



**GENERATOR INTERCONNECTION & OPERATING AGREEMENT
FOR PROJECTS
WITH AGGREGATE GENERATOR OUTPUT OF GREATER THAN 550 kW
BETWEEN CONSUMERS ENERGY COMPANY
AND
(PROJECT DEVELOPER NAME)**

GENERATOR INTERCONNECTION & OPERATING AGREEMENT (hereinafter, this Agreement), is made and entered into on (insert date of last signature from page 11), (hereinafter, the Effective Date), between CONSUMERS ENERGY COMPANY, a Michigan corporation, with offices located at One Energy Plaza, Jackson, MI 49201, herein termed "Consumers", and (Project Developer Name) with offices located at (Address, City, State, ZIP), herein termed "Project Developer." Consumers and Project Developer are hereinafter sometimes referred to individually as "Party" and collectively as "Parties" where appropriate.

WITNESSETH:

WHEREAS, Consumers owns electric facilities and is engaged in the generation, purchase, distribution and sale of electric energy in the State of Michigan; and

WHEREAS, Project Developer intends to construct and own a _____ plant, known as the _____ Generating Plant, herein termed "Project", with a generator design capacity nameplate rating not to exceed _____ and located at (Address, City, State, ZIP); and

WHEREAS, This Agreement does not address the sale of electricity to or from Consumers; and

WHEREAS, The Parties desire to enter into this Agreement for the purposes, among others, of (a) describing (i) the facilities and associated appurtenances to interconnect the Project to Consumers' distribution system, including defining the Point of Delivery and Interconnection Point, (ii) the facilities required for providing and regulating reactive power supply (kilovars) at the Project, and (iii) any modifications and additions necessary on Consumers' distribution system as a result of the operation of the Project; (b) establishing the ownership interests of Consumers and Project Developer in such facilities; (c) establishing the respective obligations and rights of the Parties with respect to the procurement, construction, installation, operation and maintenance of such facilities.

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

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SECTION 1

INTERCONNECTION FACILITIES

1.1 General

The Parties shall provide, as specified in this Section 1, certain facilities and associated appurtenances required to interconnect the Project to Consumers' distribution system, consistent with the Michigan Electric Utility Generator Interconnection Procedures. Such facilities and associated appurtenances include, but shall not be limited to, interconnection, transformation, switching, control, metering, telemetering, protective relaying equipment (such protective relaying equipment required by Consumers or Project Developer to protect Consumers' distribution system, its customers, and the Project from electrical faults occurring at the Project or on Consumers' distribution system or on the systems of others to which Consumers' distribution system is directly or indirectly connected) and any necessary additions or reinforcements by Consumers to Consumers' distribution system required as a result of the interconnection of the Project to Consumers' distribution system. The facilities and associated appurtenances described in Exhibit 1 – Scope of Facilities, Subsections 1.2, "Project Developer's Interconnection Facilities," and 1.3, "Consumers' Interconnection Facilities," are hereinafter sometimes referred to as the "Interconnection Facilities." Project Developer shall be responsible for the cost of the Interconnection Facilities, unless otherwise specified in this Agreement.

The Project, configured as discussed in this Agreement and depicted in Exhibit 2 – Wiring Diagram, will be comprised of _____ generators with a total generation output of _____, which can be connected to Consumers' distribution system as described herein. In the future, if the Project Developer desires to install additional generating units at this present location, the Project Developer must submit a written application to Consumers. Consumers will evaluate its distribution system to determine, in its sole discretion, if conditions at that time will allow said system to support additional capacity.

In the event future changes in (a) the design or operation of the Project, (b) Federal, State or local laws, regulations, ordinances or codes, (c) Project Developer's requirements (such as additional generators located at the site location identified above) or (d) Consumers' requirements necessitate additional facilities or modifications to the then existing Interconnection Facilities, the Parties shall undertake such additions or modifications as may be necessary. Before undertaking such future additions or modifications, the Parties shall consult, develop plans and coordinate schedules of activities so as to minimize disruption of the Interconnection Facilities and Consumers' distribution system. The cost of such future additions or modifications to the Interconnection Facilities shall be borne by the Project Developer, unless agreed upon otherwise at the time. The ownership, operation and maintenance responsibilities for any such future additions or modifications shall be made consistent with the responsibilities allocated in this Agreement.

1.2 Project Developer's Interconnection Facilities

Project Developer's Interconnection Facilities and associated appurtenances are described in Subsection 1.2 of Exhibit 1 – Scope of Facilities.

