

BUTTE ELECTRIC COOPERATIVE, INC.
Newell, South Dakota

MEMBER-OWNED CO-GENERATION OR INDEPENDENT POWER PRODUCER
EQUIPMENT

I. OBJECTIVE

To set forth conditions for member-owned co-generation or independent power producer equipment.

II. POLICY

- A. The Cooperative shall permit members receiving service to connect energy producing equipment to the system if the following conditions are met:
1. Energy producing equipment delivering power and energy to the Cooperative system must be equipped with an automatic positive circuit breaker, provided by the member, to disconnect the co-generation equipment from the system in the event of a cooperative supply outage or when the Cooperative line is de-energized for any reason. The member shall furnish and install a positive cut off disconnecting switch. This switch will be connected between the Cooperative meter box and the member's generator. This switch shall be located so that Cooperative personnel can operate it in case of outage or for work on the distribution system. The Cooperative shall be permitted to test this safety requirement at any time.
 2. Bi-directional metering shall be installed on all co-generation facilities and the member shall be fully responsible for the cost of this installation. KWH flow and peak demand shall be metered separately for deliveries from the Cooperative to the member and from the member to the Cooperative. Butte Electric Cooperative shall reserve the right to specify, install and maintain the metering equipment. At the direction of BEC personnel, interval demand recording may become a requirement. Net metering is not allowed by the Cooperative.
 3. The Cooperative after receiving approval from our power suppliers, will purchase any energy delivered to the Cooperative from the member at the rate set by Federal Regulations and our wholesale power suppliers.
 4. The Cooperative may disconnect and refuse to allow any member owned energy producing equipment attached to the system that causes voltage, power factor, electrical interference or any other problems to the system or

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to other consumers. The members load, in conjunction with the alternate generator, shall have a power factor of not less than .95.

5. The member shall provide evidence of liability insurance coverage that would protect the Cooperative and other consumers in the event the energy producing equipment caused injury or damage to individuals or property. The following insurance requirements shall be required:

a)	from 1 KW to 20 KW	\$ 300,000
b)	from 21 KW to 2 MWs	\$ 500,000
c)	from 2.1 MWs to 20 MWs	\$1,000,000
d)	over 20 MWs	negotiated
6. The co-generator will comply with all articles of State and National Electric Code, Institute of Electrical and Electronic Engineers (IEEE) Standard 1547, and the National Electric Safety Code which pertains to permanently installed co-generation systems.
7. The capacity of parallel generators shall not exceed the capacity of the member's distribution transformer, unless approval has been obtained for interconnection at the distribution voltage.
8. The power generated by the member shall not induce excessive distortion to the system's voltage or current sine waves. The maximum allowable distortion must not exceed national standards as specified in ANSI C50.12, C50.13 and C50.14 measured at the members' service box.
9. Detailed diagrams of the generator and related equipment must be furnished to the Cooperative for approval. A written request must be submitted along with the wiring diagram outlining all related wiring and safety features of the alternate system before it can be approved and connected.
10. The Member shall pay all costs necessary for rebuilding the distribution facilities if increased capacity is needed to utilize the alternate electric supply system.
11. The Member shall make every effort to minimize Noise and Shadow Flicker to any occupied building on a non- participating Landowner's property.

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12. The Member shall make every effort to avoid any disruption or loss of radio, telephone, television or similar signals, and shall mitigate any harm caused by the energy producing equipment.
13. The Member shall, at their expense, disconnect any member owned co-generation, or any other Facility used to generate electricity from our service within ninety (90) days if no electricity has been generated for a continuous period of six (6) months, or if the Generating Facility has reached the end of its useful life. It will be presumed the Generating Facility has reached the end of its useful life if no electricity has been generated for six (6) months.
14. The Member shall maintain a phone number and identify a responsible person for the public to contact with inquiries and complaints throughout the life of the facility. The Member shall make every effort to respond to the public's inquiries and complaints.
15. This policy does not apply to those services who have standby equipment for their use only.
16. In conjunction with this policy, Member agrees to sign a separate interconnect agreement with the Cooperative.
17. The Member is not allowed to participate in our Heat Rate. Any Facility Owner and Operator that was participating in our Heat Rate Program prior to 06/01/16 will be grandfathered in. Any changes in ownership will be handled as a new connection and not allowed to participate in the heat rate program.
18. On August 15, 2016 previous policy D-15 through D-15.3 shall be repealed.

