



INTERCONNECTION AGREEMENT FOR PARALLEL OPERATION OF DISTRIBUTED GENERATION (DG)

THIS AGREEMENT (the "Agreement") made this _____ day of _____ by and between _____, hereinafter referred to as the "Member", and PEDERNALES ELECTRIC COOPERATIVE, INC., hereinafter referred to as the "Cooperative", is as follows:

Member owns or intends to own and/or operate an electric power generating installation, at the service location below, and desires to interconnect and operate such installation in parallel with the Cooperative's electric distribution system. This Agreement defines the requirements and responsibilities of the Member including terms affecting delivery and sale of electricity as well as conditions required for parallel operating distributed generation. Parallel operation and sales of electricity will be governed by the Cooperative's Tariff and Business Rules including any and all amendments that may hereafter be approved by the PEC Board of Directors.

Account number: _____

Member name: _____

Service location: _____

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

- 1. SCOPE OF AGREEMENT.** This Agreement is applicable to conditions under which Cooperative and Member agree that one or more generating facility or facilities, interconnecting at a single point, of ten (10) megawatts or less and related interconnecting facilities to be interconnected at less than 60 kilovolts ("Facility") may be interconnected to Cooperative's facilities, as described in Exhibit A.
- 2. ESTABLISHMENT OF POINT(S) OF INTERCONNECTION.** The Cooperative and the Member agree to interconnect the Facility at the Point of Interconnection in accordance with the Cooperative's Tariff and Business Rules.
- 3. RESPONSIBILITIES OF COOPERATIVE AND MEMBER.** While the Cooperative is not regulated in this matter by the Public Utility Commission of Texas, the Cooperative has adopted as its requirements for safety, reliability, and operational rule the Commission's Substantive Rule 25.212 "Technical Requirements for Interconnection and Parallel Operation of On-Site Distributed Generation" hereinafter referred to as the "Rules." Member shall, at its own cost and expense, operate, maintain, repair, and inspect, and shall be fully responsible for the Facility specified on Exhibit A. Member shall conduct its operations of the Facility in compliance with all aspects of the Rules. Maintenance of the Facility shall be performed in accordance with the applicable manufacturer's recommended maintenance schedule. Member agrees to cause the Facility to be constructed in accordance with specifications equal to or greater than those provided by the National Electrical Safety Code, approved by the American National Standards Institute, in effect at the time of construction.

Member covenants and agrees to design, install, maintain, and operate, or cause the design, installation, maintenance, and operation of, the Facility on its side of the point of common coupling so as to reasonably minimize the likelihood of a disturbance, originating in the Facility of one Party, affecting or impairing the Facility of the other



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Party, or other Facility with which Cooperative is interconnected.

The Cooperative shall notify Member if there is evidence that operation of the Facility causes disruption or deterioration of service to other utility Members or if the operation of Facility causes damage to the Cooperative's facility or other Facility with which the Cooperative is interconnected. Member shall work promptly to resolve the problem.

Member shall notify the Cooperative of any emergency or hazardous condition or occurrence with the Facility which could affect safe operation of Cooperative's facility or other Facility with which Cooperative is interconnected.

Member shall provide Cooperative at least fourteen (14) Business Days' written notice of a change in ownership; any circumstances necessitating a change in the person who is the Member; or cessation of operations of one or more Facility. Upon notice by Member of circumstances necessitating a change in the person who is the Member, the Cooperative shall undertake in a reasonably expeditious manner entry of a new Agreement with the change in person who is the Member.

4. **RIGHT OF ACCESS, EQUIPMENT INSTALLATION, REMOVAL & INSPECTION.** Upon reasonable notice, the Cooperative will send a qualified person to the premises where the Facility is located to inspect the interconnection before the Facility first produces energy. 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, Cooperative shall have access to the premises where the Facility is located 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 members. Member warrants it has, or has obtained from all other persons, all necessary rights to provide Cooperative with access to the premises and Facility, as necessary or appropriate for Cooperative to exercise its rights under this Agreement and the Rules.
5. **DISCONNECTION OF FACILITY.** Member retains the option to disconnect from the Cooperative's facilities. Member shall notify Cooperative of its intent to disconnect by giving Cooperative at least thirty (30) business days' written notice. Such disconnection shall be a termination of this Agreement.
6. **EFFECTIVE TERM AND TERMINATION RIGHTS.** This Agreement becomes effective when executed by both Parties and shall continue in effect until terminated. The Agreement may be terminated for the following reasons: (a) Member may terminate this Agreement at any time, by giving Cooperative thirty (30) business days' written notice; (b) Cooperative may terminate upon failure by Member to generate energy from the Facility within twelve months of executing this Agreement; (c) Cooperative may terminate by giving the Member at least thirty (30) Business Days' written notice that the Member is in default of any of the material terms and conditions of the Agreement, so long as the notice specifies the basis for termination and there is reasonable opportunity to cure the default. Upon termination Member will ensure the Facility is disconnected from the Cooperative's electric distribution system. The Cooperative may inspect the Facility to ensure proper disconnection from the Cooperative's electric distribution system.