Project Developer shall bear the cost of its Project unless otherwise specified in this Agreement. Project Developer shall be solely responsible for all permits, zoning reviews, and other matters associated with obtaining rights from any governmental body or agency to construct its Project. Prior to Consumers beginning construction of its Interconnection Facilities, Project Developer shall provide a copy of all necessary documents granting Project Developer the right to construct its Project.

1.3 Consumers' Interconnection Facilities

Consumers' Interconnection Facilities and associated appurtenances are described in Subsection 1.3 of Exhibit 1 – Scope of Facilities.

Project Developer shall bear the cost of Consumers' Interconnection Facilities unless otherwise specified in this Agreement. Consumers shall be responsible for all permits, zoning reviews, and other matters associated with obtaining rights from any governmental body or agency to construct its Interconnection Facilities. Project Developer shall reimburse Consumers for all costs associated with the installation and connection of Consumers' Interconnection Facilities. Project Developer shall solely assume the risk that Consumers may be unable to complete its Interconnection Facilities due to factors beyond its reasonable control.

1.4 **Easements and Permits**

If necessary, prior to the installation of the Interconnection Facilities, Consumers will acquire required permits and necessary easements for its Interconnection Facilities. These easements / permits may include, but shall not be limited to, rights of ingress and egress, rights to clear trees, and all necessary rights-of-way for installation and maintenance of Interconnection Facilities. The Project Developer shall reimburse Consumers for the costs and expenses Consumers incurs in acquiring such easements / permits.

1.5 **Relocation by Project Developer**

If at any time the Project Developer requires Consumers' Interconnection Facilities located on its premises to be relocated on such premises, Consumers shall, at Project Developer's expense and upon its request, relocate the same or give permission for Project Developer to relocate the same. Project Developer shall provide Consumers with all necessary easement rights as required for the Interconnection Facilities located on Project Developer's premises.

1.6 **Payment by Project Developer of Consumers' Costs and Expenses**

1.6.1 Project Developer shall reimburse Consumers for its total cost and expenses incurred in providing the Interconnection Facilities required by Subsection 1.3 and 1.4. Project Developer shall not be entitled to receive a refund of any portion of the total cost and expense incurred in providing the Interconnection Facilities required by Subsection 1.3 and 1.4 in the event that any Consumers customers are later connected to such Interconnection Facilities.

1.6.2 Consumers' estimated conceptual cost (developed in accordance with "standard utility accounting practices") for providing and installing Consumers' Interconnection Facilities, including easement rights and permits, is shown in Exhibit 3 – Payment Schedule. Consumers estimates it will incur such cost and expense over a period of time. Project Developer shall reimburse Consumers for its estimated conceptual costs and expenses in accordance with invoices rendered by Consumers. For all payments whose due date comes at least 15 days after the effective date of this Agreement, invoices will be rendered and payments shall be due and payable such that Consumers receives the payments by the dates indicated in Exhibit 3 – Payment Schedule. Payments shall be made in accordance with Subsection 1.6.3, 1.6.4 and 1.6.5.

1.6.3 When Consumers has determined that all costs and expenses are accounted for on its books, Consumers will issue a final invoice or credit to reconcile the estimated conceptual cost with the final work order estimate of the project. The final work order cost will be reviewed and reconciled to the estimated conceptual cost for each portion of the project covered under this Agreement. If Consumers' final work order cost is less than the payments received for the estimated conceptual cost provided in Exhibit 3 – Payment Schedule, Consumers shall refund the incremental amount to Project Developer. If Consumers' final work order cost is greater than the payments received for the estimated conceptual cost provided in Exhibit 3 – Payment Schedule, Consumers shall issue a final invoice to Project Developer for the incremental amount.

1.6.4 All payments to Consumers shall be made payable [Consumers Energy Company](#) and shall be sent to Consumers, Attention: [Consumers Energy Company, P.O. Box 740309, Cincinnati, Ohio 45274-0309](#), or by wire transfer to a Consumers bank account or such other manner or at such place as Consumers shall, from time to time, designate by notice to Project Developer. Payments made by wire transfer shall reference the appropriate invoice number for which payment is being made.

1.6.5 Any payment not made on or before the due date shall bear interest, from the date due until the date upon which payment is made, at an annual percentage rate of interest equal to the lesser of (a) the prime rate published by the Wall Street Journal (which represents the base rate on corporate loans posted by at least 75% of the nation's banks) on the date due, plus 2%, or (b) the highest rate permitted by law.

