

**INTERCONNECTION AND PARALLEL OPERATING AGREEMENT
FOR LEVEL 1, 2, AND 3 PROJECTS**

This Interconnection and Parallel Operating Agreement ("Agreement") is entered into on _____ by _____ (the "Cooperative "), _____ (the "Applicant"), and _____ (the "Property Owner"). Cooperative and Applicant are sometimes also referred to in this Agreement collectively as "Parties" or individually as "Party."

Applicant shall be the "Project Developer" as used in and for purposes of the applicable Michigan Electric Cooperative Generator Interconnection Procedures ("Interconnection Procedures") approved by the Michigan Public Service Commission ("Commission").

This Agreement shall be used for all interconnection Level 1, 2 and 3 requests as defined in R 460.901b.

RECITALS

- A. Applicant is an electric service customer of Cooperative in good standing and has submitted a Generator Interconnection Application ("Application") to Cooperative under R 460.936.
- B. An Applicant who desires to interconnect an inverter-based electrical generation system that has met acceptable safety and reliability standards by a nationally recognized testing laboratory in conformance with IEEE 1547.1-2020 and the UL 1741 2020 edition except that prior to January 1, 2022, inverter based systems which conform to the UL 1741 January 28, 2010 edition are considered hereafter "Certified" and all other systems will not be considered Certified.
- C. The Applicant desires to interconnect a Certified electric generating facility with a maximum capacity of 550 kW kilowatts associated with the alternating current output of a DER at unity power factor ("kWac") or less (the "Applicant Facility") with Cooperative's electric distribution system and operate Applicant Facility in parallel with Cooperative's distribution system, under the Cooperative's Interconnection Procedures for Level 1, 2, or 3 projects, as defined in the Interconnection And Distributed Generation Standards approved by the Commission (the "Standards"), as applicable.
- D. The Applicant desires to interconnect a non-Certified electric generating facility with a maximum capacity of 150 kWac or less (the "Applicant Facility") with Cooperative's electric distribution system and operate Applicant Facility in parallel with Cooperative's distribution system, under the Cooperative's Interconnection Procedures for Level 1, 2, or 3 projects, as defined in the Interconnection And Distributed Generation Standards approved by the Commission (the "Standards"), as applicable.
- E. For purposes of this Agreement, "interconnect" means establishing a connection between a non-cooperative generating resource (in this case, the "Applicant Facility") and

Cooperative's distribution system. "Operate in parallel" means generating electricity from a non-cooperative resource (in this case, the Applicant Facility) that is connected to Cooperative's system. In all cases, terms shall have the meaning as defined in the Standards.

- F. Interconnection of the Applicant Facility with Cooperative's distribution system is subject to this Agreement, the Application, the Interconnection Procedures, the Standards and cooperative tariffs approved by the MPSC, as applicable. Pursuant to R 460.964 (3) the Applicant shall sign and return the interconnection agreement with payment, if applicable, within 20 business days of receiving the agreement. If the applicant does not sign and return the interconnection agreement and payment, if applicable, within 20 business days, the electric cooperative shall notify the applicant of the missed deadline and grant an extension of 15 business days. If the electric cooperative did not receive the signed interconnection agreement and any applicable payment during the 15-business-day extension, the electric cooperative may consider the interconnection application withdrawn subject to R 460.964, subrule 3(b).

- G. This Agreement does not address any purchase or sale of electricity between Cooperative and Applicant nor does it create any agency, partnership, joint venture or other business arrangement between or among Cooperative, Applicant and/or Property Owner.

AGREEMENT

1. Description of Applicant Facility

1.1 The Applicant Facility must be built with the following ratings, which shall not be changed without thirty (30) days advance written notice to Cooperative according to the notice requirements herein and as depicted in Exhibit 1 - Interconnection Diagram:

Photovoltaic/Solar ("PV") Array	Rating:(AC)	kWac
Photovoltaic/Solar ("PV") Array	Rating:(DC)	kW
Wind Turbine (WT) Rating:	_____	kWac
Hydroelectric Turbine (HT) Rating:	_____	kWac
Fuel Cell (FC) Rating:	_____	kWac
Other (specify type and rating):	_____	kWac
Service Type (circle one):	Single Phase / Three Phase	
Voltage Level:	_____	
Equipment Specifications: Make:	_____	& Model: _____

1.2 Applicant Facility Location:

(Street Address, City, State, ZIP)

If Applicant is not the owner of the property identified above, the Property Owner must also sign this Agreement.

1.3 Applicant's Cooperative service account number: _____

Property Owner's Cooperative service account number (if applicable): _____

1.4 The Applicant Facility is planned to be ready for parallel operation on or about: _____

2. Interconnection Facilities

2.1 If it is necessary for Cooperative to install certain interconnection facilities ("Interconnection Facilities") and make certain system modifications in order to establish an interconnection between the Applicant Facility and Cooperative's distribution system, the Interconnection Facilities and modifications shall be described to the Applicant in writing.

