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AGREEMENT FOR INTERCONNECTION OF DISTRIBUTION GENERATION

For Qualifying Co-Generation and/or Small Power Production Facilities Owned and Operated by Residential Consumers.

This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20____, by Kankakee Valley Rural Electric Membership Cooperative a corporation organized under the laws of the State of Indiana [hereafter, "Cooperative"], and _____, [hereafter, "DG Owner"], each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

WHEREAS, it is the intent of DG Owner to interconnect an electric power generator to the Cooperative's electrical distribution system;

WHEREAS, it is the intent of the Cooperative to operate the distribution system to maintain a high level of service to their customers and to maintain a high level of power quality;

WHEREAS, it is the intent of both parties to provide for the orderly operation of the electrical facilities interconnecting the DG Owner's Qualifying Facilities, hereinafter referred to "QF," at the following location: _____ with the electrical distribution system owned by the Cooperative;

WHEREAS, it is the intent of both parties to operate the facilities in a way that maintains quality of service and ensures the safety of the public and their employees.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

ARTICLE I GENERAL PROVISIONS

1.1 **No Guarantee of Economic Benefit:** It is the intent of the Cooperative to allow DG Owners to install their own distributed generation and to interconnect with the Cooperative's electrical distribution system provided the Member's DG facility does not adversely affect the Cooperative. The Cooperative makes no representations, promises, covenants, and/or warranties regarding the economic benefit of any such interconnection and it shall be the DG Owner's responsibility to conduct their own analysis to determine the economic benefit of such distributed generation operations.

1.2 **No Over-riding Effect:** This Agreement does not supersede any requirements of any by-laws, applicable tariffs, rates, rules and regulations in place between the DG Owner and the Cooperative. This Agreement does not contain a complete description or listing of all applicable laws, ordinances, rules and regulations, to which the DG Owner's distributed generation facility may be subject. The DG Owner is responsible for and must follow, in addition to all provisions of this Agreement, the Cooperative's applicable Rules and Regulations, the applicable Rules and Regulations of the

Cooperative's power provider and any other applicable governmental and regulatory laws, rules, ordinances or other requirements.

1.3 Term: This agreement becomes effective when executed by both Parties and shall be valid for a period of five (5) years and shall automatically renew for successive 1-year terms thereafter. It may be canceled by either Party with no less than 30 days written notice to the other party prior to the expiration of the initial five (5) year term or any renewal thereof.

ARTICLE II INTERCONNECTION REQUIREMENTS

2.1 Quality of Service: The electrical characteristics of the QF shall confirm to the standards established by the Cooperative, including, but not limited to voltage, current, frequency, harmonics and automatic synchronization. Operation of the QF must not cause any reduction of the quality of service provided to other Member-Consumers or interfere with the operation of the Cooperative's system. The DG Owner shall take such corrective action as may be necessary in order to eliminate such condition and shall reimburse the Cooperative for any costs incurred by the Cooperative in connection with the correction or elimination of such conditions. The Cooperative reserves the right to require the DG Owner to provide, at the DG Owner's expense, suitable apparatus for filtering to avoid interference with telephone, radio, television or other electronic reception caused by electrical equipment and apparatus on the DG Owner's premises. Failure of the DG Owner to take action when requested by the Cooperative shall be ground for discontinuation of service.

2.2 Commissioning Test: The DG Owner shall notify the Cooperative in writing that installation of the DG Facility is complete and that the interconnection equipment is available for testing at least fifteen (15) working days before DG Owner interconnects the DG Facility with the Cooperative's distribution system. Cooperative shall thereupon have the right to test the DG Facility and/or be present to witness any testing by the DG Owner of the DG Facility. If the Cooperative waives its right to test the DG Facility by notifying the DG Owner in accordance with this section, the DG Owner may interconnect the DG Facility to the Cooperative's distribution system upon the earlier to occur of the following: (a) notification from; or (b) fifteen (15) working days after the DG Owner has notified the Cooperative that installation of the DG Facility is complete.

2.3 Anti-Islanding Test: The DG Owner must test the DG Facility for Anti-Islanding upon initial installation, with a Cooperative representative present, to ensure the equipment is operating correctly. This may be done in conjunction with other annual system maintenance and at a time that is convenient to both the DG Owner and the Cooperative.