III. RESPONSIBILITY

The CEO shall be responsible for carrying out the provisions of this policy, and may delegate certain responsibilities to others on the staff of the Cooperative.

Attest:



Secretary

Date Adopted: September 19, 2016 (this incorporated old policy D15-D15.3)

**INDEPENDENT CONSUMER OWNED POWER GENERATION AND
INTERCONNECTION AGREEMENT**

PARTIES:

The parties to this Agreement are Butte Electric Cooperative, Inc., Newell, South Dakota (hereinafter called "Cooperative or BEC") and _____ of _____, (hereinafter called "Consumer").

PURPOSE:

The purpose of this Agreement is to set forth the terms and conditions whereby BEC agrees to allow Consumer to install an independent power generation facility and to set forth the terms and conditions of an interconnection agreement.

1. **Scope of Agreement.** This Agreement is applicable to conditions under which the Cooperative and the consumer agree that the independent power generating facility with a nameplate rating of up to _____ and an interconnection voltage of _____, and as further described in Exhibit A attached hereto and incorporated into this Agreement by reference, the Independent Power Generation Facility (hereinafter called IPGF) may be operated electrically interconnected to the Cooperative's electric power distribution system ("System"). The term "Cooperative" shall also include any designated agent.

2. **Establishment of Point of Interconnection.** The point where electrical facilities of the Cooperative electrically connect to the electric facilities of the Consumer is the "Point of Interconnection" as shown in Exhibit B attached hereto and incorporated into the Agreement by reference. The Cooperative and Consumer agree to interconnect the IPGF at the Point of Interconnection in accordance with the Cooperative's engineering and technical requirements, bylaws and rates ("Interconnection Requirements") which are incorporated herein by reference. The interconnection equipment installed by the Consumer shall be in accordance with the Interconnection Requirements as well.

3. **Responsibilities of Cooperative and Consumer for Installation, Operation and Maintenance of Facilities.**

a. Consumer will, at its own cost and expense, install, operate, maintain, repair, and inspect and shall be fully responsible for its IPGF unless otherwise specified on Exhibit A. Consumer shall conduct operations of its IPGF in compliance with all aspects of the Interconnection Requirements and in accordance with industry standard prudent engineering practice. The Cooperative shall conduct operations of its electric distribution facilities in compliance with the Interconnection Requirements, or as further described and mutually agreed to in Exhibit A. Maintenance of the IPGF shall be performed in accordance with the applicable manufacturers' recommended maintenance schedule. The Consumer agrees to cause its IPGF to be constructed

in accordance with the Interconnection Requirements and specifications equal to or better than those provided by the National and State Electrical Safety Codes and the National Electrical Safety Code, both codes approved by the American National Standards Institute, in effect at the time of construction. IPGF must also meet standards as approved by the Institute of Electrical and Electronic Engineers (IEEE): IEEE 1547 “Standard for Interconnecting Distributed Resources with Electric Power Systems” and IEEE 1547.1 “ Standard Conformance Test Procedures for Equipment Interconnecting Distributed Resources with Electric Power Systems”.

b. The Consumer covenants and agrees to cause the design, installation, maintenance, and operation of its IPGF so as to reasonably minimize the likelihood of a malfunction or other disturbance, damaging or otherwise affecting or impairing the System.

c. Consumer shall comply with all applicable laws, regulations, zoning codes, building codes, safety rules and environmental restrictions applicable to the design, installation, operation and maintenance of its IPGF.

d. Cooperative will promptly notify Consumer if there is evidence that the IPGF causes disruption or deterioration of service to other customers served from the System or if the IPGF’s operation causes damage to the System. Consumer will promptly notify the Cooperative of any emergency or hazardous condition or occurrence with the IPGF which could affect safe operation of the System.

4. **Initial Testing and Inspection:**

a. The Consumer shall provide to the Cooperative all records of testing for the IPGF. These records shall include testing at the start of the operation and periodic testing thereafter. The settings of the equipment being installed are to be approved by the Cooperative prior to operation.

b. A Cooperative representative(s) shall oversee operability checkout of the consumers equipment, including but not limited to metering, relay settings and tests and protective device operation (including without limitation, circuit breakers and motor operated disconnect(s) and the Consumer, at its expense, shall make changes and modifications as reasonably required to ensure the safe and reliable operation of its equipment in accordance with Prudent Utility Practice. Such checkout tests are for the purposes of assuring the protection and operation of the Cooperative’s electric system and in no way represent any assurance of protection and operation of the consumer’s electric system.

c. Final electrical connections between the Cooperative Interconnection Facilities and the IPGF shall be made by the Cooperative.

