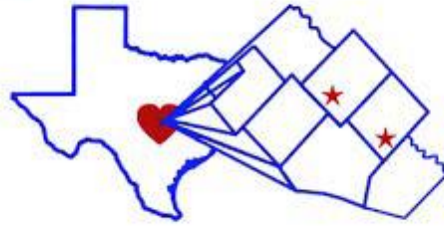


HEART of TEXAS



ELECTRIC CO-OP

DISTRIBUTED GENERATION GUIDELINES MANUAL
AGREEMENT

DISTRIBUTED GENERATION INTERCONNECTION AND PARALLEL OPERATION AGREEMENT



This agreement, dated the _____ day of _____, 20_____, is entered into by _____, referred to as the "Member-Producer," and Heart of Texas Electric Cooperative, referred to as the "Cooperative," and reads as follows:

Purpose

This agreement establishes the terms governing the relationship between the Cooperative and the Member-Producer, encompassing pricing and other relevant conditions impacting the buying and selling of electricity, as well as reasonable provisions for interconnection and simultaneous operation. The Cooperative operates an electric utility serving portions of McLennan, Bell, Bosque, Falls, Milam, Coryell, and Hamilton Counties, while the Member-Producer either owns or intends to own, operate, and maintain a Distributed Generation System (DG System) of 50 KW or less. The Member-Producer seeks to interconnect and operate such a system alongside the Cooperative's electric distribution network at the following address:

_____. Both parties aim to enter into an agreement for the purchase and sale of electrical output from the DG System and establish terms for its interconnection with the Cooperative's electric distribution system. In consideration of the mutual covenants and agreements contained herein, the parties hereby contract and agree as follows:

Article 1 | Effective Date

This Agreement shall take effect on the date of execution by the latter of the two parties (the Effective Date) and, subject to the other provisions of this Agreement, shall remain in force for a period of one year, with subsequent renewal on a month-to-month basis thereafter.

Article 2 | General Terms

The DG System will be installed at the Member-Producer's premises located at the address specified above. The DG System's generation capacity shall not exceed 50 KW and must be connected to the Cooperative's distribution network at a voltage of 60KV or lower. The Member-Producer is responsible for the installation, operation, and maintenance of the DG System in complete compliance with all relevant federal, state, and local laws, ordinances, rules, and regulations, as well as industry codes and standards, including but not limited to the National Electrical Safety Code and the National Electrical Code. In the event of any citation or official notice regarding alleged violations of laws, ordinances, rules, or regulations concerning the DG System, the Member-Producer shall promptly notify the Cooperative.

The Cooperative undertakes to make reasonable efforts to provide simultaneous electric service. Interconnection, parallel operation, sales, and purchases of electricity shall be governed by the Cooperative's Distributed Generation Interconnection Manual, encompassing technical, interconnection, parallel operation, and procedural requirements, as well as the Cooperative's Distributed Generation Tariff. **This tariff, along with any approved or ordered amendments by relevant regulatory authorities, including all service rules, regulations, and rates, constitutes**



an integral part of this Agreement to the same extent as if fully delineated herein and is available for reference at the Cooperative's office(s).

Article 3 | Interconnection Process and Requirements

Prior to interconnection Member-Producer shall:

- Fulfill all requisites for the provision of electric utility service as outlined in the Agreement.
- Provide the necessary information (refer to DG Application) regarding the DG system.
- Comply with conditions for line extension, if deemed necessary.
- Provide satisfactory liability insurance.
- Sign and deliver this Agreement.
- Complete construction and adhere to applicable laws, codes, and industry practices.
- Notify the Cooperative of the intent to energize and schedule an inspection accordingly.

The Member-Producer bears full responsibility for the design, installation, operation, maintenance, and repair of both the DG System and its interconnection facilities with the Cooperative's electrical system. The interconnection process must adhere to the Technical Requirements for Interconnection and Parallel Operation of On-Site Distributed Generation as mandated by the Public Utility Commission of Texas Substantive Rules §25.212 (16 Texas Administrative Code §25.212) or any succeeding regulations governing distributed generation. The Cooperative will conduct inspections of both the DG System and the interconnection equipment.

All expenses related to connecting to the Cooperative's electric system are the obligation of the Member-Producer. The Cooperative is not obligated to procure or pay for any energy generated by the DG System until it successfully passes the Cooperative's Field Inspection, and the Member-Producer has reimbursed the Cooperative for all interconnection costs. Maintenance of the DG System must adhere to the maintenance schedule recommended by the manufacturer.

