

**SMALL RENEWABLE GENERATION  
INTERCONNECTION AGREEMENT**

**BETWEEN**

**PUBLIC UTILITY DISTRICT NO.1  
OF SNOHOMISH COUNTY, WASHINGTON**

**AND**



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This small renewable generation interconnection agreement is dated [REDACTED], [REDACTED], 20[REDACTED], and is between Public Utility District No. 1 of Snohomish County, Washington (“District”), a municipal corporation organized and existing under the laws of the State of Washington and [REDACTED], (“Interconnection Customer”) a [REDACTED].

## RECITALS

The Interconnection Customer intends to install a generating unit located at [REDACTED] (“Generator”) with a nameplate capacity of not more than [REDACTED] megavolt amperes (“MVA”), to be interconnected and operated in parallel with the District’s Electric System.

The Interconnection Customer has submitted and the District has approved a Preliminary Application for Generator Interconnection (Form 6-1 of the District’s Electrical Service Requirements) and a Final Application for Parallel Operation of Customer-Owned Generation (Form 6-2 of the District’s Electrical Service Requirements).

The parties have executed a System Impact Study Agreement [and, if applicable, a Facilities Study Agreement,] as required by the District’s Electrical Service Requirements.

The Interconnection Customer intends to enter into a separate Small Renewable Generation Power Purchase Agreement with the District whereby the District has agreed to purchase the output of the Generator pursuant to the terms and conditions of the Small Renewable Generation Power Purchase Agreement.

The parties therefore agree as follows:

### Article 1. Scope and Limitations of Agreement

- 1.1 Purpose: This agreement governs the terms and conditions under which the Interconnection Customer’s Generator will interconnect with, and operate in parallel with, the District’s Electric System.
- 1.2 No Agreement to Purchase or Deliver Power: This agreement does not constitute an agreement to purchase or deliver the Interconnection Customer’s power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements. The Interconnection Customer will be responsible for separately making all necessary agreements for the purchase and delivery of electricity from the District and the purchase of electricity by the District. The Interconnection Customer will also be responsible for separately making all necessary agreements associated with such energy delivery in accordance with the Bonneville Power Administration’s then current business practices.
- 1.3 Limitations: Nothing in this agreement is intended to affect any other agreement between the District and the Interconnection Customer.

1.4 Responsibilities of the Parties:

- 1.4.1 The parties shall perform all obligations of this agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.
- 1.4.2 The Interconnection Customer shall construct, interconnect, operate and maintain the Generator and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, in accordance with this agreement, and Good Utility Practice.
- 1.4.3 The District shall construct, operate, and maintain its Electric System and Interconnection Facilities in accordance with this agreement, and with Good Utility Practice.
- 1.4.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electric Code, National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national, state and local codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Generator so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the District's Electric System and any Affected Systems .
- 1.4.5 Each party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in this agreement or in the attachments hereto. Each party shall be responsible for the safe installation, maintenance, repair and condition of its respective lines and appurtenances, including such lines and appurtenances which are under its ownership pursuant to this agreement. Each party shall be responsible for compliance with all environmental laws related to the operation of the equipment owned by that party, including, but not limited to, compliance with regulations governing the use and disposal of hazardous or toxic materials and the use and disposal of oil used in electric equipment. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachment 2 to this agreement.
- 1.4.6 The Interconnection Customer shall be responsible for installing and maintaining any and all electrical protection equipment, such as surge protection devices, fusing, circuit breakers, relay protection controls and single phase protection (including but not limited to suitable protective apparatus on all motor installations to protect against single phasing of three-phase motors), which may be necessary or appropriate in the sole judgment of the District to fully protect the District's Electric System, Affected Systems, the District's Interconnection Facilities, the District's personnel, and other persons from damage and injury and to prevent damage from

reasonably foreseeable potential electrical disturbances such as reduced voltage, loss of service, over voltage, loss of phase wire and short circuit faults arising from operation of the Generator, on the Interconnection Facilities, on the District's Electric System or an Affected System. If the District reasonably determines that any of the Interconnection Customer's equipment, facilities or the use thereof may impair service to District customers or customers on an Affected System, the Interconnection Customer agrees that upon request by the District, the Interconnection Customer will at its own expense promptly take such steps as are necessary, in the opinion of the District, to correct the situation, including but not limited to the installation of proper corrective apparatus. If the parties disagree about whether an action called for by the District under this Section 1.4.6 is in fact required to prevent impairment of service on the District's Electric System or an Affected System, the Interconnection Customer shall nonetheless take the action in accordance with the District's instructions. If the Interconnection Customer believes that the action was not required under the terms of this Section 1.4.6, the Interconnection Customer may pursue a claim against the District under Article 9 (Dispute Resolution) for the cost difference between the action required by the District and the action warranted to prevent impairment of service on the District's Electric System or an Affected System.

1.4.7 The Interconnection Customer shall also be responsible for installing and maintaining any and all electrical protection equipment, such as surge protection devices, fusing, circuit breakers, relay protection controls and single phase protection (including but not limited to suitable protective apparatus on all motor installations to protect against single phasing of three-phase motors), which may be necessary or appropriate to fully protect the Generator, the Interconnection Customer's Interconnection Facilities and the Interconnection Customer's other property and personnel from damage and injury and to prevent damage from reasonably foreseeable potential electrical disturbances such as reduced voltage, loss of service, over voltage, loss of phase wire and short circuit faults arising on the District's Electric System or an Affected System.

1.4.8 Each party agrees to make changes to the Interconnection Facilities it owns, and the Interconnection Customer agrees to make such changes to the Generator, as may be reasonably required to cause such facilities to comply with applicable changes in Operating Requirements, or Applicable Laws and Regulations. The cost responsibility for such changes shall be as specified in Article 4 of this agreement. If necessary, the Interconnection Customer shall pay for a System Impact Study to identify upgrades to the Interconnection Facilities and Electric System made necessary by any change required under this Section 1.4.8.

1.5 Parallel Operation Obligations: Once the Generator has been authorized to commence parallel operation pursuant to Sections 2.2.2 and 2.2.3 of this agreement, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Generator, including, but not limited to; (1) the rules and procedures

concerning the operation of generation set forth in the District's Electric Service Requirements; (2) the additional operating requirements necessary for operation on the District's Electric System and Affected Systems set forth in Attachments 5 and 6 of this agreement; and, (3) any applicable rules, business practices or operating requirements prescribed by the Bonneville Power Administration, the North American Electric Reliability Organization, any officially-recognized regional electric reliability organization with jurisdiction over the Interconnection Customer, and any successor organizations.

