

GENERATOR INTERCONNECTION & OPERATING AGREEMENT

CATEGORY 1 & 2 PROJECTS

(Projects with an aggregate generator output of 150 kW or less)



Upper Peninsula Power Company

Version 1.0 | 06.26.19

GENERATOR INTERCONNECTION &
OPERATING AGREEMENT
BETWEEN
UPPER PENINSULA POWER COMPANY
AND



(APPLICANT NAME)

Date: _____
(MONTH, DAY and YEAR)

GENERATOR INTERCONNECTION & OPERATING AGREEMENT
(20 kW OR LESS)

BETWEEN

UPPER PENINSULA POWER COMPANY

AND


(APPLICANT NAME)

Agreement entered into this _____ day of _____, 20____, between _____, a _____, located at _____ (hereinafter the "Generator"), and UPPER PENINSULA POWER COMPANY, a Michigan Corporation (hereinafter the "Company"), each a "Party" and together the "Parties."

WITNESSETH:

WHEREAS, the Generator intends to install facilities for the purpose of generating electrical energy ("Energy"), said generation facilities of _____kW (nameplate), _____ phase, and _____ type, as more particularly described on the completed *Category 1 Customer-Owned Distributed Generation Application*, attached as Exhibit A and referred to as the "Facility" to be located at _____, Section _____, Township _____, Range _____, in the Town of _____, County of _____, State of Michigan, pole number _____, and,

WHEREAS, the Company, consistent with its policy of encouraging innovation and conservation in the energy field, is agreeable to the Generator's installing said Facility.

WHEREAS, in accordance with regulation of the appropriate jurisdictional body, the Michigan Public Service Commission (hereinafter the "Commission of Jurisdiction"), the Company is charged with the responsibility of furnishing reliable and continuous service to its customers at a fixed frequency and voltage within prescribed limits, and the Company's electric utility system must be constructed and operated in a safe manner from the standpoint of its employees, as well as the general public. The following are the principal concerns which must be addressed in this Agreement by the Company and the Generator.

A. Potential electrical safety hazards resulting from the Facility energizing part of a distribution system otherwise isolated by an outage.

B. Reliability and safety considerations relating to proper and adequate operation of protective equipment associated with the Company's distribution system and the potential for the service entrance equipment (e.g., fuses and circuit breakers) of individual customers being rendered inadequate by the operation of the Facility.

C. The potential under various conditions for damage to customer-owned utilization equipment because of irregularities in frequency and/or voltage resulting from operation of the Facility.

D. The potential for damage and/or improper operation of customer equipment, such as motors and interference with communication circuits, both resulting from excessive harmonics in the Company's utility power supply originating with the Facility.

WHEREAS, the Michigan Public Service Commission has adopted certain interconnection policies and guidelines with respect to safety, system protection, and power quality standards, which policies and guidelines have been incorporated in the Company's rules for Parallel Generation in Michigan.

NOW, THEREFORE, the Parties hereto each in consideration of the agreements of the other agree as follows:

1. The Generator agrees, represents and warrants that the Facility to be interconnected with the distribution system of the Company is as described in the Application for Interconnection of Small Power Producers' and Cogenerators' Facilities, which is attached hereto as Exhibit A and made a part hereof.

2. Term. This Agreement shall commence as of the date hereof and shall continue through the remaining portion of the calendar year in which such date falls. This Agreement is automatically renewed on an annual basis but may be terminated by either Party giving written notice at least 60 (sixty) days prior to the date of termination.

3. The Generator shall operate the Facility in accordance with the MICHIGAN ELECTRIC UTILITY, Generator Interconnection Requirements, Projects with Aggregate Generator Output of 150 kW or Less.

4. The Generator shall operate the Facility in accordance with the Company's Parallel Generation Rules, (Rate Schedule PG-NM).

5. The Generator and the Company shall abide by and be subject to the rules, regulations, and tariffs of the Company as filed with and approved by the Commission of Jurisdiction from time to time, and the rules and regulations of the Michigan Administrative Code, and all applicable national, state and local codes, including any future modifications or changes of these tariffs.

6. The Company may require the Generator to install inrush limiting equipment if the inrush current from the Facility causes a voltage drop of more than 2.0% of the primary distribution voltage level or causes objectionable flicker to other customers or exceeds existing or future limits established by regulatory agencies. The Company may test and monitor flicker to assure the criteria in this paragraph are met. Without liability, the Company may require the Generator to reduce Energy deliveries or may refuse Energy deliveries at any time during the Term of this Agreement if the Company reasonably determines a condition exists which is likely to result in disruption of service to a customer of the Company or harm to the Company's distribution system. Upon cessation of such condition, the Company shall promptly accept deliveries of Energy hereunder.

7. The Generator, in accordance with and in addition to the policies and guidelines which have been incorporated in the Company's Parallel Generation Rules in Michigan, shall install such relaying equipment as is necessary to enable the Generator to automatically isolate the Facility from the Company's system upon loss of one or more phases of the Company supply, including, without limitation, over/under frequency relaying, over/under voltage relaying, ground fault relaying, loss of phase relaying, and full three-phase, over-current relaying.

8. The Generator's total electric load harmonic content shall be limited to IEEE 519 levels, as published by IEEE and revised by IEEE from time to time. The harmonic output of the Equipment must be at a level which will not cause interference with operations or interruptions in service for other customers on the Company distribution system.