SECTION 2 **DESIGN AND CONSTRUCTION OF THE INTERCONNECTION FACILITIES**

2.1 **Authority for Construction**

Except as provided in the following paragraph, Project Developer will have sole authority to manage, design, supervise, construct, procure materials for, control and will take all steps which it deems necessary or appropriate for the installation of the Interconnection Facilities required pursuant to Subsection 1.2, "Project Developer's Interconnection Facilities."

The design, specifications, installation and construction of the Interconnection Facilities required pursuant to Subsection 1.2 shall be in accordance with standards no less stringent than those used by Consumers for its own distribution voltage level installations and shall be inspected and commented on by Consumers prior to

being placed into initial operation. However, Consumers has no liability, obligation or responsibility with respect to such design, plans, specifications, installation or construction regardless of its inspection and comment thereon. Inspection of and comments by Consumers shall not relieve Project Developer of any of its obligations under this Agreement.

Consumers shall exercise sole authority to manage, design, supervise, construct, procure materials for, control and take all steps which it deems necessary or appropriate for the installation and connection of the Interconnection Facilities required pursuant to Subsection 1.3, "Consumers' Interconnection Facilities."

2.2 Coordination of Construction Program

The Parties shall coordinate their respective construction programs essential to carrying out the installation by Project Developer of its Interconnection Facilities required pursuant to Subsection 1.2 and the installation by Consumers of its Interconnection Facilities required pursuant to Subsection 1.3 and will cooperate to ensure as closely as practicable the simultaneous completion of the installation of the Interconnection Facilities to be installed by Project Developer and Consumers, respectively.

2.3 Interconnection of the Project

Interconnection of the Project to Consumers' distribution system shall be made after the following conditions have been satisfied:

- 2.3.1 Both Parties have declared their Interconnection Facilities ready for service;
- 2.3.2 Project Developer has met the design, specifications, installation and construction requirements of the second paragraph of Subsection 2.1, Authority for Construction;
- 2.3.3 Project Developer has provided adequate protective equipment to protect the equipment and service of Consumers from damage or interruption from electrical faults occurring at the Project;
- 2.3.4 Consumers has tested and accepted the billing meters and associated telemetry for the collection of the metered data required pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.3;
- 2.3.5 Project Developer and Consumers have agreed to a procedure to describe the process (i) for switching and tagging the interconnection facilities for workers' protection during periods when such equipment must be removed from service and (ii) for returning the equipment to service. Both Parties agree to follow the procedure for disconnecting and re-connecting the interconnection as outlined in Appendix G of the appropriate Michigan Electric Utility Generator Interconnection Procedures document;
- 2.3.6 Project Developer has installed all signage as required by Consumers for identification of equipment and protection of employees.
- 2.3.7 If the Project Developer requires backup power from Consumers, the Project Developer shall be responsible for contracting with Consumers for the delivery of said backup power. The Project Developer shall provide Consumers satisfactory evidence that it has purchased the resources to supply backup power pursuant to Subsection 6.6, Project Backup Power; and
- 2.3.8 Project Developer has reimbursed Consumers for all costs associated with the installation of Consumers' Interconnection Facilities as identified in Subsection 1.3 and 1.4.

2.43 Parallel Operation of the Project With Consumers' Distribution System

Parallel operation of the Project with Consumers' distribution system shall only begin after the following conditions have been satisfied and confirmed in writing by Consumers to Project Developer:

2.4.1 Project Developer has met all of the requirements of Subsection 2.3;

2.4.2 Project Developer has obtained written approval by Consumers of all protective relay equipment required pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.2 and the direct transfer trip equipment required pursuant to Subsections 1.2 and 1.3 for the protection of Consumers' distribution system. Approval will be granted after the required protective relay equipment is inspected and calibrated in accordance with the relay setting data issued by Consumers. Inspection and calibration must be either performed or witnessed by Consumers' personnel at Project Developer's expense. Project Developer must record the actual settings and inspection data on the relay-setting document furnished by Consumers and return such document to Consumers for approval;

2.4.3 Project Developer has developed operating and maintenance procedures, which Consumers has accepted in writing, for those protective devices which directly connect to Consumers' distribution system or interface with Consumers' protective devices;

2.4.4 Consumers has tested and accepted the telemetry / SCADA interface and concurs they meet the technical requirements as identified in the Telemetry, Disturbance and Power Quality Monitoring Requirements Section and the Communication Circuits Section of the Michigan Electric Utility Generator Interconnection Procedures. Testing must be performed by Consumers' personnel at Project Developer's expense and acceptance will be communicated to Project Developer in writing; and

2.4.5 Project Developer has developed operating procedures to manually trip generation for system security pursuant to Subsection 6.4, System Security.