- 1.6 Metering: The output of the Generator shall be metered in accordance with the metering requirements set forth in the Small Renewable Generation Power Purchase Agreement. The Interconnection Customer is responsible to provide a telephone line or other acceptable means by which the District can communicate with or query the generator production meter and as required by the Bonneville Power Administration agreements.
- 1.7 Reactive Power: The Interconnection Customer shall design its Generator to maintain a composite power delivery at continuous rated power output at the Interconnection Point at a power factor within the range specified in Attachment 5.
- 1.8 Balancing Phases: The Interconnection Customer shall at all times generate and deliver Electrical Output in such a manner that the Electrical Output at the Interconnection Point will not be unbalanced between phases by more than the amount specified in Attachment 5. If the Electrical Output delivered at the Interconnection Point is unbalanced by more than the amount specified in Attachment 5, the Interconnection Customer will install at its own expense, as may be required from time to time by the District, any equipment necessary to correct such condition.
- 1.9 Harmonic Currents: The Interconnection Customer will at its own expense, install or cause to be installed, any equipment as may be required from time to time by the District, or to comply with IEEE Std. 519 – Recommended Practices and Requirements for Harmonic Control in Electric Power Systems, to prevent the transmission into the District's electric system of harmonic currents, which result from the operation of the Interconnection Customer's equipment, including the Generator and Interconnection Facilities.
- 1.10 Synchronization: The Interconnection Customer shall be responsible for ensuring that whenever the Generator is brought on-line, the Generator is synchronized to the District's Electric System before connection to the Electric System.
- 1.11 Delivery Voltage: The Interconnection Customer shall deliver Electrical Output to the Interconnection Point at a standard voltage level of [REDACTED] kilovolts (“[REDACTED] kV”) or at such other voltage to which the parties may agree in writing.
- 1.12 Defined Terms: Capitalized terms used herein shall have the meanings specified in Article 13 of this agreement, in the body of this agreement, or in the District's Electrical Service Requirements, as the case may be.



## **Article 2. Inspection, Testing, Authorization, and Right of Access**

### **2.1 Equipment Testing and Inspection:**

2.1.1 The Interconnection Customer shall test and inspect its Generator and Interconnection Facilities prior to interconnection. Such tests shall meet the requirements and protocols set forth in Attachment 6 to this agreement. The Interconnection Customer shall notify the District of such activities no fewer than five Business Days (or as may be agreed to by the parties) prior to such testing and inspection, and shall furnish a proposed test plan. Testing and inspection shall occur during one or more Business Days. The District may, at its own expense, send qualified personnel to the Generator site to inspect the Generator, Interconnection Facilities, appurtenant facilities and observe the testing. The Interconnection Customer shall provide the District a written test report when such testing and inspection is completed.

2.1.2 The District shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the District of the safety, durability, suitability, or reliability of the Generator or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Generator.

### **2.2 Authorization Required Prior to Parallel Operation:**

2.2.1 The District shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this agreement. Additionally, the District shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The District shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Generator in parallel with the District's Electric System until testing as required in Section 2.1 of this agreement is completed and acknowledged by the District. The Interconnection Customer shall, in addition, obtain the written authorization of the District, which written authorization shall not be unreasonably delayed, prior to commencing parallel operations with the District's Electric System. The District will provide such authorization once the District receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements.

2.2.3 The parties agree that the Interconnection Customer shall not energize the Generator until the Interconnection Customer has provided to the District written

confirmation, in accordance with Section 12, that the Interconnection Customer has addressed and complied with all applicable federal, state and local environmental and land use laws and regulations which shall include, but are not limited to: (1) the oil pollution prevention regulations codified at 40 Code of Federal Regulations Part 112; (2) the Washington Solid Waste Management Act as codified in Revised Code of Washington (“R.C.W.”) Chapter 70.95; (3) the Washington Model Toxics Control Act, R.C.W. Chapter 70.105D; and, (4) the Federal Water Pollution Control Act, 33 United States Code §§ 1251 et seq.

### 2.3 Right of Access:

- 2.3.1 The Interconnection Customer shall furnish, at no cost to the District, all necessary rights of way or easements upon, over, under, and across lands owned or controlled by the Interconnection Customer and/or its affiliated interests for the construction and operation of District-owned Interconnection Facilities or meters under this agreement, and shall give the District or its agents, reasonable access to such facilities. The Interconnection Customer grants to the District, the rights of free ingress and egress to the Interconnection Customer’s premises to the extent necessary for the purpose of installing, testing, reading, inspecting, repairing, operating, altering or removing the District’s Interconnected Facilities and meters located on the Interconnection Customer’s premises or for such other purposes as necessary to enable the District to receive electric energy or suspend the receipt thereof pursuant to the terms of this agreement, or to determine the Interconnection Customer’s compliance with this agreement. If any part of the District’s Interconnection Facilities, Distribution Upgrades, or meters are to be installed on property owned by any entity other than the District or the Interconnection Customer, the Interconnection Customer shall procure from the owners thereof all necessary permanent property rights, rights of way, and easements for the construction, operation, maintenance and replacement of District facilities upon such property in a form reasonably satisfactory to the District.
- 2.3.2 Upon reasonable notice, the District may send a representative to the premises of the Interconnection Customer at or before the time the Generator first produces energy to inspect the interconnection, and observe the commissioning of the Generator (including any required testing), startup, and operation. In addition, the Interconnection Customer shall notify the District at least five Business Days prior to conducting any on-site verification testing of the Generator.
- 2.3.3 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition or for reasons of safety of District personnel or the public, the District shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this agreement or if necessary to meet its legal obligation to provide service to its customers.

- 2.3.4 In connection with the District's exercise of access rights under this Article 2, while on the Interconnection Customer's premises, the District's personnel and agents shall comply with all applicable safety rules or regulations of the Interconnection Customer that are communicated by the Interconnection Customer to the District.

### **Article 3. Effective Date, Term, Termination, Disconnection, and Events of Default**

3.1 Term of Agreement: This agreement shall become effective upon execution by the parties and shall remain in effect until the Generator is permanently disconnected from the District's Electric System pursuant to Section 3.2.

3.2 Termination:

3.2.1 Either party may terminate this agreement upon occurrence of an Event of Default by the other party. This agreement may also be terminated upon mutual written consent of the parties.