2.4 Disconnect Switch: In order to provide adequate safety to Cooperative employees, before connection to the Cooperative's system, the DG Owner shall furnish and install an Underwriter's Laboratory (UL) listed manual disconnect switch between the DG Owner's QF and the Cooperative's system in order that the QF may be positively disconnected from Cooperative's system. The location of the switch shall be properly grounded, accessible at all times and located near the main electric meter for ease of access by Kankakee Valley REMC personnel. The switch shall be capable of being locked in an open position but will not normally be locked. The switch must be labeled to identify its function.

2.5 Cooperative Access: The DG owner shall comply with all applicable laws, rules and regulations governing the operation of the its QF. Authorized representatives of the Cooperative, and its power supplier, shall have the right to enter upon the DG Owner's property at all reasonable times to inspect the QF and to insure that it is being operated in compliance with the Cooperative's safety and operating standards, and with all other applicable safety laws, rules and regulations. The Cooperative shall also have the right at all reasonable times to enter the DG Owner's property to read meters and to verify the accuracy of the Cooperative meters. Such inspection shall not relieve the DG Owner of its obligation to maintain its facilities in safe and satisfactory operating condition. The Cooperative reserves the right, but not the obligation, to inspect the DG Owner's facilities.

2.6 No Performance Guarantee by the Cooperative: The Cooperative's service quality and testing requirements are a means to safeguard the Cooperative's facilities, personnel and service to its other Member-Consumers. The DG Owner acknowledges and agrees that any approval of service quality and/or testing results by the Cooperative shall not impose any liability on the Cooperative and does not guarantee the adequacy of the DG Owner's equipment or distributed generation facility to perform its intended function. The Cooperative disclaims any expertise or special knowledge relating to the design or performance of the DG Owner's specific distributed generation facility and/or its installation and does not warrant the efficiency, cost-effectiveness, safety, durability, or reliability of the same.

ARTICLE III

SUSPENSION/TERMINATION OF INTERCONNECTION

3.1 Suspension of Interconnection: It is intended that the interconnection should not compromise or adversely affect the Cooperative's protection, system or operational requirements. The operation of the DG Owner's System and the quality of electric energy supplied by the DG Owner shall meet the standards as specified by the Cooperative. If the operation of the DG Owner's system or quality of electric energy supplied, (in the case of power export), does not meet the standards as specified, then the Cooperative will notify the DG Owner to take reasonable and expedient corrective action which may include suspension and/or termination of the DG Owner's interconnection.

3.2 Disconnection: The Cooperative shall have the right to disconnect the DG Owner's System, until compliance is reasonably demonstrated. Notwithstanding anything in this agreement, the Cooperative may in its sole discretion disconnect the DG Owner's generation plant from the Distribution Facility without notice if, based on the cooperative's sole judgement, the operation of the Generating Plant poses a threat of property damage or physical injury to the Cooperative's facilities, employees or agents. Such disconnection without notice may occur in, but is not limited to the following situations:

- a. System emergency and/or maintenance operation which require such action.
- b. The existence of potentially hazardous condition relating to the QF.
- c. Interference with the quality of service provide to other Member-Consumers, and/or the operation of the Cooperative's system, caused by or relating from the operation of the QF.

3.3 Maintenance / Outages: Maintenance outages will occasionally be required on the Cooperative's system, and the Cooperative will provide as much notice and planning as practical to minimize downtime. It is noted that in some emergency cases such notice may not be practical. Compensation shall not be paid for unavailability of the Cooperative's facilities due to outages.

3.4 Modifications: DG Owner shall notify Kankakee Valley REMC of any material modification to the DG Facilities by providing at least twenty (20) working days advance notice. A 'material modification' is defined as any modification that changes the maximum electrical output of the DG Facilities or changes the interconnection equipment (e.g., changing from certified to non-certified devices or replacement of any component with a component of different functionality or UL listing.) The notification shall consist of a complete, revised Application an such supporting materials as may be reasonable requested by Kankakee Valley REMC. DG Owner agrees not to commence installation of any material modification to the DG Facility until the Cooperative has approved the revised Application. The Cooperative shall indicate its written approval or rejection of any revised Application within twenty (20) working days after it receives the completed application and all supporting materials.