5. **Operator in Charge.** The Consumer shall identify an individual (by name or title) who will perform as “Operator in Charge” of the IPGF. This individual must be familiar with this Agreement as well as the Interconnection Requirements and any other agreements or regulations that may apply.

6. **Metering:**

- a. The Cooperative shall own, install and maintain such metering equipment as may be necessary to meter the electrical demand and energy output of the IPGF. The cost of the metering shall be paid by the Consumer. The metering requirements and the cost responsibilities associated with the metering are defined in Exhibit A.
- b. The metering shall be tested by the Cooperative on a scheduled basis. Should the metering equipment at any time fail to register proper amounts or should the registration thereof be so erratic as to be meaningless, the energy delivered shall be determined by the Cooperative from the best information available.

7. **Right of Access, Equipment Installation, Removal & Inspection.** The Cooperative may send an employee, agent or contractor to the premises of the Consumer at any time whether before, during or after the time the IPGF first produces energy to inspect the IPGF and observe the IPGF installation, commissioning (including any testing), startup, operation, and maintenance. At any time Cooperative shall have access to Consumers premises for any reasonable purpose in connection with the interconnection described in this Agreement, the Interconnection Requirements, or to provide service to its customers.

8. **Power Quality:** The Consumer shall comply with IEEE Standard 519 and shall not operate any equipment that (a) imposes power quality problems upon the Cooperative's electric system that materially interferes with the Cooperative's operations, service to its members, or communications facilities, or (b) causes objectionable voltage flicker to the Cooperative's customers. If such material interference occurs, upon prior notice thereof from the Cooperative, the Consumer shall diligently pursue corrective action at its own expense. If the Consumer does not take corrective action intended to address the issues identified in the notice from the Cooperative or continues to operate equipment-causing Interference without restriction or limit, the Cooperative may disconnect the Facilities from the Cooperative's electric system until the material interference problem is corrected.

9. **Disconnection of Facilities:**

- a. Consumer shall disconnect the IPGF from the System upon the effective date of any termination resulting from and required by the actions under Section 15.
- b. Cooperative shall have the right to disconnect or cause the Consumer to disconnect the IPGF from the System:
 - i. To operate, construct, install, maintain, repair, replace, remove or inspect any of the Cooperative's equipment or facilities.
 - ii. In connection with a condition likely to result in damage to the Cooperative's equipment or if the Cooperative deems such curtailment is necessary to protect life or property.
 - iii. If the Cooperative is required to do so by its power supplier, transmission operator or other entity having jurisdiction.

iv. If the quality of the power delivered to the Cooperative's facilities does not meet the requirements set forth in Section 8.

v. Upon termination of this Agreement.

c. The Cooperative shall use reasonable efforts to provide reasonable prior written notice and coordination of any disconnection of the IPGF.

10. **Interconnected Operation of IPGF.**

a. If necessary for the IPGF Facility to operate electrically interconnected and in parallel with the Cooperative's System, the IPGF Facility must have Midwest Independent System Operator (MISO) or successor organization(s) and Integrated Transmission System (IS) approved for transmission service and be recognized as a network resource for the Cooperative or its power suppliers. An application, study, and approval process is required to obtain approval for interconnection and transmission service. The responsibilities for the costs associated with this process are defined in Exhibit A.

b. This Agreement is contingent upon successful completion of transmission approvals and authorization of transmission service and accreditation of the IPGF Facility as a network resource for the Cooperative or its wholesale power suppliers. The Cooperative shall have the right to terminate this Agreement if transmission service or network resource accreditation for the IPGF Facility cannot be obtained or if any upgrades would be required to the existing transmission system in order to obtain transmission service or network resource accreditation.

c. The IPGF Owner/Operator can only operate the IPGF Facility interconnected with the Cooperative in accordance with this Agreement and attached Exhibits, the Interconnection Requirements, and the requirements of the Cooperative's wholesale power suppliers, IS, SPP, MISO, and others having jurisdiction over distributed generation interconnected to the System. The Cooperative and the IPGF Owner/Operator shall comply with all requirements of the IS, SPP, and MISO with respect to distributed generation.