3.2.2 Upon occurrence of an Event of Default or mutual writing terminating this agreement, the Generator shall be permanently disconnected from the District's Electric System, and either permanently shut down or completely electrically isolated from the District's Electric System, and termination of this agreement shall be effective as of the date such permanent disconnection and shutdown is completed. The termination of this agreement shall not relieve either party of its liabilities and obligations, owed or continuing at the time of the termination and the Interconnection Customer shall remain responsible for all expenses related to construction, operation and maintenance of the Interconnection Facilities and Distribution Upgrades incurred by the District prior to termination until fully reimbursed unless such termination is due to an Event of Default by the District. The District may disconnect the Generator and the Interconnection Facilities from the District's Electric System upon the occurrence of any Interconnection Customer Event of Default and may keep the Generator and Interconnection Facilities disconnected from the District's Electric System for so long as any Interconnection Customer Event of Default continues.

3.3 Temporary Disconnection: Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.3.1 Emergency Conditions: "Emergency Condition" shall mean a condition or situation: (1) that is imminently likely to endanger life or property; or (2) that, in the District's reasonable opinion, is imminently likely to cause a material adverse effect on the security of, or damage to the Electric System, the District's Interconnection Facilities or other Affected Systems. Under Emergency Conditions, the District may immediately suspend interconnection service and

temporarily disconnect the Generator. The District shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Generator. The Interconnection Customer shall notify the District promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the District's Electric System or other Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both parties' facilities and operations, its anticipated duration, and the necessary corrective action.

- 3.3.2 Routine Maintenance, Construction, and Repair: The District may interrupt interconnection service or curtail the output of the Generator and temporarily disconnect the Generator from the District's Electric System when necessary for routine maintenance, construction, and repairs on the District's Electric System or the Interconnection Facilities. The District shall provide the Interconnection Customer with five Business Days' notice prior to such interruption. The District shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.
- 3.3.3 Unplanned Outages: During any unplanned outage, the District may suspend interconnection service to affect immediate repairs on the District's Electric System or to accommodate repairs on an Affected System.
- 3.3.4 Adverse Operating Effects: The District shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice and in the sole judgment of the District, operation of the Generator may cause disruption or deterioration of service to other customers served by the District or disruption or deterioration of service on Affected Systems, or if operating the Generator could cause damage to the District's Electric System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the District may disconnect the Generator. The District shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.3.1 apply.
- 3.3.5 Modification of the Generator: The Interconnection Customer agrees that it will not modify the Generator or Interconnection Facilities in any manner which will increase the Generator's capability to produce electric power or capacity, or that will change in the design of the Generator or Interconnection Facilities as set forth in the attachments to this agreement without the written consent of the District, which consent shall not be unreasonably withheld, conditioned or delayed. Before undertaking any such modification, the Interconnection Customer shall notify the District and BPA, and must receive written authorization from the District and BPA before making any such change to the Generator or Interconnection Facilities. The

District shall have the right to withhold approval of any change that may have a material impact on the safety or reliability of the Electric System or Affected Systems or any commercial agreement entered into between the District and the Interconnection Customer for the purchase of electric output from the Generator. If the Interconnection Customer makes such modification without the District's prior written authorization, the District shall have the right to disconnect the Generator until such time as the District is satisfied that parallel operation of the Generator can be resumed without undue risk to the safe and reliable operation of the Electric System or Affected Systems. If the Interconnection Customer proposes a modification that substantially increases the output of the generator, or substantially changes the reactive power output or other electrical characteristics of the generator, the Interconnection Customer shall submit an Interconnection Request, as provided in the District's Electrical Service Requirements, to the District describing the proposed modification. If reasonably necessary in the opinion of the District, the Interconnection Customer shall enter into a System Impact Study Agreement and shall pay for any additional upgrades to the District's Electric System as may be identified in the System Impact Study.

- 3.3.6 Reconnection: The parties shall cooperate with each other to restore the Generator, Interconnection Facilities, and the District's Electric System to their normal operating state as soon as reasonably practicable following a temporary disconnection. Reconnection shall follow any procedures set forth in Attachment 5 to this agreement. The District shall have no liability whatsoever for any disconnection carried out pursuant to this agreement.
- 3.4 Events of Default: An Event of Default shall mean, with respect to a party (the "Defaulting Party"), the occurrence of any of the following:
- 3.4.1. The failure of either party to perform its obligations or operate the Generator and Interconnection Facilities, in accordance with all Applicable Laws and Rules, Operating Requirements, and Good Utility Practice, if such failure is not remedied within thirty (30) calendar days of receipt of notice of the failure from the other party.
- 3.4.2. The failure of the Interconnection Customer to operate the Generator and/or its Interconnection Facilities, in accordance with the National Electric Code, National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements and other applicable national, state and local codes and standards, if such failure is not remedied within three (3) Business Days of receipt of notice of the failure from the District.
- 3.4.3. The operation of any facility by the Interconnection Customer, including but not limited to the Generator and Interconnection Facilities, in any manner that presents an immediate threat to the health or safety of District employees or third parties, or presents an immediate threat to the safe and reliable operation of the District's Electric System if: (a) the Interconnection Customer fails to take immediate steps

to isolate the unsafe condition from the District's Electric System, shut down the unsafe equipment or facilities, or otherwise alleviate the threat presented by the unsafe condition immediately upon discovery by the Interconnection Customer or receipt of notice from the District; or (b) the Interconnection Customer fails to take measures as soon as reasonably practicable after discovery or notice to permanently correct the unsafe condition.

- 3.4.4. The Interconnection Customer fails to comply with any of the requirements set forth in this agreement for parallel operation, synchronization, or scheduling, or fails to operate the Generator within the required range for reactive power set forth in this agreement, if the Interconnection Customer fails to take corrective measures immediately upon receipt of notice of the failure from the District.
- 3.4.5. The Interconnection Customer modifies the Generator or Interconnection Facilities without complying with the requirements of Section 3.3.5 of this agreement.
- 3.4.6. The Interconnection Customer fails to comply with the requirements for District access to metering equipment, the Generator or the Interconnection Facilities, as set forth in this agreement.
- 3.4.7. Either party fails to make a payment when due under this agreement if full payment is not received within sixty (60) calendar days after notice of any unpaid amount.