Article 4 | Insurance Requirements

The Member-Producer must furnish Cooperative with a certificate of insurance coverage. This insurance coverage should safeguard the Member-Producer against claims for property damage, personal injury, or death arising from the installation, operation, and maintenance of the Member-Producer's generating equipment.

- The insurance coverage amount must be a minimum of \$500,000 per occurrence, with Cooperative listed as an additional insured. Cooperative retains the right to increase this amount at its sole discretion if the project's nature warrants.
- The certificate of insurance must stipulate that the insurance policy cannot be altered or terminated during its term without providing thirty days' written notice to Cooperative. The insurance term should align with the duration of the installation/interconnection contract or be specified to renew throughout the contract's duration.
- Cooperative reserves the right to request proof of such insurance from the Member-Producer at any time.



Article 5 | Indemnification

THE COOPERATIVE'S LIABILITY IS LIMITED ACCORDING TO THIS AGREEMENT. MEMBER-PRODUCER SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS THE COOPERATIVE, ALONG WITH ITS ELECTED AND NON-ELECTED OFFICIALS, OFFICERS, AGENTS, AND EMPLOYEES, FROM ANY AND ALL LIABILITIES, LOSSES, CLAIMS, DAMAGES, ACTIONS, SUITS, OR DEMANDS FOR DAMAGES (INCLUDING COSTS AND ATTORNEY'S FEES, BOTH AT TRIAL AND ON APPEAL) ARISING FROM ANY BREACH OF WARRANTY OR REPRESENTATION MADE BY MEMBER-PRODUCER IN THIS AGREEMENT, OR IN CONNECTION WITH THE DESIGN, CONSTRUCTION, OPERATION, MAINTENANCE, OR REPAIR OF ANY PART OF MEMBER-PRODUCER'S DG SYSTEM OR INTERCONNECTION FACILITIES. THIS INCLUDES, BUT IS NOT LIMITED TO, LIABILITIES, LOSSES, CLAIMS, DAMAGES, ACTIONS, SUITS, OR DEMANDS FOR DAMAGES RESULTING FROM PERSONAL INJURY OR DEATH OF ANY PERSON, OR DAMAGE TO, DESTRUCTION, OR LOSS OF PROPERTY BELONGING TO MEMBER-PRODUCER, THE COOPERATIVE, OR ANY THIRD PARTY.

Article 6 | Installation and Information Warranty

Member-Producer warrants to Cooperative that the power generating installation (DG System) is constructed and will be maintained in a safe and reliable condition and will adhere to the latest applicable codes.

Member-Producer further warrants and represents that:

- The information regarding the DG System's characteristics aligns with the specifications provided in the Application for Interconnection and Parallel Operation of Distributed Generation submitted by Member-Producer to Cooperative.
- The DG System and associated electrical components and devices comply with National Electrical Code standards.
- All necessary permits, inspections, approvals, and/or licenses for the installation or operation of the DG System have been acquired. Additionally, the DG System has either been successfully tested to UL 1741 and IEEE 1547 standards or has undergone satisfactory testing by an independent laboratory with published results.

The Member-Producer must provide manufacturer's data or other written proof acceptable to Cooperative to validate the accuracy of these warranties and representations. In the event any of these warranties and representations are found to be inaccurate, Cooperative reserves the right, without waiving or prejudicing any other remedy, to immediately disconnect the DG system from the Cooperative's electric system and terminate this agreement.

Article 7 | Interconnection Studies

The Cooperative reserves the right to conduct interconnection studies, which may consist of service studies, coordination studies, and utility system impact studies, as deemed necessary in its sole discretion. If such studies are necessary, their scope will be determined based on the



characteristics of the specific distributed generation facility to be connected and the Cooperative's distribution system at the proposed location. The Cooperative may impose fees on Members for Pre-Interconnection Studies to cover the costs of conducting these studies. Any modifications or enhancements to the Cooperative's Electric system identified through the interconnection study as necessary for the safe and reliable connection of the Member's facility will be the sole responsibility of the Member. The Member will not gain any ownership rights over such modifications or additions to the Cooperative's electric distribution system.