2.2 Pursuant to MI Rule 460.64(2), for Level 1, 2, or 3 interconnection applications, where construction of interconnection facilities or distribution upgrades is required, the parties will execute a Construction Agreement setting forth the required construction activities, construction milestone timing, and cost to an applicant. The applicant and electric cooperative shall mutually agree on the timing of construction milestones.

3. Design Requirements, Testing and Maintenance of Applicant Facility

3.1 Applicant shall be responsible for the design and installation of the Applicant Facility and obtaining and maintaining any required governmental authorizations and/or permits, which may include, but shall not be limited to, easements to clear trees, and necessary rights-of-way for installation and maintenance of the Cooperative Interconnection Facilities.

3.2 Applicant shall, at its sole expense, install and properly maintain protective relay

equipment and devices to protect its equipment and service, and the equipment and system of Cooperative, from damage, injury or interruptions, and will assume any loss, liability or damage to the Applicant Facility caused by lack of or failure of such protection. Such protective equipment specifications and design shall be consistent with the applicable Interconnection Procedures. Prior to the Applicant Facility operating in parallel with Cooperative distribution system, Applicant shall provide satisfactory evidence to Cooperative that it has met the Interconnection Procedures, including but not limited to the receipt of approval from the local building/electrical code inspector. The Cooperative's approval, or failure to approve, under this section shall in no way act as a waiver or otherwise relieve the Applicant of its obligations under this section.

- 3.3 At its own expense, Applicant shall perform operational testing at least five (5) days prior to the installation of any Interconnection Facilities by Cooperative. Cooperative may, but is not required to, send qualified personnel to the Applicant Facility to inspect the facility and observe the testing. Upon completion of such testing and inspection, and prior to interconnection, Applicant shall provide Cooperative with a written report explaining all test results, including a copy of the generator commissioning test report.

Applicant shall test protective relay equipment in accordance with manufacturer's specifications, unless no testing interval is provided, in which case testing shall occur every two years (unless an extension is agreed to by the Cooperative) to verify the calibration indicated on the latest relay setting provided by the Cooperative. The results of such tests shall be provided to Cooperative upon request. Cooperative may, at any time and at its sole expense, inspect and test the Applicant Facility to verify that the required protective equipment is in service, properly maintained, and calibrated to provide the intended protection. This inspection may also include a review of Applicant's pertinent records. Inspection, testing and/or approval by Cooperative or the omission of any inspection, testing and/or approval by Cooperative pursuant to this Agreement shall not relieve the Applicant of any obligations or responsibility assumed under this Agreement.

- 3.4 Applicant shall operate and maintain the Applicant Facility in a safe and prudent manner and in conformance with all applicable laws and regulations. Applicant shall obtain or maintain any governmental authorizations and permits required for construction and operation of the Applicant Facility.

4. **Disconnection**

- 4.1 The Cooperative name may refuse to connect or may disconnect a project from the distribution system if any of the following conditions apply:
 - (a) Failure of the interconnection customer to bring a facility or project into compliance pursuant to R 460.976(1).
 - (b) Failure of the interconnection customer to pay costs of remedy pursuant to R

460.976(2).

(c) Termination of interconnection by mutual agreement.

(d) Distribution system emergency, but only for the time necessary to resolve the emergency.

(e) Routine maintenance, repairs, and modifications performed in a reasonable time and with prior notice to the interconnection customer.

(f) Noncompliance with technical or contractual requirements in the interconnection agreement that could lead to degradation of distribution system reliability, electric cooperative equipment, and electric customers' equipment.

(g) Noncompliance with technical or contractual requirements in the interconnection agreement that presents a safety hazard.

(h) Other material noncompliance with the interconnection agreement.

(i) Operating in parallel without prior written authorization from the electric cooperative as provided for in R 460.968.

(2) An electric cooperative may disconnect electric service, where applicable, pursuant to R 460.136.