#### **Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades**

##### 4.1 Interconnection Facilities:

- 4.1.1 The Interconnection Customer shall pay for the actual costs of the Interconnection Facilities, an estimate of which is itemized in Attachment 2 of this agreement.
- 4.1.2 The Interconnection Customer shall be responsible for all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the District's Interconnection Facilities.

- 4.2 Distribution Upgrades: The District shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 1 of this agreement. If the District and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, an estimate of which is described in Attachment 1 of this agreement, including overheads, shall be directly assigned to the Interconnection Customer.

- 4.3 Transmission Upgrades: The Interconnection Customer is solely responsible for obtaining and paying for any transmission upgrades necessary to accommodate the output of the Generator on the transmission system of the Bonneville Power Administration or any other Affected System.
- 4.4 Balancing Authority Area Services: As a Generator operating within BPA's Balancing Authority Area, the Interconnection Customer may be required to enter into a Balancing Authority Area Services Agreement ("BAASA") with BPA. If required, Interconnection Customer shall be responsible for all requirements and costs associated with complying with the BAASA, the relevant provisions in BPA's Open Access Transmission Tariff, current BPA Business Practices, and applicable provisions of the General Rate Schedule Provisions, including any and all costs associated with complying with any Curtailment Order, whether issued by BPA or another responsible authority under the BAASA or otherwise.

## **Article 5. Billing, Payment, Milestones and Financial Security**

### **5.1 Billing and Payment Procedures and Final Accounting**

- 5.1.1 The District shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Distribution Upgrades contemplated by this agreement on a bi-monthly basis, unless otherwise specified by the District. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to in writing by the parties (the "Due Date").
- 5.1.2 Within three months of completing the construction and installation of the District's Interconnection Facilities and/or Upgrades described in the Attachments to this agreement, the District shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the District for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the District shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the District within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this agreement, the District shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.
- 5.1.3 Payments not received on or before the applicable Due Date shall be considered overdue. Interest shall accrue on any unpaid overdue amounts at one percent (1%) per month or the maximum judgment interest rate permitted by law, whichever is less, from the date due until such payment is made. In the event that any portion of any invoice is in dispute, the disputed amount shall be paid, under protest, on or

before the Due Date. Upon determination of the correct billing amount, the adjustment, with interest, shall be paid to the party to whom it is owed by the other party within thirty (30) calendar days after such determination. The interest rate applied to such disputed amount shall be one percent (1%) per month or the maximum judgment interest rate permitted by law, whichever is less, from the original due date to the date upon which the adjustment payment is made.

5.2 Milestones: The parties shall agree on milestones for which each party is responsible and list them in Attachment 4 of this Agreement. A party's obligations under this provision may be extended by agreement. If a party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) request appropriate amendments to Attachment 4. The party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the party proposing the amendment.

5.3 Financial Security Arrangements: At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of the District's Interconnection Facilities and Distribution Upgrades, or any portion thereof, the Interconnection Customer shall provide the District a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the District. Such security for payment shall be in an amount sufficient to cover the estimated total costs for constructing, designing, procuring, and installing the applicable portion of the District's Interconnection Facilities and Distribution Upgrades. The Interconnection Customer's financial security obligation under this provision may be reduced on a dollar-for-dollar basis as payments are made to the District under this agreement. In addition:

5.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the District, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

5.3.2 The letter of credit or surety bond must be issued by a financial institution or insured reasonably acceptable to the District and must specify a reasonable expiration date.

5.4 Records: Each party shall keep records and books of account until at least six years after termination of this agreement, in which full and correct entries shall be made of all dealings or transactions of or in relation to this agreement. Each party has the right, at its sole expense and during normal business hours, to examine the books and records of the other party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this agreement.



## **Article 6. Liability, Indemnity, Force Majeure, Consequential Damages, and Default**

- 6.1 Limitation of Liability: NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, NEITHER THE INTERCONNECTION CUSTOMER NOR THE DISTRICT SHALL BE LIABLE UNDER OR PURSUANT TO THIS AGREEMENT FOR INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOST PROFITS, REVENUES OR BENEFITS, LOSS OF USE OF PROPERTY, COST OF CAPITAL, COST OF PURCHASED OR REPLACEMENT POWER OR (EXCEPT ONLY AS AND TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED IN ARTICLE 7 OF THIS AGREEMENT) CLAIMS FOR SERVICE INTERRUPTION, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OR EXISTENCE OF SUCH DAMAGES. This Section 6.1 is intended to limit the liability of one party to the other only. To the extent that liability is incurred to third parties as a result of carrying out the provisions of this agreement, nothing in this Section 6.1 limits the indemnification obligations of Section 6.3.
- 6.2 No Liability for Loss of Interconnection Service: Notwithstanding any other provision of this agreement, neither the District nor any electric utility or federal power marketing authority with which the District is interconnected shall be in breach of or default under this agreement, or have any responsibility or liability whatsoever to the Interconnection Customer or any other person under this agreement or otherwise, for or in connection with any service interruption, suspension, curtailment or fluctuation or disturbance of electric energy originating outside and passing through the Electric System, whatever the cause, or any service interruption, suspension, curtailment or fluctuation or disturbance of electric energy originating inside the Electric System. The Interconnection Customer hereby waives, releases, and holds harmless the District Indemnitees, and any electric utility or federal power marketing authority with which the District is interconnected from and against any and all liabilities, losses, claims, damages, costs, expenses, demands, fines, judgments and penalties in any manner caused by, resulting from or arising out of or in connection with any service interruption, suspension, curtailment or fluctuation or disturbance of electrical energy originating in, or passing through, or in parallel with, or intended for delivery to, the District's Electric System.
- 6.3 Indemnity:
- 6.3.1 Indemnification by the Interconnection Customer. Except as otherwise provided under Section 6.1 of this agreement, the Interconnection Customer hereby indemnifies and agrees to hold harmless and release the District and each and all of the District Indemnitees from and against any and all Covered Liabilities caused by, resulting from, or arising out of or in connection with (i) the Generator or any of the Interconnection Facilities or any other facilities or equipment of the Interconnection Customer, (ii) any negligence or intentional misconduct of the Interconnection

Customer or any of its officers, employees, agents, contractors or subcontractors, or (iii) any failure of the Interconnection Customer duly to perform or observe any term, provision, covenant, agreement or condition hereunder to be performed or observed by or on behalf of the Interconnection Customer. In any and all claims against the District by any employee of the Interconnection Customer, the indemnification and hold harmless obligation herein shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the Interconnection Customer under workers compensation acts, disability benefit acts, or other employee benefit acts; provided, however, that the Interconnection Customer's waiver of immunity by the provisions of this section extends only to claims against the Interconnection Customer by or on behalf of the District under or pursuant to this agreement, and does not include, or extend to, any claims by the Interconnection Customer's employees directly against the Interconnection Customer. Notwithstanding any other provision in this agreement, the District shall not be entitled to indemnity in cases involving the District's gross or intentional negligence.