2.5 Subcontractors

Either Party may hire 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 and shall fully defend, indemnify and hold the other Party harmless from all acts or omissions of its subcontractors.

SECTION 3
OPERATION AND MAINTENANCE

3.1 Operation and Maintenance By Consumers

Consumers shall have sole authority and responsibility to operate and maintain Consumers' Interconnection Facilities required pursuant to Subsection 1.3, and in accordance with the applicable good utility practice standards of Consumers. Consumers may manually operate, when necessary, Consumers' Interconnection Facilities and the isolation device provided by Project Developer pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.2, and may perform preventive or emergency maintenance, or make system modifications, when necessary, on Consumers' Interconnection Facilities. Normal maintenance shall be scheduled on Consumers' Interconnection Facilities taking into consideration Project Developer's schedule of maintenance for the Project. Such authority and responsibility shall include removing the Interconnection Facilities from service, when necessary, as determined by Consumers. Consumers shall not be required to deliver energy to the Project or provide a temporary connection to the Project when maintenance or system modifications require disconnecting Consumers' Interconnection Facilities from Consumers' distribution system.

3.1.1 Project Developer shall reimburse Consumers for all direct and indirect costs and expenses (including but not limited to, overtime pay, property taxes, insurance, equipment testing and inspections) incurred by Consumers in owning, operating and maintaining Consumers' Interconnection Facilities from the point in time in which Consumers' Interconnection Facilities are ready for service. Such costs and expenses shall be determined by Consumers in accordance with the standard practices and policies followed by Consumers and in effect at the time such operation and maintenance is performed. As used in this Agreement, the term "maintenance" includes inspection, repair and replacement. Payment by Project Developer of such costs and expenses shall be made in accordance with Subsection 3.1.4. In the event that Consumers uses any part of Consumers' Interconnection Facilities defined in Subsection 1.3 for the benefit of Consumers' customers, then the allocation of the ongoing costs and expenses which are due to the ownership, operation and maintenance of Consumers' Interconnection Facilities provided pursuant to Subsection 1.3, shall be re-determined with consideration for possible changes in: (a) Point of Delivery, (b) metering location, (c) operation and maintenance costs to Project Developer to new Point of Delivery, if any, and (d) compensation to Consumers for appropriate operating and maintenance costs from the new Point of Delivery, if any. Consumers shall not be restricted in the use of Consumers' Interconnection Facilities while such redetermination is being made.

- 3.1.2 If Consumers performs the following tasks on the Project Developer's behalf, the Project Developer shall reimburse Consumers for costs associated with (a) testing of metering and associated telemetry required pursuant to Subsection 2.3.4, (b) the relay setting information, inspection and calibration required pursuant to Subsection 2.4.2 and (c) the testing of the dispatching interface required pursuant to Subsection 2.4.4, which shall be separately billed by Consumers.
- 3.1.3 Project Developer shall be solely responsible for ordering, acquiring and all continuing operating expenses associated with the communication circuits pursuant Exhibit 1 – Scope of Facilities, Subsection 1.2 as well as the proper safety equipment required for the proper installation of said communication circuits. Additional operation and maintenance expenses associated with telemetry facilities are the responsibility of the Project Developer pursuant to Subsection 5.4.
- 3.1.4 Payments by Project Developer of the costs and expenses described in Subsections 3.1.1 and 3.1.2 are as follows:
- 3.1.4.1 As soon as practicable after the end of each month in which operation and maintenance costs and expenses were incurred by Consumers pursuant to Subsection 3.1.1 and 3.1.2, Consumers shall furnish Project Developer a statement describing the work performed or expense incurred and showing the amount of the payment to be made therefore by Project Developer.
- 3.1.4.2 Each statement shall be paid by Project Developer so that Consumers will receive the funds by the 30th day following the date of such statement, or the first business day thereafter if the payment date falls on a non-business day.
- 3.1.4.3 All payments shall be made payable to [Consumers Energy Company](#) and shall be sent to Consumers, Attention: [Consumers Energy Company, P.O. Box 740309, Cincinnati, Ohio 45274-0309](#), or by wire transfer to a Consumers' bank account or such other manner or at such place as Consumers shall, from time to time, designate by written notice to Project Developer. Payments made by wire transfer shall reference the appropriate invoice number for which payment is being made.
- 3.1.4.4 Any payment not made on or before the due date shall bear interest, from the date due until the date upon which payment is made, at an annual percentage rate of interest equal to the lesser of (a) the prime rate published by the Wall Street Journal (which represents the base rate on corporate loans posted by at least 75% of the nation's banks) on the date due, plus 2%, or (b) the highest rate permitted by law.

