, or adverse impact on, the electric service or quality of service to other members. The Facilities shall also be subject to the Cooperative's requirements for maintaining voltage standards of output, the production of reactive power, phasing, and frequency. The Cooperative (and its agents or employees) shall attempt to provide reasonable notice to the Member prior to disconnection of the Facilities, if possible, but the Cooperative is under no obligation to do so.

**10. Metering** – The Cooperative shall be reimbursed for all costs of interconnection, including all carrying charges and metering costs, incurred by the Cooperative in connecting, and as a result of connection and/or disconnection of, the Facilities to the Cooperative's System. Metering shall meet accuracy standards required for equivalent electrical services and may be accomplished with standard meters or any devices that meet data collection and accuracy requirements.

**11. Insurance** – Throughout the term of this Agreement, Member shall carry and keep in force a liability insurance policy issued by a licensed insurance carrier with an A. M. Best rating of B+ or better that provides protection against claims for damages resulting from (i) bodily injury, including wrongful death; and (ii) property damage arising out of the Member's ownership and/or operation of the DGP and/or the Facilities. The coverage limits of such policy shall be not less than \$1,000,000 per occurrence for a DGP that is an Eligible Renewable Electrical Generating Facility (EREGF) under Board Policy 308 and \$2,000,000 for a DGP that is a Qualifying Facility under Board Policy 321. The insurance policy providing coverage for a Qualifying Facility must name the Cooperative as an additional insured. Prior to interconnection of a DGP to the System, the Member shall provide a certificate of insurance reflecting the required coverages and containing a minimum 30-day notice of cancellation to the Cooperative prior to connection of the Facilities to the System. At all times thereafter, but not less frequently than annually, or upon demand by the Cooperative, the Member shall provide a renewal or replacement certificate of insurance to the Cooperative reflecting such coverages.

**12. Effective Term and Termination Rights** – This Agreement becomes effective when executed by both Parties and shall continue in effect until terminated. This Agreement may be terminated as follows:

- (a) Member may terminate this Agreement at any time for any or no reason by giving the Cooperative at least sixty (60) days' written notice;

(b) Cooperative may terminate this Agreement upon failure by Member to generate electric energy from the DGP within six (6) months after completion of the interconnection;

(c) Either Party may terminate this Agreement by giving the other Party at least thirty (30) days' prior written notice that the other Party is in default of any of the terms and conditions of the Agreement or the Requirements or any rate schedule, regulation, contract, or policy of the Cooperative, so long as the notice specifies the basis for termination and there is opportunity to cure the default;

(d) Cooperative may terminate this Agreement by giving Member at least sixty (60) days' notice in the event that there is a material change in an applicable law, or any change in policy or procedure pertaining to DGP by the Cooperative's wholesale electric supplier or requirement of any transmission utility, independent system operator, or regional transmission organization having responsibility for the operation of any part of the System;

(e) Cooperative may terminate this Agreement in the event Member does any or all of the following:

(i) ceases to receive electric service from Cooperative or is in default of terms or conditions for electric service;

(ii) makes a general assignment or arrangement for the benefit of creditors;

(iii) is unable (or admits in writing its inability) generally to pay its debts as they become due;

(iv) is dissolved or has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, acquisition or merger);

(v) seeks or becomes subject to the appointment of an administrator, assignee, conservator, receiver, trustee or similar official for substantially all of its assets;

(vi) has a secured party take possession of all or substantially all of its assets or has all, or has substantially all of its assets become subject to an attachment, execution, levy, sequestration or other legal process which is not dismissed discharged, stayed or restrained within thirty (30) days;

(vii) causes or is subject to any event that has an effect analogous to any of the events enumerated herein; or

(viii) takes any action in furtherance of, or indicates its consent to, approval of, or acquiescence in any of the foregoing acts or events.

(f) Termination of this Agreement by Cooperative shall be effective upon five (5) calendar days' written notice or upon any required approval by FERC, whichever is later. Upon any termination of this Agreement: (i) any sums due hereunder shall become immediately due and payable; (ii) Cooperative shall, at its option and expense, remove its equipment and facilities; and (iii) Member shall allow unencumbered access to Cooperative (and its agents or employees) to remove its equipment and facilities. Termination of this Agreement shall not affect Member's rights under then applicable laws and regulations to enter into a new agreement with Cooperative under Cooperative's then-current policies and form of agreements.

**13. Compliance with Laws, Rules and Regulations**– Member shall be responsible for complying with all federal, State, and local laws. In the event the DGP and/or Facilities, interconnection, or disposition of electricity generated are or become subject to Federal, State, or local regulation, Member is and shall be responsible for regulatory compliance. The interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the Requirements and the Cooperative's policies governing interconnection of a DGP. The Cooperative reserves the right to change the Requirements and policies at any time.

**14. Severability and Survival** – If any portion or provision of this Agreement is held or adjudged for any reason to be invalid or illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed separate and independent, and the remainder of this Agreement, shall remain in full force and effect. The following sections shall survive expiration and any termination of this Agreement: Sections 3, 5, 6, 7, 8, 9, 10, 12, 13, 20, and 22.

**15. Amendment** – This Agreement may be amended only upon mutual agreement of the Parties, and such amendment will not be effective until reduced to writing and executed by the Parties.

**16. Entirety of Agreement** – This Agreement, including the Cooperative's policies (current and/or as may be subsequently revised or amended) and the requirements contained in Attachment A and Facilities Schedules, which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the Facilities at the Point(s) of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein or in Member's application, or other written information provided by the Member in compliance with these requirements.

**17. Assignment** – This Agreement may be assigned by Member to a party receiving electric service from the Cooperative at the site of the Facilities only upon the express written consent of the Cooperative. The assignee will be responsible for the proper operation and maintenance of the Facilities, and must agree in writing to be subject to all provisions of this Agreement. The

Cooperative may assign the Agreement to another entity. Required consents shall not be withheld unreasonably.

**18. Notices** – Notices given under this Agreement are deemed to have been duly delivered once received by United States certified mail, return receipt requested, postage prepaid, to

Cooperative:

Shelby Electric Cooperative  
Attn: President and CEO  
1355 Highway 128  
P.O. Box 560  
Shelbyville, Illinois 62565

Member:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other Party.

**19. Invoicing and Payment** – Invoicing and payment terms for services associated with this Agreement shall be consistent with applicable Cooperative policies.

**20. 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.

**21. Waiver** - The failure of either Party to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered to waive the obligations, rights, or duties of the provisions in this Agreement.

**22. Governing Law, Jurisdiction, and Venue** – It is agreed by the Parties that this Agreement shall be construed and governed in accordance with the laws of the State of Illinois and that the circuit court of the State of Illinois, located in Shelby County has jurisdiction on all matters relating to the enforcement of this Agreement which shall be the sole appropriate venue for any and all litigation arising hereunder.

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

SHELBY ELECTRIC COOPERATIVE, INC.

MEMBER

\_\_\_\_\_  
President/CEO

\_\_\_\_\_  
Name