- 6.3.2 Indemnification by District. Except as otherwise provided in Sections 6.1 and 6.2 of this agreement, the District hereby indemnifies and agrees to hold harmless and release the Interconnection Customer and each and all of the Interconnection Customer Indemnitees from and against any and all Covered Liabilities caused by, resulting from, or arising out of or in connection with (i) any of the District's facilities, (ii) any negligence or intentional misconduct of the District or any of its officers, employees, agents, contractors or subcontractors, or (iii) any failure of the District duly to perform or observe any term, provision, covenant, agreement or condition hereunder to be performed or observed by or on behalf of the District. In any and all claims against the Interconnection Customer by any employee of the District, the indemnification and hold harmless obligation herein shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the District under workers compensation acts, disability benefit acts, or other employee benefit acts; provided, however, that the District's waiver of immunity by the provisions of this section extends only to claims against the District by or on behalf of the Interconnection Customer under or pursuant to this agreement, and does not include, or extend to, any claims by the District's employees directly against the District. Notwithstanding any other provision in this agreement, the Interconnection Customer shall not be entitled to indemnity in cases involving the Interconnection Customer's gross or intentional negligence.
- 6.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

- 6.3.4 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.
- 6.3.5 With respect to any portions of this agreement subject to Section 4.24.115 of the R.C.W., in the event of any concurrent negligence on the part of the Interconnection Customer and the District, the indemnification obligations of the indemnitor under this agreement shall be valid and enforceable only to the extent of the negligence of the indemnitor.
- 6.3.6 Negotiated Waiver of Industrial Insurance Immunity: TO THE EXTENT THAT THE INDEMNITY PROVISIONS OF THIS AGREEMENT APPLY, EACH PARTY SPECIFICALLY AND EXPRESSLY WAIVES ITS IMMUNITY UNDER INDUSTRIAL INSURANCE, TITLE 51 (RCW), AND ACKNOWLEDGES THAT THIS WAIVER WAS MUTUALLY NEGOTIATED BY THE UNDERSIGNED PARTIES.

DISTRICT: \_\_\_\_\_  \_\_\_\_\_

6.4 Environmental Liabilities: Notwithstanding any other provision of this agreement (including this Article 6), the parties shall, in operating and disposing of equipment, materials, wastes, oil, hazardous or toxic substances comply with all applicable federal, state and local environmental and land use laws and regulations which shall include, but are not limited to: (1) the oil pollution prevention regulations codified at 40 Code of Federal Regulations Part 112; (2) the Washington Solid Waste Management Act as codified in Revised Code of Washington ("R.C.W.") Chapter 70.95; (3) the Washington Model Toxics Control Act, R.C.W. Chapter 70.105D; and (4) the Federal Water Pollution Control Act, 33 United States Code §§ 1251 et seq., including any amendments to these laws and regulations hereafter enacted. Each party shall be solely responsible for oil spill prevention, for the containment and cleanup of any oil leaked or spilled from any equipment it owns under this agreement, and for any and all costs associated with the prevention, containment, and cleanup of oil leaked or spilled from the Equipment, and shall hold harmless, release and indemnify the other party for any and all liability, including, but not limited to, tort damages, fines, cleanup and remediation costs, arising from oil spilled from equipment owned by the indemnifying party.

6.5 Force Majeure:

6.5.1 As used in this article, a Force Majeure Event shall mean any cause beyond a party's control, such as 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, any order, regulation or restriction imposed by

governmental, military or lawfully established civilian authorities (including the Bonneville Power Administration). A Force Majeure Event does not include a party's act of negligence or intentional wrongdoing, nor does a Force Majeure Event absolve a party from the obligation to make any payment to the other party when due and owing under this agreement.

- 6.5.2 If a Force Majeure Event prevents a party from fulfilling any obligations under this agreement, the party affected by the Force Majeure Event (Affected Party) shall immediately notify the other party, with such notice to be confirmed in writing as soon as is reasonably practicable, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible. The District shall have no obligation to provide notice under this Section 6.5.2. where wind, storm, flood, earthquake, or fire causes an outage on its Electric System or on an Affected System that prevents the District from providing interconnection service to the Interconnection Customer.

## **Article 7. Insurance**

- 7.1 Interconnection Customer Insurance Coverage: The Interconnection Customer shall obtain and maintain on or with respect to the Generator and Interconnection Facilities at its own expense: (a) liability insurance insuring against liability for bodily injury and physical damage with a minimum limit of \$5,000,000 combined single limit, (b) Employer's Liability Insurance and/or Washington Stop Gap Employer's Liability Insurance with a limit of \$1,000,000 with an insurance company authorized to write such insurance; and (c) an Automobile Liability insurance policy with minimum coverage of at least \$1,000,000 per occurrence. The Interconnection Customer shall, before initiating parallel operation of the Generator, and thereafter at least 15 Business Days prior to the expiration of each insurance policy, furnish the District with original certificates of insurance (together with copies of the underlying policies) evidencing the issuance of a policy or policies to the Interconnection Customer in at least the minimum amounts required herein naming the District as an additional insured thereunder for the liability coverage. Each such policy shall be in such form as may be satisfactory to the District and with insurers qualified to do business in the state of Washington rated A- or better by Best's Key Rating Guide, unless otherwise agreed upon. Each insurance policy shall contain a clause specifying that no action or misrepresentation by the Interconnection Customer shall invalidate such policy against the District. Interconnection Customer agrees that it will give the District 30 calendar days' written notice prior to the cancellation of the insurance policy or a material

change to the insurance policy that is inconsistent with this Section 7.1. The Interconnection Customer hereby appoints the District as the Interconnection Customer's attorney-in-fact to make claim or, receive payment of, and execute and endorse all documents, checks or drafts for loss or damage under any said insurance policy. The District shall be under no duty to ascertain the existence of or to examine any such policy or to advise the Interconnection Customer in the event any such policy shall not comply with the requirements hereof.

