

**APPALACHIAN ELECTRIC COOPERATIVE
SERVICE POLICIES**

**POLICY NO. 1900
ATTACHMENT 1**

**INTERCONNECTION AGREEMENT FOR
DISTRIBUTED GENERATION OPERATING
BEHIND AEC'S METER.
TIER LEVEL 1 (Less than 50 kW)**

This Interconnection Agreement (“Agreement”) is made and entered into this ____ day of _____, 20____, by Appalachian Electric Cooperative (AEC), a corporation organized under the laws of the state of Tennessee and _____ hereinafter referred to as Participant, and

WHEREAS, the Participant has requested interconnection services of distributed generation that is owned by the Participant (see attached Application For Interconnection) at the Participant’s presently metered location, which is

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

1. Scope of Agreement

- 1.1. Execution of this agreement acknowledges the member has purchased or wishes to purchase and install a renewable energy system (solar, wind, hydro, battery, etc.) at their home or business for the purposes of self-generation and/or energy storage. Member is not allowed to proceed with parallel operation until AEC has received a completed State of Tennessee Final Electrical Inspection, AEC has conducted an onsite inspection and witnessed any required commissioning test or waived such test and has given member written authorization to proceed with parallel operation. By signing this agreement, the member understands they shall not qualify for any renewable energy credits and/or incentives offered by any Tennessee Valley Authority (TVA) renewable energy programs. In addition, the member acknowledges and understands they will receive no additional energy credit for any excess generation that flows back on to the AEC electric distribution system in any given billing cycle. Lastly, AEC will provide no additional data via metering or billing to the member on any energy (kilowatt-hours) sent to the electric grid.

2. Establishment of Point of Interconnection

- 2.1. The point where the electric energy first leaves the wires or facilities owned by AEC and enters the wires or facilities provided by Participant is the “Point of Interconnection.” AEC and Participant agree to interconnect the Qualifying System at the Point of Interconnection in accordance with AEC’s rules and regulations, and by-laws (the “Rules”) which are incorporated herein by reference and the generator and all related interconnection equipment will comply with AEC’s Distributed Generation Interconnection Procedures.

3. General Responsibilities of the Parties

- 3.1. AEC has reviewed the proposed generation and related equipment as described in the Application for compliance with AEC’s Interconnection Procedures and approved the Qualifying System for interconnection based on one of the following conditions:
 - 3.1.1. Qualifying System has been certified as meeting the applicable codes and standards.
 - 3.1.2. AEC in agreement with Participant has conducted additional engineering evaluations or detailed impact studies and any necessary System upgrades or changes identified by these additional studies have been implemented and Participant has paid for such changes where necessary;
 - 3.1.3. The proposed generation and related equipment must be installed by an AEC Qualified Contractor Network Company or licensed electrician. Failure to comply may result in charges/fines and be subjected to disconnection.
- 3.2. Participant shall comply with all applicable laws, regulations, zoning codes, building codes, safety rules and environmental restrictions, including the latest version of the National Electrical Code applicable to the design, installation, operation, and maintenance of its Qualifying System.
- 3.3. The Participant shall provide Local Building Code Official inspection and certification of installation forms to AEC. The certification shall reflect that the code official has inspected and certified that the installation was permitted, has been approved, and has met all electrical and mechanical qualifications.
- 3.4. Prior to parallel operation, AEC may inspect the Qualifying System for compliance with standards which may include a witness test. AEC must provide written authorization before Participant can begin parallel operation.
- 3.5. Participant shall conduct operations of its Qualifying System in compliance with all aspects of the Rules and in accordance with industry standard prudent engineering practice and must comply with the latest version of IEEE 519.
- 3.6. The Participant shall be responsible for protecting its generation equipment, inverters, protective devices, and other system components from damage from the normal and abnormal conditions and operations that occur on the System in delivering and restoring power; and shall be responsible for ensuring that the Qualifying System is inspected, maintained, and tested on an ongoing basis in

accordance with the manufacturer's instructions to ensure that it is operating correctly and safely. AEC will have the right to request and receive copies of the test results.

4. Inspection and On-Going Compliance

- 4.1. AEC will provide Participant with as much notice as reasonably practicable; either in writing, e-mail, facsimile or by phone as to when AEC may conduct inspection and/or document review. Upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, AEC shall have access to the Participant's premises for the purpose of accessing the manual disconnect switch, performing an inspection or disconnection, or, if necessary, to meet AEC's legal obligation to provide service to its members.

5. Manual Disconnect Switch

- 5.1. Participant must install a manual, lockable, visible load break disconnect switch between the generation source and AEC's system that is visibly marked "Participant Generation Disconnect". The disconnect shall be mounted separate from but in proximity to the members meter socket. The Participant shall ensure that such manual disconnect switch shall remain readily accessible to AEC and be capable of being locked in the open position with a single AEC utility padlock.

6. Disconnection / Reconnection

- 6.1. AEC may open the manual disconnect switch or disconnect the Participant's meter, pursuant to the conditions set forth in Section 6.2 below, isolating the Qualifying System, without prior notice to the Participant. To the extent practicable, however, prior notice shall be given. AEC shall notify participant that their generation has been disconnected, including an explanation of the condition necessitating such action. As soon as practicable after the condition(s) necessitating disconnection has been remedied, AEC will unlock the disconnect switch so Participant may reenergize the Qualifying System.
- 6.2. AEC has the right to disconnect the Participant-owned generation at any time. Some examples of situations that may require disconnect are:
 - 6.2.1. Emergencies or maintenance requirements on AEC's system;
 - 6.2.2. Hazardous conditions existing on AEC's system due to the operation of the Participant's generating or protective equipment as determined by AEC; and
 - 6.2.3. Adverse electrical effects, such as power quality problems, on the electrical equipment of AEC's other electric consumers caused by the Participant-owned generation as determined by AEC.
 - 6.2.4. AEC has the right to disconnect Participant-owned generation if participant fails to comply with new/existing Interconnection Agreement. This includes but is not limited to failure to sign Interconnection Agreement.