3.2 **Operation and Maintenance By Project Developer**

Except as provided in Subsections 2.3.2 and 3.1 and the provisions of this Subsection 3.2, Project Developer shall have sole authority and responsibility to operate and maintain the Project Developer's Interconnection Facilities required pursuant to Subsection 1.2 in accordance with prudent industry practices.

Relay settings, for protective devices required by Consumers, may be revised and documents stating such revisions may be issued by Consumers if it determines that it is necessary to do so. The settings for these devices may be revised only if Consumers issues documents specifying such revisions. In such event, the protective relay equipment shall be recalibrated by Project Developer in accordance with such revised relay settings within a reasonable period specified by Consumers. The procedure for recalibration and approval shall be the same as stated for the initial calibration pursuant to Subsection 2.4.2.

The protective relay equipment shall be tested every two (2) years (unless an extension is agreed to by Consumers) to verify the calibration indicated on the latest relay setting document issued by Consumers. If the protective relay equipment is not calibrated in accordance with the latest relay-setting document, it shall be recalibrated in accordance with Subsection 2.4.2, to conform with such data. Tests shall be conducted or witnessed by Consumers at Project Developer's expense. The results of such tests shall be provided to Consumers in writing for review and approval.

Consumers may, at any time in addition to that specified in the preceding paragraph, at Consumers' expense, inspect and test Project Developer's Interconnection Facilities to verify that the required protective interconnection equipment is in service, properly maintained, and calibrated to provide the intended protection. If necessary, this inspection may also include a review of Project Developer's pertinent records.

Inspection, testing and/or approval by Consumers or the omission of any inspection, testing and/or approval by Consumers pursuant to this Agreement shall not relieve Project Developer of any obligations or responsibility assumed under this Agreement.

SECTION 4 **ACCESS**

Consumers, its agents and employees, shall have full right and authority of ingress and egress at all reasonable times on and across the premises of Project Developer for the purpose of installing, operating, maintaining, inspecting, replacing, repairing, and removing its Interconnection Facilities located on the premises. The right of ingress and egress, however, shall not unreasonably interfere with Project Developer's use of its premises.

SECTION 5 **INTERCONNECTION POINT; POINT OF DELIVERY; METERING; TELEMETERING**

5.1 Interconnection Point

The Interconnection Point shall be where the Project Developer's Interconnection Facilities connect to Consumers' distribution system.

5.2 Point of Delivery

If the Project is connected to a distribution line serving other customers, the Point of Delivery shall be at the high voltage side of the Project supplied isolation transformer connecting the Project to Consumers' distribution system. Otherwise, the Point of Delivery shall be the point at which the radial line connecting the Project to Consumers' distribution system terminates at the first substation beyond the Project's isolation transformer. The Point of Delivery shall be the point at which the project Interconnection Facilities connect to Consumers' existing distribution facilities serving other customers. It is described in greater detail in Exhibit 4.

5.3 Metering

Measurements of electric energy deliveries shall be made by standard types of electric meters installed and maintained by Consumers pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.3.

The standard electric meters shall be tested by Consumers at least once every six (6) years. On request and at the expense of the Project Developer, a special test may be performed. Representatives of Project Developer shall be afforded the opportunity to be present at all routine or special tests and upon occasions when any readings, for purposes of settlements, are taken from meters not bearing an automatic record.

5.4 Telemetering

Certain telemetry facilities will be provided by Consumers pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.3 as a part of the Interconnection Facilities as being necessary for the proper and efficient collection of metering and control data. The cost and maintenance of such telemetry facilities and associated communication circuits shall be borne by Project Developer.

SECTION 6 **SERVICE CONDITIONS**

6.1 Site Preparation

At its own expense, the Project Developer shall make the proposed Project site available to Consumers. Said site shall be free from hazard and shall be adequate for the operation and construction of distribution facilities necessary to interconnect the proposed Project.