- 7.2 District Insurance Coverage: The District agrees to maintain general liability insurance or self-insurance consistent with the District's commercial practice. Such insurance or self-insurance shall not exclude coverage for the District's liabilities undertaken pursuant to this agreement.
- 7.3 Notification: The parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

## **Article 8. Assignment**

- 8.1 District Consent: The Interconnection Customer may assign this agreement to another party only upon receiving the written consent of the District, which the District may not unreasonably withhold. Grounds upon which the District may withhold consent include, but are not limited to, lack of creditworthiness of the proposed assignee and lack of legal authority or expertise of the assignee to meet the Interconnection Customer's obligations under this agreement.
- 8.2 Assignment for Collateral Security: The Interconnection Customer shall have the right to assign this agreement, without the consent of the District, for collateral security purposes to aid in providing financing for the Generator and Interconnection Facilities, provided that the Interconnection Customer will promptly notify the District of any such assignment.
- 8.3 Violation of Article: Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a party of its obligations. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer.

## **Article 9. Dispute Resolution**

- 9.1. AAA: Any dispute arising under this agreement shall be subject to binding arbitration conducted under the commercial arbitration rules of the American Arbitration Association (AAA). Prior to invoking arbitration under this Section 9, the parties shall make a good faith effort to resolve any such dispute through negotiation.

- 9.2. Notice of Dispute: Any party seeking to invoke binding arbitration shall do so by providing to the other party written notice of the matter in dispute, and the resolution thereof proposed by the initiating party.
- 9.3. Discovery: During any arbitration conducted pursuant to this Section 9, the parties shall have the discovery rights provided in the Federal Rules of Civil Procedure.
- 9.4. Costs: Each party shall be responsible for its own costs of arbitration, including without limitation costs for lawyers and witnesses. The costs of the arbitration proceeding and of the arbitrators shall be shared equally by the parties.

## **Article 10. Taxes**

- 10.1 Parties to Follow all Laws and Regulations: The parties agree to follow all applicable tax laws and regulations, consistent with Washington Department of Revenue and Internal Revenue Service requirements.
- 10.2 Parties to Cooperate: Each party shall cooperate with the other to maintain the other party's tax status. Nothing in this agreement is intended to adversely affect the District's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

## **Article 11. Miscellaneous**

- 11.1 Governing Law, Regulatory Authority, and Rules: The validity, interpretation and enforcement of this agreement and each of its provisions shall be governed by the laws of the State of Washington, without regard to its conflicts of law principles. Venue for any action arising under or in connection with this agreement shall be in the Superior Court for Snohomish County, Washington, or in the United States District Court for the Western District of Washington.
- 11.2 Amendment: The parties may amend this agreement only by a written instrument duly executed by both parties.
- 11.3 No Third-Party Beneficiaries: This agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the parties, and the obligations herein assumed are solely for the use and benefit of the parties, their successors in interest and where permitted, their assigns.
- 11.4 Waiver:
- 11.4.1 The failure of a party to this agreement to insist, on any occasion, upon strict performance of any provision of this agreement will not be considered a waiver of

any obligation, right, or duty of, or imposed upon, such party.

- 11.4.2 Any waiver at any time by either party of its rights with respect to this agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this agreement. Any waiver of this agreement shall, if requested, be provided in writing.
- 11.5 Entire Agreement: This agreement, including all Attachments, constitutes the entire agreement between the parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the parties with respect to the subject matter of this agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either party's compliance with its obligations under this agreement.
- 11.6 Multiple Counterparts: This agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 11.7 No Partnership: This agreement shall not be interpreted or construed to create an association, joint venture, franchise, agency relationship, or partnership between the parties or to impose any partnership or franchise obligation or 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, except as expressly set forth herein.
- 11.8 Conflicting Provisions: To the extent the terms of this agreement conflict with the terms of the Small Renewable Generation Power Purchase Agreement between the District and the Interconnection Customer, the terms of the Small Renewable Generation Power Purchase Agreement between the District and the Interconnection Customer shall govern.
- 11.9 Environmental Releases: Each party shall notify the other party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Generator or the Interconnection Facilities, each of which may reasonably be expected to affect the other party. The notifying party shall (1) provide the notice as soon as practicable, provided such party makes a good faith effort to provide the notice no later than 24 hours after such party becomes aware of the occurrence, and (2) promptly furnish to the other party copies of any publicly available reports filed with any governmental authorities addressing such events.
- 11.10 Subcontractors: Nothing in this agreement shall prevent a party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this agreement; provided, however, that each party shall require its subcontractors to comply with all applicable terms and conditions of this agreement in providing such services and each party shall remain primarily liable to the other party for the performance of such subcontractor.

11.10.1 The creation of any subcontract relationship shall not relieve the hiring party of any of its obligations under this agreement. The hiring party shall be fully responsible to the other party for the acts or omissions of any subcontractor the hiring party hires as if no subcontract had been made; provided, however, that in no event shall the District be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this agreement. Any applicable obligation imposed by this agreement upon the hiring party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such party.

11.10.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

**Article 12. Notices**

12.1 General: Unless otherwise provided in this agreement, any written notice, demand, or request required or authorized in connection with this agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national carrier service, or sent by first class mail, postage prepaid, to the person specified below:

If to **the Interconnection Customer**:

Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ (Office) Fax: \_\_\_\_\_.

If to the District:

Snohomish County PUD No. 1  
Attention: Assistant General Manager, Power & Transmission Services  
Address: PO Box 1107  
2320 California Street  
Everett, WA 98206-1107  
Phone: 425-783-1825 Fax: 425-783-8640



12.2 Billing and Payment: Billings and payments shall be sent to the addresses set out below:

If to **the Interconnection Customer**:

Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ (Office) Fax: \_\_\_\_\_.

If to the District:

Snohomish County PUD  
Attention: **Rick Parris, Energy Accountant**  
Address: PO Box 1107  
2320 California Street  
Everett, WA 98206-1107  
Phone: 425-783-8695 Fax: 425-783-1630

12.3 Designated Operating Representative: The parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this agreement. This person will also serve as the point of contact with respect to operations and maintenance of the party's facilities.

**Interconnection Customer**'s Operating Representative:

Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ (Office) Fax: \_\_\_\_\_.

The District's Operating Representative:

Snohomish County PUD No. 1  
Attention: Senior Manager, Power Supply  
Address: P.O. Box 1107  
2320 California Street  
Everett, Washington, 98206-1107  
Phone: 425-783-1604 Fax: 425-258-4640

12.4 Changes to the Notice Information: Either party may change this information by giving five Business Days written notice prior to the effective date of the change.