3.5 No Safety Guarantee by Cooperative: The DG Owner acknowledges and agrees that no provision of this Article or this Agreement imposes any duty on the Cooperative to determine the safety of the DG Owner's System and/or its compliance with any third party or governmental rules, regulations and/or requirements.

ARTICLE IV INDEMNIFICATION AND INSURANCE

4.1 Liability and Indemnification: The DG Owner assumes full responsibility for their distributed generation facility and all electric energy furnished at and past the point of interconnection. The DG Owner and shall 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 arising from electric power and energy delivered by the Cooperative or in any way arising directly or indirectly from the DG Owner's distributed generation facility. DG Owner agrees to indemnify,

defend, and hold harmless the Cooperative and its members, subsidiaries, and affiliates and their officers, directors, employees and agents (collectively, the “indemnitees”), from and against any and all claims, suits, causes of action, liability, damages, judgments or expenses, including, but not limited to, attorneys’ fees and litigation costs, for personal injuries, (including, but not limited to, death) or property damage, suffered by any person or organization (including employees of member or its subcontractors and employees of cooperative or its subcontractors) arising out of or in any way connected with this agreement or the interconnection, operation, or existence of any distributed energy resource or facility or the performance of DG Owner’s obligations under this contract or any contract with cooperative, even if caused by the sole or concurrent negligence, gross negligence or fault of any indemnitee, or whether based on strict liability, warranty, or otherwise. to the extent that the laws of the governing jurisdiction prohibit or declare unenforceable this indemnification as it applies to any indemnitees’ own negligence or fault, then this indemnification shall be interpreted to observe such prohibition or declaration but only to the extent necessary to cause it to be consistent with laws of said governing jurisdiction and to cause the maximum indemnification of indemnitees as allowed thereunder.

4.2 **DG Owner Responsibility for Distributed Generation Facility:** The DG Owner is solely responsible for ensuring their distributed generation facility complies with all applicable regulations including, but not limited to, laws, regulations, ordinances, Cooperative policies, rules and regulations. All provisions of this agreement notwithstanding, in no event shall the Cooperative be liable to the DG Owner for any interest, loss of anticipated revenue, earnings, profits, or increased expense of operations, loss by reason of shutdown or non-operation of member’s premises or facilities for any indirect, incidental, or consequential, punitive or exemplary damages arising out of or related, in whole or part, to this agreement.

4.3 **Force Majeure/Court Action:** The Cooperative shall not be liable for either direct or consequential damages resulting from failures, interruptions, or voltage and waveform fluctuations occasioned by causes reasonably beyond the control of the Cooperative including, but not limited to, acts of God or public enemy, sabotage 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.

4.4 **Insurance:** The DG Owner shall purchase, maintain and possess comprehensive general liability insurance an amount sufficient to provide for the indemnification guarantees of this Agreement, but in no event shall the amount of coverage be less than \$1,000,000. DG Owner’s policy of insurance purchased hereunder shall name the Cooperative as an additional interested party of certification holder. Such policy shall be kept up to date and valid, the terms of which insure against liability as the result of any claims, losses, costs, and expenses of any kind or character that result from construction, malfunction or operation of DG Owner’s facility. The DG Owner, or his homeowner’s insurance company/agent, shall provide proof of such insurance prior to the

interconnection, annually and upon reasonable inquiry from the Cooperative. Failure to maintain said insurance in force, or provide required proof thereof, shall be cause for discontinuation of service.

The minimum amount of liability insurance required hereunder may, from time to time, be increased at the sole discretion of the Cooperative. Should the Cooperative increase the minimum amount of liability insurance, the Cooperative will send written notice to the DG Owner of the adjusted required minimum and the DG Owner shall have sixty (60) days to obtain the requisite insurance and provide the Cooperation with proof of the same.

ARTICLE V MISCELLANEOUS

5.1 Amendment: This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

5.2 Governing Law and Regulatory Authority: This Agreement was executed in the State of Indiana and must in all respects be governed by, interpreted, construed, and enforced in accordance with the laws thereof. This Agreement is subject to, and the parties' obligations hereunder include, operating in full compliance with all valid, applicable federal, state, and local laws or ordinances, and applicable regulations.