5. Access to Property

- 5.1 At its own expense, Applicant shall make the Applicant Facility site available to Cooperative. The site shall be free from hazards and shall be adequate for the operation and construction of the Interconnection Facilities. Cooperative, its agents and employees, shall have full right and authority of ingress and egress at all reasonable times on and across the property at which the Applicant Facility is located, for the purpose of installing, operating, maintaining, inspecting, replacing, repairing, and removing the Interconnection Facilities. The right of ingress and egress shall not unreasonably interfere with Applicant's or (if different) Property Owner's use of the property and does not include the right to enter applicant's residence or other enclosed structure on the property where the Applicant Facility is located, except on reasonable notice where the Interconnection Facilities are located within the residence or other enclosed structure.
- 5.2 Cooperative may enter the property on which the Applicant Facility is located to inspect, at reasonable hours, Applicant's protective devices and read or test meters. Cooperative will use reasonable efforts to provide Applicant or Property Owner, if applicable, at least 24 hours' notice prior to entering said property, in order to afford Applicant or Property Owner the opportunity to remove any locks or other encumbrances to entry; *provided, however*, that Cooperative may enter the property without notice (removing, at Applicant's expense, any lock or other encumbrance to entry) and disconnect the Interconnection Facilities if Cooperative believes that disconnection is necessary to address a hazardous condition and/or to protect persons, Cooperative's facilities, or the property of others from damage or interference caused by Applicant Facility.
- 5.3 By executing this Agreement, Applicant and Property Owner consent to and agree to provide access to its property, including all rights of ingress and egress, on which the Applicant Facility is located to Cooperative as described in this section, but does

not assume or guarantee other performance obligations of the Applicant under this Agreement.

6. Liability

- 6.1 As between the Parties, unless caused by the sole negligence or intentional wrongdoing of the other Party, each Party to this Agreement shall at all times assume all liability for, any and all damages, losses, claims, demands, suits, recoveries, costs, legal fees, and expenses to the extent caused by its directors, officers, employees, and agents: (a) for injury to or death of any person or persons whomsoever occurring on its own system, and/or (b) for any loss, destruction of or damage to any property of third persons, firms, corporations or other entities occurring on its own system, including environmental harm or damage arising out of or resulting from, either directly or indirectly, the Interconnection Facilities or the Applicant Facilities, or arising out of or resulting from, either directly or indirectly, any electric energy furnished to it hereunder after such energy has been delivered to it by such other Party.
- 6.2 The provisions of this Section 6 shall not be construed to relieve any insurer of its obligations to pay any insurance claims in accordance with the provisions of any valid insurance policy.
- 6.3 Notwithstanding anything in this Section, or any other provision of this Agreement to the contrary, any liability of a Party to the other Party shall be limited to direct actual damages, and all other damages at law or equity are hereby waived. Under no circumstances shall a Party be liable to the other Party, whether in tort, contract or other basis in law or equity for any special, indirect, punitive, exemplary or consequential damages, including lost profits.
- 6.4 The obligations and limits on liability in this Section 6 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement, with respect to any event or condition giving rise to an obligation that occurred prior to such expiration or termination.
- 6.5 Nothing in this Section 6 waives or limits, or shall be construed to waive or limit, the governmental immunity of a Party.
- 6.6 Nothing in this Section 6 shall imply, or be construed to imply indemnification of any Party by the State of Michigan, its department, and agencies, or by other governmental customers that are restricted from entering into indemnification provisions by law.

7. Subcontractors

Either Party may contract with a subcontractor to perform its obligations under this Agreement and shall incorporate the obligations of this Agreement into its respective

subcontracts, agreements and purchase orders. Each Party shall remain liable to the other Party for the performance of such subcontractor under this Agreement.

8. Force Majeure

Neither Party shall be liable for failure to perform any of its obligations hereunder, to the extent due to an act of God; labor disturbance; act of the public enemy; war; insurrection; riot; fire, storm, or flood; explosion, breakage, or accident to machinery or equipment; an emergency order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities; or another cause beyond a party's control. (referred to collectively as "Force Majeure"), the inability to obtain financing, negligence or other similar condition of such party, provided that either party has given the other prompt notice of such occurrence. The Party affected shall exercise due diligence to remove such Force Majeure with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

9. Breach and Default

A breach of this Agreement ("Breach") shall occur upon the failure of a Party to perform or observe any material term or condition of this Agreement. Upon a Breach by one Party, the non-breaching Party shall give written notice of such Breach to the breaching Party. The Party in Breach shall have thirty (30) days from the date of the written notice to cure the Breach. If a Breach is not cured within the thirty (30) day period provided for herein, the party in Breach shall be deemed in default ("Default"). If the Breach is not cured within 30 business days, the Cooperative, at its sole discretion, may apply a remedy and bill the Applicant. The Applicant shall pay this bill within 5 business days. The non-defaulting Party shall then have the right to terminate this Agreement by written notice, shall be relieved of any further obligations hereunder, and may pursue any and all remedies available to it at law or in equity.

10. Retirement

Upon termination or cancellation of this Agreement or at such time after any of the Interconnection Facilities described herein are no longer required, the Parties shall mutually agree upon the retirement of the Interconnection Facilities, which may include without limitation (i) dismantling, demolition, and removal of equipment, facilities, and structures, (ii) security, (iii) maintenance and (iv) disposing of debris. The cost of such removal shall be borne by the Cooperative.

11. Governing Law

This Agreement shall be interpreted, governed, and construed under the laws of Michigan.