6.2 Parallel Operation

It is understood that the Project will normally remain connected to and be operated in parallel with Consumers' distribution system. The Project Developer shall, at its expense, install and properly maintain protective equipment and devices and provide sufficiently trained personnel to protect its equipment and service, and the equipment and service of Consumers from damage, injury or interruptions during the Project's parallel operation with Consumers' distribution system, and, without limiting the indemnity provided in Subsection 7.1 herein, Project Developer shall assume any loss, liability or damage to Project Developer and Consumers' distribution system and equipment caused by lack of or failure of such protection. Such protective equipment specifications and design shall be consistent with the Michigan Electric Utility Industry Generator Interconnection Procedures, and any successor and/or supplemental documents. Prior to the Project operating in parallel with Consumers' distribution system, the Project Developer shall provide satisfactory evidence to Consumers that it has met the Michigan Electric Utility Generator Interconnection Procedures that are on file with the Michigan Public Service Commission and complied with all applicable laws, rules, regulations, guidelines, and safety standards.

6.3 **Voltage Control**

Project Developer shall cooperate with Consumers to regulate the voltage level at the Point of Delivery by controlling its generators in accordance with Consumers' instructions. Such instructions shall include, but not be limited to, (a) maintaining voltage or (b) delivering real and reactive power to the Point of Delivery at levels specified by Consumers. The instructions given by Consumers shall be consistent with the normal practices adhered to by Consumers with respect to its own generators located on its system.

6.4 **System Security**

Installation, inspection, and calibration of relaying to trip generation for under- or over-frequency operation shall be coordinated with Consumers, pursuant to Subsection 2.4.2, so as not to degrade the security of Consumers' distribution system. Operating practices developed by Project Developer which call for manual tripping of generation for under-or over-frequency operation shall likewise be coordinated and be consistent with the provisions of East Central Area Reliability Document 3, "Emergency Procedures" During Declining System Frequency, and any successor and/or supplemental documents, which are incorporated herein by reference.

6.5 **Continuity of Service**

Each Party shall exercise reasonable care to maintain continuity of service in the delivery and receipt of electric energy. If service becomes interrupted for any reason, the cause of such interruption shall be removed and normal operating conditions restored as soon as practicable.

6.6 **Project Backup Power**

If the Project Developer requires backup power from Consumers, the Project Developer will contract with Consumers for the delivery of power provided to the Project under one of Consumers' established retail rates set forth in Consumers' tariffs, which are incorporated herein by reference. The provisions of such contract shall be applied during periods when the Project is not delivering energy to Consumers. The Project Developer will contract with Consumers for the purchase of energy or provide satisfactory evidence of the purchase of energy from an alternative energy supplier for the purpose of providing power to the Project during periods when the Project is not delivering energy to Consumers' distribution system.

Project Developer shall have sufficient voltage regulation at the Project to maintain an acceptable voltage level for Project equipment during such periods when the Project's generation is off line.

6.7 **Consumers' Obligation to Connect**

Consumers shall not be obligated to continue the electrical interconnection to the Project if it determines, in its sole discretion, that any one or more of the following conditions exist, including but not limited to: (a) those conditions listed in the Miscellaneous Operational Requirements section of the Michigan Electric Utility Generator Interconnection Procedures, (b) electrical characteristics of the Project are not compatible with the electrical characteristics of Consumers' distribution system, (c) the Project Developer is deficient in following either the voltage schedule or reactive power schedule established by Consumers, (d) an emergency condition exists on Consumers' distribution system, (e) Project Developer's protective relay equipment fails, resulting in a lack of the level of protection required by prudent utility practice, (f) the Project Developer's Project is determined to be disrupting Consumers customers, (g) Consumers requires disconnection of the Project in order to construct, install, maintain, repair, replace, remove, investigate, inspect or test any part of Consumers' Interconnection Facilities or any other Consumers equipment associated with the interconnection (also if a required component (example: communication circuit) or required modification to allow interconnection fails or becomes incapacitated and is not repaired in a timely manner), (h) by mutual consent, (i) Project Developer commits a material breach of this agreement or (j) Project Developer's failure to execute this agreement or upon cancellation or termination of this agreement. Consumers shall electrically connect or reconnect its distribution system to the Project when, in Consumers' sole opinion, the conditions named above cease to exist. Under any of the conditions listed above, Consumers will follow the procedures for disconnecting and re-connecting the interconnection as outlined in Appendix G of the appropriate Michigan Electric Utility Generator Interconnection Procedures document.