5.3 Entirety of Agreement: This Agreement constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities identified herein and supersedes all prior agreements and undertakings, oral or written, between the Parties with regard to the subject matter hereof.

5.4 Assignment: Neither this Agreement nor any of the benefits and/or obligations contained herein shall be assigned by the DG Owner without the prior written approval of the Cooperative.

5.5 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.

5.6 Successors: It is the intent of the parties hereto that this agreement shall be binding on their heirs, assigns and successors in interest. It is not the intent of this agreement to create a partnership relationship between the parties.



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5.7 **No Waiver:** The failure of the Cooperative 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 imposed upon the DG Owner hereunder.

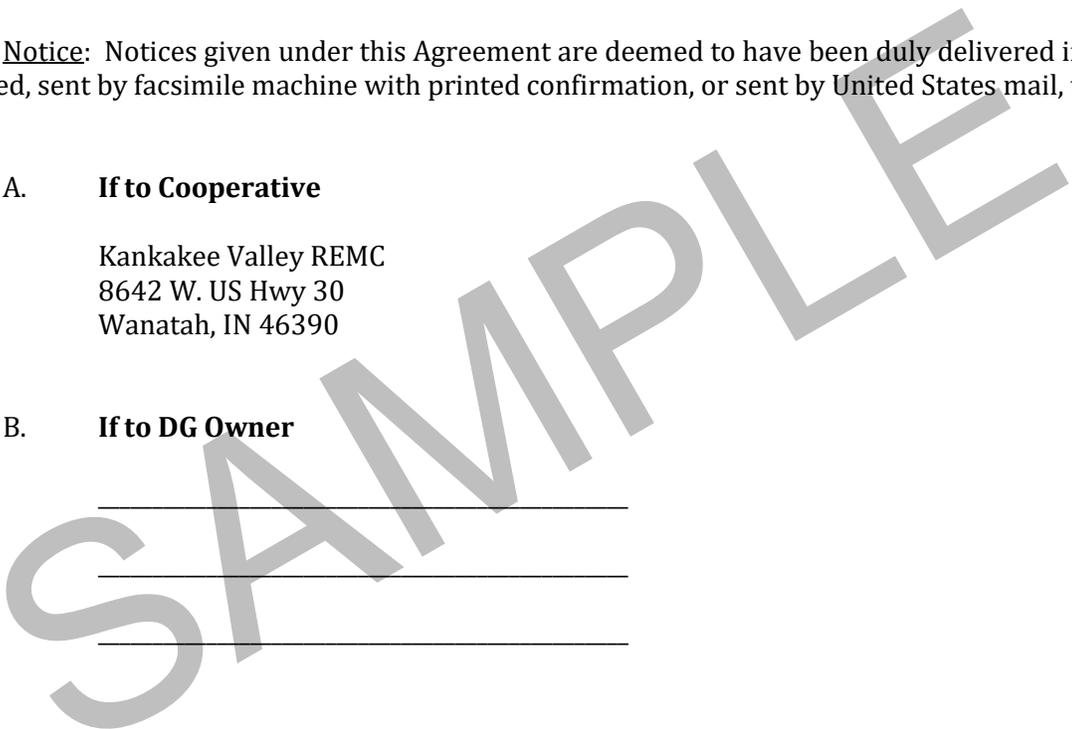
5.8 **Venue and Litigation Costs:** Venue for any dispute arising under this Agreement lies exclusively with the Superior Courts of LaPorte County Indiana. If either party shall bring litigation to enforce this agreement, the prevailing party shall be entitled to recover attorney fees and litigation costs from other party.

5.9 **Notice:** Notices given under this Agreement are deemed to have been duly delivered if hand delivered, sent by facsimile machine with printed confirmation, or sent by United States mail, to:

A. If to Cooperative

Kankakee Valley REMC
8642 W. US Hwy 30
Wanatah, IN 46390

B. If to DG Owner





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NOW THEREFORE, the Parties hereto have caused this Agreement to be approved and executed by their respective duly authorized representatives as indicated by signature below:

KANKAKEE VALLEY REMC

DG OWNER

BY: _____

BY: _____

Printed: _____

Printed: _____

Title: _____

Title: _____

Date: _____

Date: _____

SAMPLE