Article 8 | Metering Equipment

The specific metering equipment needed, including its voltage rating, number of phases and wires, size, current transformers, number of inputs, and associated memory, will vary based on the type, size, and location of the electric service provided. For all approved DG installations, HOTEK will supply a meter capable of measuring both the "Delivered kWh" (energy provided by the Cooperative) and the "Received kWh" (energy supplied to the Cooperative by the Member-Producer).

Article 9 | Manual Safety Disconnect

The Member-Producer is responsible for providing and installing a manual load break switch at the Point of Interconnection. This switch must clearly indicate its position and ensure separation between the Cooperative's electrical system and the Member-Producer's electrical generation system. The location of the disconnect switch must be approved by the Cooperative.

Furthermore, the disconnect switch should:

- Be easily visible and mounted separately from metering equipment.
- Be always readily accessible to Cooperative personnel.
- Be capable of being locked in the open position with a Cooperative padlock.

The Cooperative reserves the right to open the disconnect switch, isolating the Member-Producer's electrical generating system (which may or may not include the Member-Producer's load), for any of the following reasons:

- To facilitate maintenance or repair of the Cooperative electrical system.
- When emergency conditions exist on the Cooperative electrical system.
- When the Member-Producer's electrical generating system is determined to be operating in a hazardous or unsafe manner or is potentially capable of unduly affecting the Cooperative electrical system waveform.
- When the Member-Producer's electrical generating system is found to be adversely affecting other electric consumers on the Cooperative electrical system.
- In the event of the Member-Producer's failure to comply with applicable codes, regulations, and standards in effect at the time.
- In case of the Member-Producer's failure to abide by any contractual arrangement or operating agreement with the Cooperative.



- The Cooperative also reserves the right to operate the disconnect for the protection of its system, even if it affects the Member-Producer's distributed generation system. In such instances, the Cooperative will not be responsible for the energization or restoration of parallel operation of the generating installation. Reasonable efforts will be made to notify the Member-Producer if the disconnect switch has been operated. The Member-Producer is prohibited from bypassing the disconnect switch at any time for any reason.

Article 10 | Cooperative Right to Disconnect

The Cooperative is not obligated to accept and reserves the right to request the Member-Producer to temporarily curtail, interrupt, or reduce deliveries of energy. This may be necessary to carry out activities such as construction, installation, maintenance, repair, replacement, removal, investigation, inspection, or testing of any part of the interconnection facilities, equipment, or any portion of the Cooperative's electric system.

Additionally, the Cooperative may disconnect the DG System from the electric distribution system without prior notice if, in the opinion of the Cooperative, a hazardous condition exists. Immediate action may be required to safeguard individuals, Cooperative facilities, or other members' facilities from damage or interference caused by the Member-Producer's DG System or the lack of properly operating protective devices.

Article 11 | Parallel Operation

The Member-Producer bears responsibility for the installation, safe operation, protection, and maintenance of all equipment and wiring from the point where the Member-Producer's conductors contact the Cooperative's conductors and beyond. The electrical power generated must align with the Cooperative's standard distribution system at the point of delivery and maintain a quality that does not adversely impact the Cooperative's system.

Article 12 | Purchases of Electricity from Member-Producer

As outlined in the Cooperative's Distributed Generation Tariff:

- Both Member-Producer and the Cooperative mutually agree that the Member-Producer will sell its electrical output exclusively to the Cooperative from the DG system.
- The Cooperative will compensate the Member for the "kWh Received" (energy received by the Cooperative's Distribution System) at the Avoided Cost of Energy Rate (ACER).
- The ACER is determined based on the Cooperative's wholesale electric energy provider's monthly invoices. The Cooperative reserves the right to adjust the ACER at its discretion.
- The Member-Producer is required to purchase all its electric energy needs above the amounts generated by the DG system exclusively from the Cooperative at the applicable tariff rate. Any changes to tariffs or rates made by the Cooperative or by order or consent of any regulatory authority with jurisdiction, whether initiated by the Cooperative or not, will apply to the service provided hereunder from the effective date of such change.



Article 13 | Payment / Reimbursement for Energy

The Member's compensation for any excess energy supplied to the Cooperative during the monthly billing period will be credited monetarily. This credit will be applied to future energy purchases by the Member. If, by the end of the calendar year, there remains an accumulated monetary credit for the excess energy supplied to the Cooperative during the monthly billing period, the Cooperative will issue payment to the Member equivalent to the remaining accumulated monetary credit. Any accumulated credits will not carry forward to the next calendar year.