**SECTION 7
INDEMNITY; INSURANCE**

7.1 Indemnity

To the extent permitted by law, Project Developer covenants and agrees that it shall hold Consumers, and all of its agents, employees, officers and affiliates harmless for any claim, loss, damage, cost, charge, expense, lien, settlement or judgment, including interest thereon, whether to any person or property or both, arising directly or indirectly out of, or in connection with this Agreement, the Project, or any of Project Developer's facilities and associated appurtenances, to which Consumers or any of its agents, employees, officers or affiliates may be subject or put by reason of any act, action, neglect or omission on the part of Consumers or the Project Developer or any of its contractors or subcontractors or any of their respective officers, agents, employees, and affiliates (excluding claims based on Consumers' reckless or intentional misconduct). If this Agreement is one subject to the provisions of Michigan Act No. 165, PA 1966, as amended, then Project Developer will not be liable under this section for damages arising out of injury or damage to persons or property directly caused or resulting from the sole negligence of Consumers, or any of its officers, agents or employees. The provisions of this Subsection 7.1 shall survive termination or expiration of this Agreement.

7.2 Insurance

Project Developer 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 Consumers, and covering bodily injury and property damage liability with a per occurrence and annual policy aggregate amount of at least:

Interconnection Level	Minimum Limit
4	\$2,000,000
5	\$3,000,000

When requested in writing by Consumers, 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 Project Developer under this Agreement.

Consumers Energy Company, its Directors, Officers, and Employees are to be included as ADDITIONAL INSUREDS and such coverage shall be primary to any insurance maintained by Consumers Energy Company. Consumers shall not be responsible for any unpaid premiums under Project Developer policy.

Evidence of insurance coverage on a certificate of insurance shall be provided to Consumers 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, Consumers 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. Project Developer shall provide Consumers thirty (30) days advance written notice if the policy is cancelled or substantial changes are made that affect the additional insured. At Consumers' request, Project Developer shall provide a copy of the policy to Consumers.

All certificates and notices shall be sent to:

CONSUMERS ENERGY COMPANY
Attn: Insurance Risk Management One Energy Plaza
Jackson, MI 49201-2276
InsuranceCertificates@cmsenergy.com

**SECTION 8
LIMITATION ON LIABILITY**

Neither party shall in any event be liable to the other for any incidental or consequential damages such as, but not limited to, lost profits, revenue or good will, interest, loss by reason of shutdown or non-operation of equipment or machinery, increased expense of operation of equipment or machinery, cost of purchased or replacement power or services or claims by customers, whether such loss is based on contract, warranty, negligence, strict liability or otherwise, even if it has been advised of the possibility of such damages.

**SECTION 9
FORCE MAJEURE**

Neither Party shall be liable for failure to perform any of its obligations hereunder, to the extent due to fire, flood, storm, other natural disaster, national emergency or war (referred to collectively as "Force Majeure"), and not due to labor problems, 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.

SECTION 10
DEFAULT

A default of this Agreement (“Default”) shall occur upon the failure of a Party to perform or observe any material term or condition of this Agreement, which includes, but is not limited to:

- a. Failure to pay money when due;
- b. Failure to comply with any material term or condition of this Agreement, including but not limited to any breach of any material representation, warranty or covenant made in this Agreement;
- c. A Party: (i) becomes insolvent; (ii) files a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; (iii) makes a general assignment for the benefit of its creditors or (iv) consents to the appointment of a receiver, trustee or liquidator;
- d. Assignment of this Agreement in a manner inconsistent with the terms of this Agreement;
- e. Failure of either Party to provide information or data to the other Party as required under this Agreement, provided the Party entitled to the information or data under this Agreement requires such information or data to satisfy its obligations under this Agreement.

In the event of a Default by either Party, the Parties shall continue to operate and maintain, as applicable, its Interconnection Facilities, protection and Metering Equipment, transformers, communication equipment, building facilities, software, documentation, structural components and other facilities and appurtenances that are reasonably necessary for Consumers to operate and maintain Consumers’ distribution system and for the Project Developer to operate and maintain its Project in a safe and reliable manner. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. The defaulting Party then has 30 days to cure the Default. If a Default is not cured within the period provided for herein or as agreed to by the Parties, the non-defaulting Party shall have the right to terminate this Agreement and recover any damages and/or pursue any other remedies available under this Agreement, by law, or in equity. Termination is not the non-defaulting Party’s exclusive remedy and is in addition to any other rights and remedies it may have under this Agreement or by law. Failure of non-defaulting Party to exercise any of its rights under this Section shall not excuse defaulting Party from compliance with the provisions of this Agreement nor prejudice rights of Consumers to recover damages for such default.