## **Article 13. Defined Terms**

As used in this agreement, the following terms shall have the meanings set forth below:

**Affected System** – An electric system other than the District's Electric System that may be affected by the proposed interconnection, the Generator, or the Interconnection Facilities.

**Applicable Laws and Regulations** – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

**Bonneville Power Administration (BPA)** – BPA is the Balancing Authority for the District and its service territory. As the Balancing Authority, BPA is responsible for maintaining load-interchange-generation balance, and supports Interconnection frequency of the electric grid in real time, for that portion of the interconnected electric transmission system serving the District. BPA is also responsible for the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority Area. The Balancing Authority maintains load-resource balance within this area

**Business Day** – Each day this is not a weekend day or a federal or District holiday.

**Covered Liabilities** -- Any and all liabilities, losses, claims, damages, costs, demands, fines, judgments and penalties, together with reasonable attorneys' fees and out-of-pocket expenses incurred in connection with any of the foregoing.

**Commercial Operation** – the status of a generator that has commenced generating electricity for sale, excluding electricity generated during testing.

**Commercial Operation Date** – the date on which the Generator commences Commercial Operation as agreed to by the Parties pursuant to Exhibit D.

**Curtailed Order** – Any order issued by BPA or any successor Balancing Authority, the District, or other interconnection service provider requiring the Generator to suspend or curtail Electrical Output in response to system conditions, a system emergency, or otherwise to maintain reliability of the interconnected electric system, and includes, but is not limited to, orders issued by BPA under its Dispatch Standing Order No. 216 or any successor order, BPA's Oversupply Management Protocol or any successor policy, and any BPA Business Practice. If the policy or practices of BPA or any successor Balancing Area Authority, the District, or other interconnection service provider with respect to curtailments change during the term of this agreement, the parties shall cooperate in good faith to agree upon an amendment to this agreement to implement the changed policy or practice and to allocate its effect between the parties.

**Distribution Upgrades** – The additions, modifications, and upgrades to the District's Electric System at or beyond the Interconnection Point to facilitate interconnection of the Generator. Distribution Upgrades do not include Interconnection Facilities.

**District Indemnites** -- The District and its Commissioners, officers, employees and agents and each of the heirs, personal representatives, successors and assigns of any of the foregoing.

**District Interconnection Facilities**— The Interconnection Facilities described in Attachment 2 of this agreement that are to be owned by the District.

**Electric System** – All facilities and equipment owned by the District and used to provide electric service within Snohomish County and Camano Island, Washington, including all facilities associated with the District’s Jackson Hydroelectric Project.

**Electrical Service Requirements** – The District’s regulations and policies setting forth the engineering and other requirements for receiving electrical service from the District, including interconnection service.

**Generator** – The electrical generating unit(s) located at [REDACTED] with a maximum capacity of [REDACTED] MVA.

**Good Utility Practice** – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be the acceptable practices, methods, or acts generally accepted in the region.

**Governmental Authority** – (a) Any federal, state, local, municipal or other government, or (b) any other governmental, quasi-governmental, regulatory or administrative agency, commission or other authority (including BPA) lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, policy, regulatory or taxing authority or power; provided, however, that such term does not include the Interconnection Customer or the District, or any Affiliate thereof.

**Interconnection Customer Indemnites** -- [REDACTED] and its officers, employees and agents and each of the heirs, personal representatives, successors and assigns of any of the foregoing.

**Interconnection Customer Interconnection Facilities**— The Interconnection Facilities described in Attachment 2 of this agreement that are to be owned by [REDACTED].

**Interconnection Facilities** – The District Interconnection Facilities and the Interconnection Customer Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generator and the Interconnection Point, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generator

to the District's Electric System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades.

**Interconnection Point** – The point where the Interconnection Facilities connect with the District's Electric System.

**Interconnection Request** – The Interconnection Customer's request, in accordance with the District's Electrical Service Requirements, to interconnect a new generating facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing generating facility that is interconnected with the District's Electric System.

**Operating Requirements** – Any operating and technical requirements that may be applicable due to mandates or guidelines issued by the Western Electric Coordinating Council, the National Electric Reliability Council, North American Electric Reliability Organization, any Electric Reliability Organization that may be recognized by the Federal Energy Regulatory Commission under Section 1211 of the Energy Policy Act of 2005, the Bonneville Power Administration, or District requirements, including those set forth in this agreement and those set forth in the District's Electrical Service Requirements, Facility Connection Requirements, and Construction Standards.

**Point of Common Coupling (“PCC”)** – The point where the Interconnecting Customer's local electric power system connects to the District distribution system. In the case of \_\_\_\_\_ it is the \_\_\_\_\_.

**Reasonable Efforts** – With respect to an action required to be attempted or taken by a party under this agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a party would use to protect its own interests.

**Small Renewable Generation Power Purchase Agreement** means the Small Renewable Generation Power Purchase Agreement between Public Utility District No. 1 of Snohomish County, Washington and the Interconnection Customer governing the sale of the electrical output of the Generator to the District.

**Article 14. Signatures**

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their respective duly authorized representatives.

For the District

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

For 

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Distribution Upgrades and Best Estimate of Upgrade Costs**

The District shall describe Distribution Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades.

The Distribution Upgrades identified in this attachment are intended to address the following:

1. Protection requirements
2. Control requirements
3. Metering requirements
4. Communications requirements
5. Telemetry requirements
6. Reactive Power requirements

**Description of the Generator, Interconnection Facilities  
and Best Estimate of District Costs**

A description of the Generator shall be provided, including fuel source, location, voltage and capacity. Equipment, including the Interconnection Facilities and metering equipment, shall be itemized and identified as being owned by the Interconnection Customer or the District. The District shall describe required Upgrades to the Interconnection Facilities and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades.

