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INTERCONNECTION AND PARALLEL OPERATING AGREEMENT FOR CATEGORY 1 PROJECTS (INVERTER BASED - 20kW OR LESS)

This Interconnection and Parallel Operating Agreement ("Agreement") is entered into on _____(insert date of last signature from page 8) by _____(the "Utility"), _____(the "Customer"), and (if applicable under Paragraph 5) _____(the "Property Owner"). Utility and Customer are sometimes also referred to in this Agreement collectively as "Parties" or individually as "Party." Customer shall be the "Project Developer" as used in and for purposes of the applicable Michigan Electric Utility Generator Interconnection Requirements ("Interconnection Requirements") approved by the Michigan Public Service Commission ("Commission").

I. RECITALS

A. Customer is an electric service customer of Utility in good standing and has submitted a Generator Interconnection Application ("Application") to Utility.

B. Customer desires to interconnect an electric generating facility with maximum capacity of 20 kilowatts ("kW") or less (the "Customer Facility") with Utility's electric distribution system and operate the Customer Facility in parallel with Utility's distribution system, under the Utility's Interconnection Requirements for Category 1 (20kW or less) projects, as defined in the Electric Interconnection and Net Metering Standards approved by the Commission (the "Standards").

C. For purposes of this Agreement, "interconnect" means establishing a connection between a non-utility generating resource (in this case, the Customer Facility) and Utility's distribution system. "Operate in parallel" means generating electricity from a non-utility resource (in this case, the Customer Facility) that is connected to Utility's system. In all cases, terms shall have the meaning as defined in the Standards.

D. Interconnection of the Customer Facility with Utility's distribution system is subject to this Agreement, the Application, the Interconnection Requirements, the Standards and applicable utility tariffs approved by the MPSC.

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

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II. AGREEMENT

NOW THEREFORE, in consideration of the above recitals, the mutual covenants contained herein and for good and valuable consideration, the Parties agree as follows:

1. **Description of Customer Facility**

1.1 The Customer Facility must be built with the following ratings, which shall not be changed without thirty (30) days advance written notice to Utility according to the notice requirements herein:

Photovoltaic/Solar ("PV") Array Rating: _____ kW
Certified Test Record Number (UL1741 Scope 1.1A): _____ kW
Wind Turbine (WT) Rating: _____kW
Hydroelectric Turbine (HT) Rating: _____ kW
Fuel Cell (FC) Rating: _____ kW
Other (specify type and rating): _____ kW
Service Type (circle one): Single Phase / Three Phase
Voltage Level: _____
Equipment Specifications: Make: _____Model: _____

1.2 Customer Facility Location:
_____
_____
_____
(Street Address, City, State, Zip)

If Customer is not the owner of the property identified above, the Property Owner must sign this Agreement for the purposes indicated in Paragraph 5.

1.3 Customer's Utility service account number: _____

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

1.4 The Customer Facility is planned to be ready for parallel operation on or about: _____ (insert date)

2. **Interconnection Facilities**

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

3. **Design Requirements, Testing and Maintenance of Customer Facility**

3.1 Customer shall be responsible for the design and installation of the Customer Facility and obtaining and maintaining any required governmental authorizations and/or permits, which may include, but shall not be limited to, easements to clear trees, and necessary rights-of-way for installation and maintenance of the Utility Interconnection Facilities. Customer shall reimburse Utility for its costs and expenses to acquire such easements / permits.

3.2 Customer shall, at its sole expense, install and properly maintain protective relay equipment and devices to protect its equipment and service, and the equipment and system of Utility, from damage, injury or interruptions, and will assume any loss, liability or damage to the Customer Facility caused by lack of or failure of such protection. Such protective equipment specifications and design shall be consistent with the applicable Interconnection Requirements. Prior to the Customer Facility operating in parallel with Utility distribution system, Customer shall provide satisfactory evidence to Utility that it has met the Interconnection Requirements, including but not limited to the receipt of approval from the local building/electrical code inspector.

3.3 At its own expense, Customer shall perform operational testing at least five (5) days prior to the installation of any Interconnection Facilities by Utility. Customer shall contact Utility and arrange for a mutually agreeable time for performing these tests. Utility may send qualified personnel to the Customer Facility to inspect the facility and observe the testing. Upon completion of such testing and inspection and prior to interconnection Customer shall provide Utility with a written report explaining all test results, including a copy of the generator commissioning test report.

Protective relay equipment shall be tested every two (2) years (unless an extension is agreed to by Utility) to verify the calibration indicated on the latest relay setting document issued by Utility. Tests may be conducted or witnessed by Utility at Customer's sole expense. The results of such tests shall be provided to Utility in writing for review and approval. Utility may, at any time and at its sole expense, inspect and test the Customer Facility to verify that the required protective equipment is in service, properly maintained, and calibrated to provide the intended protection. This inspection may also include a review of Customer's pertinent records. Inspection, testing and/or approval by Utility or the omission of any inspection, testing and/or approval by Utility pursuant to this Agreement

shall not relieve the Customer of any obligations or responsibility assumed under this Agreement.