SECTION 11
SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective Parties hereto. This Agreement shall not be assigned, transferred or otherwise alienated without the other Party's prior written consent, which consent shall not unreasonably be withheld. Any attempted assignment, transfer or alienation without such written consent shall be void.

SECTION 12
GOVERNING LAW

This Agreement shall be deemed to be a Michigan contract and shall be construed in accordance with and governed by the laws of Michigan, exclusive of its conflict of laws principles.

SECTION 13
EFFECTIVE DATE, TERM AND TERMINATION

The Effective Date of this Agreement shall be the date of execution and shall continue in effect until this Agreement is terminated as provided herein. The Agreement may be terminated at any time by mutual agreement of both Parties, or by either Party upon giving the other at least ninety (90) days written notice if one or more of the conditions exist as outlined in Subsection 6.7, Consumers’ Obligation to Connect.

SECTION 14
RETIREMENT

Upon termination of this Agreement pursuant to Section 13 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 said 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 Project Developer.

SECTION 15
ENTIRE AGREEMENT AND AMENDMENTS

This Agreement and the Michigan Electric Utility Generator Interconnection Procedures shall constitute the entire understanding between the Parties with respect to the subject matter hereof, supersedes any and all previous understandings between the Parties with respect to the subject matter hereof, and bind and insure to the benefit of the Parties, their successors, and permitted assigns. No amendments or changes to this Agreement shall be binding unless made in writing and duly executed by both Parties.

SECTION 16
NO PARTNERSHIP

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

SECTION 17
SEVERABILITY

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (i) such portion or provision shall be deemed separate and independent, (ii) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (iii) the remainder of this Agreement shall remain in full force and effect.

SECTION 18
NOTICE TO PARTIES

Unless otherwise provided in this Agreement, any notice, consent or other communication required to be made under this Agreement, shall be in writing and (i) mailed postage prepaid, by certified or registered mail, return receipt requested; (ii) mailed via a nationally recognized overnight delivery service, (iii) delivered in person to the address as the receiving Party may designate in writing, or (iv) delivered via electronic mail to the address as the receiving Party may designate in writing.

Consumers Energy Company
1945 West Parnall Road P12-235
Jackson, Michigan 49201
distribution.agreements@cmsenergy.com

ADDRESS
ADDRESS
ADDRESS
ADDRESS
EMAIL

All notices shall be effective when received.

SECTION 19
NO THIRD PARTY BENEFICIARIES

This Agreement is intended for the benefit of the Parties hereto and does not grant any rights to any third parties unless otherwise specifically stated herein.

DRAFT

SECTION 20
SECTION HEADINGS

The various headings set forth in this Agreement are for convenience of reference only and shall in no way affect the construction or interpretation of this Agreement.

SECTION 21
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.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

CONSUMERS ENERGY COMPANY

Customer Name

By: _____
(Signature)

By: _____
(Signature)

(Print or Type Name)

(Print or Type Name)

Title: _____

Title: _____

Date: _____

Date: _____

Review and Approval		
Reviewer	Initials	Date

EXHIBIT 1
SCOPE OF FACILITIES

1.1 General Facilities

Such facilities and associated appurtenances as required to interconnect Consumers' existing ____ - ____ distribution line to the Project Developer's [new / modified](#) ____ Project by way of a new or modified interconnection, which shall include, but shall not be limited to the following:

1.2 Project Developer's Interconnection Facilities

(Insert file containing Project Developer's Interconnection Facilities below)

1.3 Consumers' Interconnection Facilities

(Insert file containing Consumers' Interconnection Facilities below)

DRAFT

EXHIBIT 2
WIRING DIAGRAM

(Insert file containing Wiring Diagram below)

**EXHIBIT 3
PAYMENT SCHEDULE**

Payment	Amount Due	Milestone Description
1	\$	Upon execution of this Agreement
2	\$	Two months prior to start of Construction
	\$	Total Estimated Conceptual Cost
3	True-up (invoice or refund)	Four months after Construction Complete

EXHIBIT 4
POINT OF DELIVERY