11. **Reactive Power.** The IPGF shall design its system to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging.

12. **Power Sales to Cooperative:** Cooperative agrees to purchase the energy output of the IPGF based on the Cooperative's Renewable Energy purchase rate as set by Basin Electric Power Cooperative, Inc.

13. **Limitation of Liability and Indemnification:**

a. Notwithstanding any other provision in this Agreement, with respect to the Cooperative's provision of electric service to Consumer and the services provided by the Cooperative pursuant to this Agreement, Cooperative's liability to Consumer shall be limited as set forth in the Cooperative's tariffs and terms and conditions for electric service, which are incorporated herein by reference.

b. For the purposes of this Agreement, a Force Majeure event is any event: (a) that is beyond the reasonable control of the affected party; and (b) that the affected party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent that they satisfy the preceding requirements; acts of war, 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 but will use reasonable efforts to resume its performance as soon as possible.

c. Notwithstanding Paragraph 13.b of this Agreement, the Consumer agrees to indemnify and hold harmless the Cooperative from any claims, demands, costs, losses, causes of action, damages or liability of whatsoever kind or nature, arising out of or resulting from the construction, operation, or maintenance of the IPGF, and the Cooperative agrees to indemnify and hold harmless, the Consumer from any claims, demands, costs, losses, causes of action, damage or liability of whatsoever kind or nature, arising out of or resulting from the construction, operation, or maintenance of the Cooperative's facilities.

d. Cooperative and Consumer shall each be responsible for the safe installation, maintenance, repair and condition of their respective lines, wires, switches, or other equipment or property on their respective sides of the Point of Interconnection. The Cooperative does not assume any duty of inspecting the Consumer's lines, wires, switches, or other equipment or property and will not be responsible therefore. Consumer assumes all responsibility for the electric service supplied hereunder and the facilities used in connection therewith at or beyond the Point of Interconnection.

14. **Insurance:** Consumer shall carry liability insurance in the amount of the following:

1.) from 1 KW to 20 KW	\$ 300,000
2.) from 21 KW to 2 MWs	500,000
3.) and from 2.1 MWs to 20 MWs	\$1,000,000
4.) over 20 MWs	negotiated

The Cooperative shall be named as an additional insured on the policy.

15. **Compliance with Laws, Rules and Tariffs:** Both the Cooperative and the Consumer shall be responsible for complying with the laws of the State of South Dakota, and its Interconnection Requirements. The Interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the Interconnection Requirements, which Interconnection Requirements are hereby incorporated in this Agreement by this reference. The Cooperative shall have the right to change any of the Interconnection Requirements at any time.

16. **Severability:** 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.

17. **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.

18. **Entirety of Agreement and Prior Agreements Superseded:** This Agreement, including the Interconnection Requirements and all attached Exhibits, 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 of the Parties at the Points 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 the Consumer application, or other written information provided by the Consumer in compliance with the Interconnection Requirements. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.

19. **Assignment:** At any time during the term of this Agreement, the Consumer may assign this Agreement to a corporation, an entity with limited liability or an individual (the "Assignee") to whom the Consumer transfers ownership of the IPGF; provided that the Consumer obtains the written consent of the Cooperative in advance of the assignment. The Cooperative's consent will be based on a determination that the Assignee is financially and technically capable to assume ownership and/or operation of the IPGF. The company or Individual to which this Agreement is assigned will be responsible for the proper operation and maintenance of the IPGF and must agree in writing to be subject to all provisions of this Agreement. Cooperative may also assign the Agreement to another entity with the written approval of the Consumer.

20. **Notices:**

(a) If to the Cooperative:
Butte Electric Cooperative, Inc.
P.O. Box 137
Newell, SD 57760

(b) If to the Consumer

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

21. **Term:** This Agreement shall take effect on _____ and shall remain in effect for five years. This Agreement may be terminated as follows:

- a. After the initial term, Consumer may terminate this Agreement at any time by giving the Cooperative at least ninety (90) days' written notice;
- b. Cooperative may terminate upon failure by the Consumer to generate energy from the IPGF and deliver such energy to the Cooperative within six (6) months after completion of the interconnection;
- c. Either party may terminate 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 interconnection requirements or any rate schedule, tariff, 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. The Cooperative may terminate if transmission service or network resource accreditation cannot be obtained or if upgrades to the existing transmission system would be required to obtain transmission service or network resource accreditation;
- e. Cooperative may terminate by giving Consumer at least sixty (60) days' notice in the event that there is a material change in an applicable law, or any requirement of the Cooperative's wholesale power suppliers.