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7. **SALES OF ELECTRIC SERVICE TO MEMBER.** Member agrees to pay for electric service in accordance with the applicable Interconnection Rate and is subject to such other rates as may be applicable under its Tariff.
8. **CREDITS TO MEMBER.** The Cooperative shall credit electric service in accordance with the applicable rate schedule and is subject to such other rates as may be applicable under its Tariff.
9. **RECEIPT OF POLICY.** Member acknowledges that the Interconnection Policy of the Cooperative is found in its Tariff and Business Rules, as may be amended from time to time.
10. **LIMITATION OF LIABILITY AND INDEMNIFICATION.**
 - a. Member assumes full responsibility for electric energy furnished to him or her at and past the Point of Interconnection and will indemnify the Cooperative against and hold the Cooperative harmless from all claims for both injuries to persons, including death resulting therefrom, and damages to property occurring upon the premises owned or operated by Member arising from electric power and energy delivered by Cooperative or in any way arising directly or indirectly from Member's Facility except (i) when the gross negligence or willful misconduct of the Cooperative or its agent or agents was the sole proximate cause of injuries, including death therefrom, to Member or to employees of Member or in the case of a residential Member, to all members of the household; and (ii) as to all other injuries and damages, to the extent that injuries or damages are proximately caused by or result in whole or in part from the gross negligence or willful misconduct of the Cooperative or its agent(s) independent of and unrelated to the maintenance of Cooperative's facilities or any condition on Member's premises.
 - b. The Cooperative's review process and any inspections are intended as a means to safeguard the Cooperative's facilities and personnel. The Member acknowledges and agrees that any review or acceptance of such plans, specifications and other information by the Cooperative shall not impose any liability on the Cooperative and does not guarantee the adequacy of the Member's equipment or DG facility to perform its intended function. The Cooperative disclaims any expertise or special knowledge relating to the design or performance of generating installations and does not warrant the efficiency, cost-effectiveness, safety, durability, or reliability of such installations.
 - c. Insurance and Indemnity. Member may consider obtaining liability insurance which insures Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation, and maintenance of the Member's generating equipment. Otherwise, the Cooperative's liability is limited herein and in accordance with its Tariff and Business Rules, and Member agrees to indemnify and hold the Cooperative harmless from all claims except as may be specified herein or in the Tariff and Business Rules.
 - d. The Cooperative shall not be liable for either direct or consequential damages resulting from failures, interruptions, or voltage and wave form fluctuations occasioned by causes reasonably beyond the control of the Cooperative, including, but not limited to, acts of God or public enemy, sabotage and/or vandalism, accidents, fire, explosion, labor troubles, strikes, order of any court or judge granted in any bona fide adverse legal proceeding or action, or any order of any commission, tribunal or governmental authority having jurisdiction. For claims resulting from failures, interruptions, or voltage and wave form fluctuations occasioned in whole or in part by the gross negligence or willful misconduct of the Cooperative or its agent(s), the Cooperative shall be liable only for that portion of the damages arising from personal injury,



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death of persons, or costs of necessary repairs to or reasonable replacement of electrical equipment proximately caused by the gross negligence or willful misconduct of the Cooperative or its agent(s). The Cooperative shall not be liable in any event for consequential, special, incidental or punitive damages, including, without limitation, loss of profits, loss of revenue, or loss of production. The Cooperative does not assume liability for any costs and damages arising from the disruption of the business of the Member.

11. **ENTIRE AGREEMENT.** This agreement constitutes the entire agreement between the parties and supersedes all prior agreements between Member and Cooperative for the service herein described, and the Cooperative, its agents and employees have made no representations, promises, or made any inducements, written or verbal, which are not contained herein. Member agrees that it is not relying on any statements not herein contained.

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

Member:

Pedernales Electric Cooperative, Inc.

By: _____

By: _____

Printed name: _____

Printed name: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A:

1. Member's Facility One-Line Diagram
2. Member's Facility map including location of the following:
 - a. Facility disconnects
 - b. Labeling of Facility
 - c. Cooperative's access points to Facility