The Interconnection Facilities Upgrades identified in this attachment are intended to address the following:

1. Protection requirements
2. Control requirements
3. Metering requirements
4. Communications requirements
5. Telemetry requirements
6. Reactive Power requirements

**One-line Diagram Depicting the Generator, Interconnection  
Facilities, Metering Equipment, and Upgrades**



**Sample Milestones**

In-Service Date: \_\_\_\_\_

Critical milestones and responsibility as agreed to by the Parties:

<b>Milestone/Date</b>	<b>Responsible Party(ies)</b>
(1) Execution of Interconnection Agreement	District/Interconnection Customer
(2) Execution of BPA Generation Integration Construction Agreement	Interconnection Customer
(3) Execution of BPA Balancing Authority Services Agreement	Interconnection Customer
(4) Execution of BPA Customer Data Entry Agreement	Interconnection Customer
(5) Install new generation meter at meter base	District
(6) Furnish proposed test plan to District (per Section 2.1.1)	Interconnection Customer
(7) Witness Testing	District/Interconnection Customer
(8) Provide written witness test report	District/Interconnection Customer
(9) Provide certificates of insurance (together with copies of the underlying policies) to District (per Section 7.1)	Interconnection Customer
(10) Provide letter authorizing parallel operation (per Sections 2.2.2 and 2.2.3)	District
(11) Provide letter confirming Commercial Operation Date	Interconnection Customer

Agreed to by:

For the District \_\_\_\_\_ Date \_\_\_\_\_

For the Interconnection Customer \_\_\_\_\_ Date \_\_\_\_\_

## Operating Requirements

This Attachment will specify requirements involved with the coordinated operation of the District's electric system and the Generator. The scope of requirements may include, but is not limited to, the following topics:

1. Voltage Regulation
2. Power Quality
3. Operational procedures
  - a. Customer
  - b. District
4. Testing and maintenance requirements
5. Scheduling requirements (see PPA, as applicable)

### Notes:

1. The above requirements will be updated once the project completes testing. Therefore, a Condition Subsequent will be to update this Attachment 5. This task should be included in the Milestones document to ensure the District and the Interconnection Customer implement Operating Requirements that work in the post-test environment.
2. The District resides within the Bonneville Power Administration's Balancing Area (BA). As a result, Generators interconnecting to the District's electric system are also subject to BPA's interconnection requirements.

## **Testing and Start-Up Requirements**

This Attachment will specify detailed testing requirements to ascertain proper function of the design, control schemes, and protection schemes of the Generator Interconnection. In general, the design of the interconnection should comply with IEEE Std 1547-2003, IEEE Standard for Interconnecting Distributed Resources with Electric Power Systems, where applicable, and will include functions specified by the District. Operation of District-required protective functions must be demonstrated prior to parallel operation. The scope of requirements may include, but is not limited to, the following topics:

### **1. Design Tests**

Design tests shall be performed on equipment interconnecting to District's system to determine that the equipment performs within its specifications and performs its functions as intended. Upon request, customers will provide to the District design test procedures and documentation of design test results for any piece of equipment that will be interconnected to District's system. Certifications from an accredited product certifier such as ISO, UL, etc. may be accepted as documentation of design testing. At a minimum, the testing documentation shall include the following:

- A test to demonstrate that the generator disconnects from the District's system and ceases to energize it for abnormal voltage and frequency. Voltage, frequency, and associated time limits will be specified by the District.
- The synchronization scheme and equipment shall be tested to verify that they perform within the requirements specified by the District.
- A test to determine the maximum start-up current for inverter-based technologies that do not produce fundamental voltage prior to closing the paralleling device to estimate the magnitude of voltage flicker.
- A test to demonstrate the generator's anti-islanding functions and confirm that it will cease to energize the District's system for an unintentional island.
- A test to confirm that the generator does not inject DC current greater than the limits specified by the District for inverter based technologies.
- A test to confirm that the generator does not inject harmonic currents or produce harmonic voltages greater than the limits specified by the District.
- Ratio test for all instrument transformers used in protective relay schemes.
- Calibration tests for all protective relays which operate on electrical quantities showing time of operation versus applied operating quantities (for all District-required protective functions).

### **2. Commissioning Tests**

Commissioning tests shall be performed on equipment interconnecting to District's system to determine that it performs at its set points and as intended after installation, but before interconnecting to District facilities. At least two weeks prior to scheduling the witness testing demonstration with District personnel, the customer shall submit to the District

commissioning test procedures and documentation of design test results for any piece of equipment that will be interconnected to the District's system and for all protective systems and components required by the District. The customer shall inspect or test the following during commissioning:

- System grounds shall be inspected to ensure that they are present and in the proper location.
- The District-required isolation device shall be inspected to ensure its presence and operability.
- Verify compatibility of generator's phase rotation and phasing with the District's system.
- Anti-islanding functions and the generator's response to abnormal voltage and frequency shall be tested.
- Connection of instrument transformers to protective relays, including polarity where required for proper operation, must be demonstrated.
- All protective relays, including associated circuitry to interrupting devices, and protective schemes shall be operated to verify that they trip the intended interrupting device.
- All SCADA, monitoring, and alarm systems shall be tested.
- Confirm that field-installed power and control wiring is in compliance with drawings and manufacturer's requirements.

### 3. Start-Up Requirements

- a. The installation of all equipment shall be completed and the equipment tested.
- b. Protective relays and associated systems shall be in a ready state.
- c. As-built drawings and documentation shall be provided to the District for archival.
- d. District approval must be granted, indicating successful demonstration of required protective functions for the installation.

**Note:** This attachment will also identify testing requirements to assess the interaction between the District's electric system and the Generator

## **System Impact Study**

*The System Impact Study shall evaluate the impact of the proposed Generator interconnection on the reliability of the District's electric system.*

## **Facilities Study**

*The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to address the impacts identified in the system impact study.*

**BPA Interconnection Customer  
Generation Integration Construction Agreement**

*BPA Transmission Services may require the Generator to enter into a Small Generator Interconnection Agreement, if applicable.*

**BPA Interconnection Customer  
Balancing Authority Area Services Agreement**

*BPA Transmission Services may require the Generator to enter into a Balancing Authority Area Services Agreement, if applicable.*



**BPA Interconnection Customer  
Customer Data Entry Agreement**

*BPA Transmission Services may require the Generator to enter into a Customer Data Entry Agreement, if applicable.*

**PUD Letter to  
Authorize Parallel Operations**

**Interconnection Customer  
Commercial Operation Date Letter to PUD**

**Commercial Operation Date**

This Exhibit G is a part of the Agreement between the District and Interconnection Customer.

**[DATE]**

**[District Address]**

Re: \_\_\_\_\_ Generator

Dear \_\_\_\_\_:

On **[Date]** **[Interconnection Customer]** has completed testing of the Generator. This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of the Generator as of **[Date plus one day]**.

Thank you,

**[Signature]**

**[Interconnection Customer Representative]**