22. **Limitations (No Third-Party Beneficiaries, Waiver, etc.):** 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. This Agreement may not be assigned by the Consumer without the prior written consent of the Cooperative as specified in Section 19. 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 to waive the obligations, rights, or duties imposed upon the Parties.

23. **Headings:** The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are not to be afforded no significance in the interpretation or construction of this Agreement.

24. **Miscellaneous:** Consumer agrees to comply with Cooperatives Policy Bulletin 20-24 attached as Exhibit _____, and any amendments and updates to this policy as may be made by the Cooperative from time to time.

25. **Multiple Counterparts:** This Agreement may be executed in two or more counterparts each of which is deemed an original but all constitutes one and the same instrument.

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

BUTTE ELECTRIC COOPERATIVE, INC.

CONSUMER

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

**EXHIBIT A
DESCRIPTION OF IPGF**

1. Name: _____

2. Location: _____

3. Description of distributed generation (make, model): _____

Multiple wind turbines with total nameplate capacity not to exceed 1,000 kw

4. Interconnected capacity (kW) _____

The distribution system is capable of handling up to 50 KW of DG at this location. In the future, if voltage drop should increase on other circuits in the _____ substation, voltage regulators may be necessary next to the substation so output of the _____ will flow back to the substation. The cost of the voltage regulators is about _____ and would be the responsibility of the _____.

When more than 50 KW of _____ is installed at this location, the distribution line would need to be replaced with a new line consisting of 4/0 aluminum conductor at a cost of _____ per mile of three phase line. The cost of replacing the line for the benefit of wind generation would be the responsibility of the _____. The voltage regulators may still be needed.

5 Interconnection voltage: _____

14,400/7/200 volts 3 phase

6. Metering (type, voltage, location, loss adjustments, other): _____

The _____ shall be equipped with remote monitoring capability, providing the Cooperative the ability to monitor generation levels and other parameters as needed. Continuous real-time generation data must be provided for facilities with nameplate rating of 150 KW or larger.

7. Telemetry

a. Required telemetry data:

b. Telemetry equipment and telecommunication method:

Modem and dial up telephone connection

8. Facilities to be furnished by Cooperative:

Bi-directional metering _____ substation paid for by the Consumer.

9. Cost responsibilities and facilities to be furnished by _____ Owner/Operator

a. Generator testing and accreditation;

b. Engineering review, checkout, and approval of interconnection equipment and protective devices and settings;

c. Interconnection facilities;

d. Metering;

Add modem and loss adjustment switch to existing metering _____

e. Telemetry;

f. Distribution or transmission line replacement and voltages regulators as stated above;

g. Any new substation(s), or upgrades needed to existing substation(s); and

h. Transmission interconnection/accreditation application, study, and approval process.

Butte Electric Cooperative, Inc.

Name of Owner/Operator

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT B

ONE LINE DIAGRAM OF POINT OF INTERCONNECTION

EXHIBIT C-1

RENEWABLE ENERGY CERTIFICATE

_____ (Seller) hereby sells and conveys title, possession and all rights, including all environmental attributes _____ related to electrical power and energy; and sold and delivered to Cooperative by the Seller. Any energy delivered under this certificate shall have been produced by the Seller's renewable energy facility located at _____, subject to change.

The Seller warrants that the _____ or any related environmental attributes, transferred hereunder, have not otherwise been, nor will be, sold, retired, claimed, or represented as part of electricity output or sales, or used to satisfy obligations in any other jurisdiction.

Seller further warrants that all energy produced by the above renewable energy facility was accurately metered and deliver said energy to Cooperative.

Signed: _____ Date: _____

Dated this _____ day of _____, 20_____.

BUTTE ELECTRIC COOPERATIVE, INC.

BY _____

ITS _____

OWNER/OPERATOR

BY _____

ITS _____