Article 14 | Access to Premise and DG System Interconnection

Member-Producer hereby authorizes the Cooperative to access its property at any reasonable time for the purpose of inspecting the DG System and interconnection equipment, as well as for reading or testing meters and metering equipment. Additionally, the Cooperative is granted permission to operate, maintain, and repair its facilities as necessary.

It is understood that Cooperative's inspection of the DG System or interconnection facilities does not impose any liability or responsibility on the Cooperative for the operation, safety, or maintenance of the DG system or Member-Producer's interconnection facilities.

Article 15 | Breach

Any significant failure by either party to fully, faithfully, and promptly fulfill its obligations under this Agreement constitutes a breach. In the event of a breach that remains uncured for thirty (30) days after the defaulting party receives written notice, the non-defaulting party reserves the right to terminate this Agreement.

Additionally, notwithstanding any other provision in this agreement, the Cooperative retains the authority to discontinue service, disconnect the DG System, or suspend energy intake from the Member-Producer. All rights granted in this section are supplementary to any other rights or remedies available under law, this Agreement, or the Cooperative's applicable Rules and Regulations.

Article 16 | Entire Agreement

This agreement represents the complete understanding between the parties and overrides all previous agreements between the Member-Producer and the Cooperative concerning the described service. The Cooperative, its agents, and employees have not made any representations, promises, or inducements, whether written or verbal, that are not included in this agreement. The Member-Producer acknowledges that it is not relying on any statements not contained herein.

Article 17 | Notice

Following the initial term, this agreement will remain in effect unless terminated by either party providing at least thirty (30) days' written notice to the other. Notices issued under this Agreement



are considered properly delivered if hand-delivered or sent via United States certified mail, with return receipt requested and postage prepaid, to the following address:

If to Cooperative:

Heart of Texas Electric Cooperative
1111 Johnson Dr. PO Box 357, McGregor TX, 76657

If to Member-Producer:

Article 18 | Termination

Termination of this agreement will result in the disconnection of the distributed generation facility from the Cooperative’s distribution system, following good utility practice.

Article 19 | Assignments

This Agreement shall be advantageous to and enforceable by the heirs, successors, or assigns of each party involved. Member-Producer is prohibited from assigning this Agreement without obtaining prior written consent from the Cooperative. Any assignment made without such consent shall be deemed null and void.

Article 20 | Waiver

The failure of either party to insist on strict performance of any provision of this Agreement, or to exercise any of its rights hereunder in one or more instances, shall not be construed as a waiver of such provision or the forfeiture of any such right or any other right hereunder.

Article 21 | Facility Extension Costs

The Member-Producer agrees to pay for the extension of the Cooperative’s facilities and other interconnection costs as follows: \$_____ in advance of any work by the Cooperative.

Article 22 | Other Costs

Member-Producer agrees to reimburse Cooperative for all future costs, including:

- Costs necessary to correct the quality of service provided by Member-Producer.
- Costs related to modifications to Cooperative’s system to purchase or continue purchasing Member-Producer’s output, as well as costs associated with meter reading, billing, or other activities undertaken by Cooperative due to the purchase of Member-Producer’s output.
- **Interconnection & Inspection fee of \$250**

DISTRIBUTED GENERATION INTERCONNECTION AND PARALLEL OPERATION AGREEMENT



- Any other costs that may be imposed on the Cooperative by ERCOT, the Public Utility Commission, or other agencies and their successors attributable to distributed generation systems.

These costs may encompass, but are not limited to, expenses for special interconnection equipment, protective devices, control devices, upgrading distribution system components, associated engineering and general administrative expenses, maintenance and repair costs of the modifications and equipment, and other just and reasonable costs allocable to Member-Producer's small power generating installation.

Article 23 | Review of Distributed Generation Tariff

The Member-Producer acknowledges that it has reviewed the Cooperative's Distributed Generation Tariff.

Article 24 | Disputes

This Agreement and any disputes arising hereunder shall be governed by the laws of the State of Texas. The venue for all such disputes shall be proper and exclusively in McLennan County, Texas.

Article 25 | Approvals

In Witness Whereof, the parties hereto have caused their names to appear below, signed by Authorized Representatives.

Heart of Texas Electric Cooperative Association

Name (Print): _____

Title: _____

Signature: _____ Date: _____

Member-Producer

Name (Print): _____

Signature: _____ Date: _____