12. Amendment, Modification or Waiver

Any amendments or modifications to this Agreement shall be in writing and agreed to by both Parties. The failure of any Party at any time to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, shall be deemed to be construed as a further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.

13. Insurance

This section is only applicable to Level 3 project, Applicant shall obtain and continuously maintain throughout the term of this Agreement General Liability insurance written on a standard occurrence form, or other form acceptable to the Cooperative, and covering bodily injury and property damage liability with a per occurrence and annual policy aggregate amount of at least:

Minimum Limit

\$1,000,000 for Level 3 projects

When requested in writing by the Cooperative, said limit shall be increased each year that this Agreement is in force to a limit no greater than the amount arrived at by increasing the original limit by the same percentage change as the Consumer Price Index - All Urban Workers (CPI-U.S. Cities Average). Such policy shall include, but not be limited to, contractual liability for indemnification assumed by Applicant under this Agreement.

Cooperative shall be named as an additional insured under such policy. The policy shall be primary coverage with no contribution from any insurance maintained by the Cooperative. The Cooperative shall not be responsible for any unpaid premiums under Applicant's policy.

Evidence of insurance coverage on a certificate of insurance shall be provided to the Cooperative upon execution of this Agreement and thereafter within ten (10) days after expiration of coverage; however, if evidence of insurance is not received by the 11th day, the Cooperative has the right, but not the duty, to purchase the insurance coverage required under this Section and to charge the annual premium to Project Developer. The Cooperative shall receive thirty (30) days advance written notice if the policy is cancelled or substantial changes are made that affect the additional insured. At the Cooperative's request, Project Developer shall provide a copy of the policy to the Cooperative.

13. Notices

Any notice required under this Agreement shall be in writing and mailed or personally delivered to the Party at the address below. Written notice is effective within 3 days of depositing the notice in the United States mail, first class postage prepaid. Personal notice is effective upon delivery. Written notice of any address changes shall be provided. All written notices shall refer to the Applicant's Cooperative account number, as provided in Section 1 of this Agreement. All written notices shall be directed as follows:

Notice to the Cooperative:

Notice to Applicant:

Notice to Property Owner (if different than Applicant):

14. Term of Agreement and Termination

This Agreement shall become effective upon execution by all Parties and, if applicable, the Property Owner, and it shall continue in full force and effect until terminated upon thirty (30) days' prior notice by the Applicant, upon Default of either Party as set forth in Section 9, or upon mutual agreement of the Parties. The

Cooperative may terminate the agreement on reasonable notice for reasons consistent with existing law, regulations and tariffs.

15. Entire Agreement

This Agreement supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof and constitutes the entire agreement between the Parties hereto.

16. No Third Party Beneficiary

The terms and provisions of this Agreement are intended solely for the benefit of each Party, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person or entity.

17. Assignment and Binding Effect

This Agreement shall not be assigned by a Party without the prior written consent of the other Party, which shall not be unreasonably withheld. Any attempt to assign this Agreement without consent will be void. Subject to the preceding, this Agreement is binding upon, inures to the benefit of, and is enforceable by the Parties and their respective successors and assigns. Applicant agrees to notify Cooperative in writing upon the sale or transfer of the Applicant Facility. This Agreement shall terminate upon such notice unless Cooperative consents to an assignment in writing.

18. Severability

If any provision of this Agreement is determined to be partially or wholly invalid, illegal, or unenforceable, then such provision shall be deemed to be modified or restricted to the extent necessary to make such provision valid, binding, and enforceable; or, if such provision cannot be modified or restricted in a manner so as to make such provision valid, binding or enforceable, then such provision shall be deemed to be excised from this Agreement and the validity, binding effect, and enforceability of the remaining provisions of this Agreement shall not be affected or impaired in any manner.

19. Signatures

The Parties to this Agreement hereby agree to have two originals of this Agreement executed by their duly authorized representatives (three originals are necessary if the Property Owner signs this Agreement). This Agreement is effective as of the later (or latest) of the dates set forth below.

20. Counterparts and Electronic Documents

This Agreement may be executed and delivered in counterparts, including by a facsimile or an electronic transmission thereof, each of which shall be deemed an original. Any document generated by the parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceeding as if original business records. Neither party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.

Cooperative

By: _____
(Duly Authorized Signature)

(Print or Type Name)

Date: _____

Applicant

By: _____
(Duly Authorized Signature)

(Print or Type Name)

Title: _____

Date: _____

Property Owner (if applicable)

By: _____
(Duly Authorized Signature)

(Print or Type Name)

Title: _____

Date: _____

EXHIBIT 1
INTERCONNECTION DIAGRAM

(Insert One-Line Diagrams (PDF file) for the various sizes and type of generation that will be installed.)