9. The Generator's voltage imbalance shall not exceed 1.5% at any time. Voltage imbalance shall be measured from the point of interconnection. Imbalance is defined as the maximum deviation from average voltage, less average voltage, multiplied by 100.

10. The Generator may not add to the facility capacity without going through the application and interconnection process in place at the time of the proposed change. Unauthorized additions to the facility's capacity will be considered breach of this agreement and subject to the terms in paragraph 16.

11. The Company and the Generator agree to the following indemnities and limitation of liability:

(a) Responsibility of Parties.

The Company and the Generator each assumes full responsibility in connection with the service rendered hereunder for its respective wires, cables, and other devices used in connection with the rendered service. Each Party hereto shall be solely liable for all claims of its own employees arising from any worker's compensation laws.

(b) Performance of Agreement and Indemnity.

Each Party agrees to indemnify, hold harmless and defend the other Party and such other Party's officers, directors, affiliates, agents and employees from any claims, demands, actions or causes of action arising out of the negligence, gross negligence or willful misconduct of itself or its agents or employees which may arise out of the performance of or be in relation to the performance of any of its rights or duties under this Agreement. It is further understood and agreed that the Generator shall indemnify, hold harmless and defend the Company and its officers, directors, affiliates, agents and employees from any claims, demands, actions or causes of action and assume all risk of damage to the Facility caused by the Generator's operation of said Facility. It is further understood and agreed that the Company shall indemnify, hold harmless and defend the Generator and its officers, directors, affiliates, agents and employees from any claims, demands, actions or causes of action and assume all risk of damage to the Company system caused by the Company's operation of said system.

(c) Injury to Persons or Property - Indemnity.

The Company and the Generator each agrees to indemnify, hold harmless and defend the other Party and such other Party's officers, directors, affiliates, agents, and employees from any claims, demands, actions or causes of action (including without limitation court costs and attorneys' fees) to the other Party and to third persons for injury to or death of persons or injury to property, occurring on the indemnifying Party's side of the Interconnection Point proximately caused by the Energy on the indemnifying Party's side of the Interconnection Point or by the indemnifying Party's negligence, gross negligence or willful misconduct associated with the construction, ownership, operation, or maintenance of any of such Party's facilities used in connection with this Agreement.

(d) Limitation of Liability.

Neither the Company nor the Generator shall be liable to the other for any incidental, special, indirect, punitive or consequential damages.

(e) This Section 11 shall survive the termination of this Agreement.

12. This Agreement may be terminated by either Party hereto on 30 days written notice to the other Party in the event of a material breach hereunder if the breaching Party fails to cure such breach within such 30-day period.

13. The Generator has the right to appeal to the Commission of Jurisdiction in the event that the Generator believes this Agreement is unreasonable.

14. This Agreement shall inure to the benefit of and be binding upon the Company and the Generator and their respective successors and permitted assigns. Neither the Generator nor the Company shall assign this Agreement or any of its rights nor may it delegate any of its duties under this Agreement, or any part of such rights or duties, without the prior written consent of the other. Any such assignment or delegation made without such prior written consent shall be null and void; provided however, the requirement of written consent to an assignment shall not apply to either Party if it merges into another entity with which it is related as a parent, subsidiary or affiliate, provided that such entity is or at the date of such merger becomes bound by all of the obligations under this Agreement and provides written notice of the assignment to the other Party.

15. In the event that other Company customers on the distribution feeder serving the Generator experience problems that Company determines to be caused by the Generator's operation, the Parties shall, at the Generator's

expense, modify either the Facility or Company's distribution system to mitigate the problem. Company shall notify the Generator in the event any modification is needed and shall obtain the Generator's agreement prior to commencing any Company modifications to the distribution system for which the Generator is responsible for the costs.

16. In the event the Generator breaches this Agreement or otherwise fails to comply with any of the terms or conditions set forth herein, including the principal concerns set forth in the Recitals, Company shall have the right, in its sole discretion and in addition to all other remedies at law or pursuant to this Agreement, to provide the Generator with required remedial actions and a timeline for corrective action to be taken. Company reserves the right to stop providing electric distribution service to the Generator until such corrective actions have been implemented or to terminate this Agreement in the event that the Generator fails to implement corrective actions in the timeline prescribed by the Company.

17. Nothing contained herein shall restrict or otherwise limit the terms and conditions set forth in the tariff filed by Company with the Michigan Public Service Commission.

18. This Agreement shall remain in effect for as long as Company provides electric distribution service to the Generator, unless sooner terminated by either Party pursuant to Section 2 or Section 10, by Company pursuant to Section 16, or as provided by Section 20.

19. This Agreement shall be construed and enforced in accordance with the laws of the State of Michigan without regard to principles of conflicts of law.

20. If at any time during the term of this Agreement, the Michigan Public Service Commission adopts a standardized interconnection agreement, the Parties shall agree to enter into an agreement consistent with that standardized interconnection agreement as soon as reasonably practicable and, upon entering into such a replacement agreement, this Agreement shall terminate, except as otherwise provided in Section 11.

(Generator)

By: _____ Date: _____

UPPER PENINSULA POWER COMPANY
(Company)

By: _____ Date: _____

EXHIBIT A

**COMPLETED Category 1 Customer-Owned Distributed Generation Application for Interconnection
& Description of the Project**

NOTE: This completed application is provided by the Generator