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

4. **Disconnection**

Utility shall be entitled to disconnect the Customer Facility from Utility's distribution system, or otherwise refuse to connect the Customer Facility, if: (a) Customer has not complied with any one of the technical requirements contained in the applicable Interconnection Requirements, (b) the electrical characteristics of the Customer Facility are not compatible with the electrical characteristics of Utility's distribution system, (c) an emergency condition exists on Utility's distribution system, (d) Customer's protective relay equipment fails, (e) Utility determines that the Customer Facility is disrupting service to any Utility customer, (f) disconnection is required to allow for construction, installation, maintenance, repair, replacement, removal, investigation, inspection or testing of any part of Utility's facilities, (g) if a required installation (*e.g.,* telephone line) fails or becomes incapacitated and is not repaired in a timely manner, as determined by Utility, or (f) Customer commits a material breach of this Agreement.

5. **Access to Property**

5.1 At its own expense, Customer shall make the Customer Facility site available to Utility. The site shall be free from hazards and shall be adequate for the operation and construction of the Interconnection Facilities. Utility, its agents and employees, shall have full right and authority of ingress and egress at all reasonable times on and across the property at which the Customer's Facility is located, for the purpose of installing, operating, maintaining, inspecting, replacing, repairing, and removing the Interconnection Facilities. The right of ingress and egress shall not unreasonably interfere with Customer's or (if different) Property Owner's use of the property.

5.2 Utility may enter the property on which the Customer Facility is located to inspect, at reasonable hours, Customer's protective devices and read or test meters. Utility will use reasonable efforts to provide Customer or Property Owner, if applicable, at least 24 hours' notice prior to entering said property, in order to afford Customer or Property Owner the opportunity to remove any locks or other encumbrances to entry; *provided, however*, that Utility may enter the property without notice

(removing, at Customer's expense, any lock or other encumbrance to entry) and disconnect the Interconnection Facilities if Utility believes that disconnection is necessary to address a hazardous condition and/or to protect persons, Utility's facilities, or the property of others from damage or interference caused by Customer's Facility.

5.3 By executing this Agreement, Property Owner consents to and agrees to provide access to its property on which the Customer Facility is located to Utility as described in this section, but does not assume or guarantee other performance obligations of the Customer under this Agreement.

6. **Indemnity and Liability**

6.1 Unless caused by the sole negligence or intentional wrongdoing of the other Party, each Party to this Agreement shall at all times assume all liability for, and shall defend, hold harmless, and indemnify the other Party and its directors, officers, employees, and agents from, any and all damages, losses, claims, demands, suits, recoveries, costs, legal fees, and expenses: (a) for injury to or death of any person or persons whomsoever occurring on its own system, or (b) for any loss, destruction of or damage to any property of third persons, firms, corporations or other entities occurring on its own system, including environmental harm or damage, or (c) arising out of or resulting from, either directly or indirectly, its own Interconnection Facilities, or (d) arising out of or resulting from, either directly or indirectly, any electric energy furnished to it hereunder after such energy has been delivered to it by such other Party. The provisions of this Section shall survive termination or expiration of this Agreement.

6.2 The provisions of this Section 6 shall not be construed to relieve any insurer of its obligations to pay any insurance claims in accordance with the provisions of any valid insurance policy.

6.3 Notwithstanding anything in this Section, or any other provision of this Agreement to the contrary, any liability of a Party to the other Party shall be limited to direct actual damages, and all other damages at law or in equity are hereby waived. Under no circumstances shall a Party be liable to the other Party, whether in tort, contract or other basis in law or equity for any special, indirect, punitive, exemplary or consequential damages, including lost profits. The indemnification obligations and limits on liability in this Section shall continue in full force and effect notwithstanding the expiration or termination of this Agreement, with respect to any event or condition giving rise to an indemnification obligation that occurred prior to such expiration or termination.

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7. **Breach and Default**

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

8. **Governing Law**

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

9. **Amendment, Modification or Waiver**

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

10. **Notices**

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

Notice to Utility:

_____

_____

_____

_____

Notice to Customer:

_____
_____
_____
_____

Notice to Property Owner (if different than Customer):

_____
_____
_____
_____

11. **Term of Agreement and Termination**

This Agreement shall become effective upon execution by all Parties and, if applicable, the Property Owner, and it shall continue in full force and effect until terminated upon thirty (30) days' prior notice by either Party, upon Default of either Party as set forth in Section 7, upon mutual agreement of the Parties, or upon a change in ownership of either the Customer Facility or the property at which the Customer Facility is located absent a valid assignment under Section 14.

12. **Entire Agreement**

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

13. **No Third Party Beneficiary**

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

14. **Assignment and Binding Effect**

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

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15. **Severability**

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

16. **Signatures**

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

UTILITY

Signature:_____

Name:_____

Title:_____

Date:_____

CUSTOMER

Signature: _____

Name: _____

Title: _____

Date: _____

PROPERTY OWNER (IF APPLICABLE)

Signature: _____

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Name: _____

Title: _____

Date: _____