7. Modifications/Additions to Participant-owned Generation

- 7.1. If the Qualifying System is subsequently modified in order to increase or decrease its Gross power rating or any components are changed, the Participant must provide AEC with written notification that fully describes the proposed modifications at least thirty (30) calendar days prior to making the modifications.
- 7.2. Modifications/Additions to Participant-owned Generation are subject to charges/fees as necessary to ensure AEC's distribution network reliability. These charges/fees may be calculated by AEC or one of AEC's affiliated contractors to insure that equipment in place is sufficient or what changes need to be made.
- 7.3. Modifications/Additions to Participant-owned Generation which will result in total generation capability over 50 kW are prohibited on AEC's Tier 1 Interconnection Agreement. Generation capability greater than 50 kW must be studied by AEC to determine if location is suitable for such installation. All costs and fees of studies shall be paid by Participant.

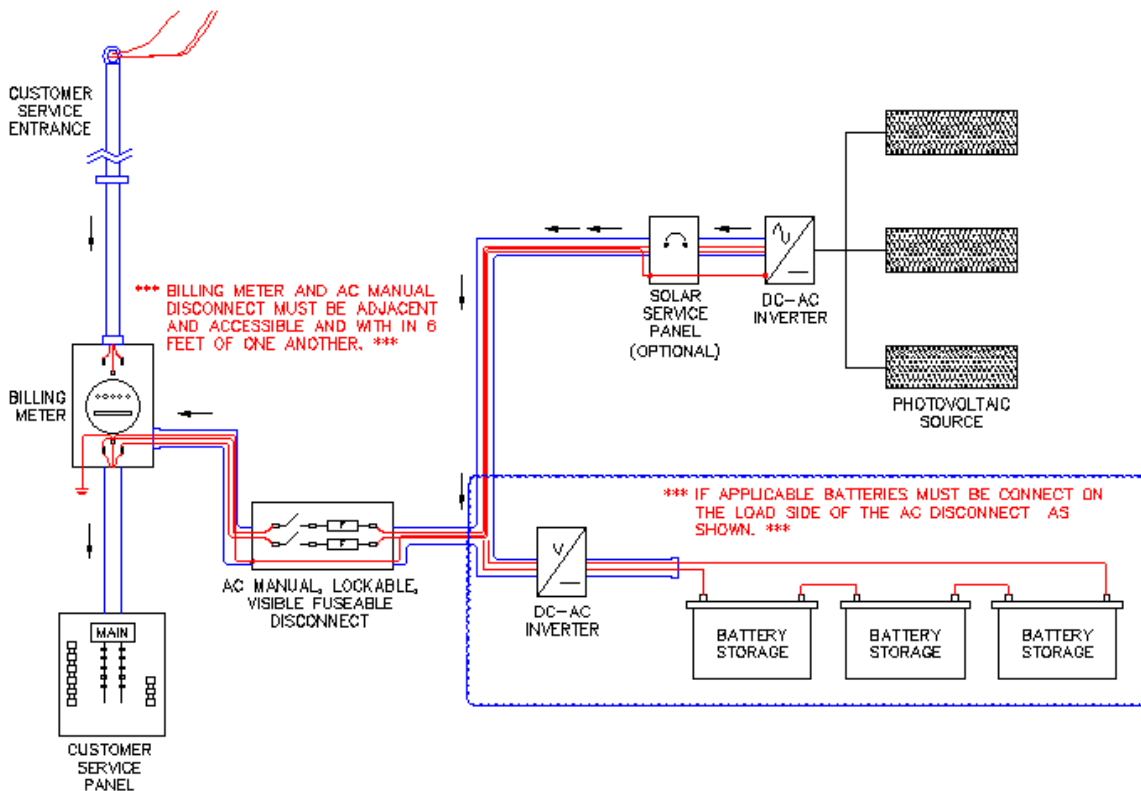


Figure 1: CONNECTION DIAGRAM TO AEC's SYSTEM

Figure 1: Shows a visual representation of how the Manual AC Disconnect should be connected. It is crucial that the AC disconnect be located outside any structure (House or Buildings). AEC must be able to access the AC disconnect at all times.

8. Indemnity

8.1. Participant agrees to release, indemnify, and save harmless AEC, TVA and their respective agents and employees from all liability, claims, demands, causes of action, costs, or losses for personal injuries, property damage, or loss of life or property, sustained by Participant, Participant's agents and family, or third parties arising out of or in any way connected with the installation, testing, operation, maintenance, repair, replacement, removal, defect, or failure of Participant's Qualifying System. The obligations of this section 8.1 shall survive termination of this agreement.

9. Assignment

9.1. The Interconnection Agreement shall not be assignable by either party without thirty (30) calendar days' notice to the other Party and written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

9.2. An assignee to this Interconnection Agreement shall be required to assume in writing the Participant's rights, responsibilities, and obligations under this Interconnection Agreement.

10. Insurance

10.1. AEC requires the following levels of Liability Insurance for Personal Injury and Property damage during the entire term of this Interconnection Agreement.

10.2. Generation up to 50 kW - Participant maintains an amount of not less than \$500,000.00. AEC requires copy of the Certificate of Insurance.

11. Effective Term and Termination Rights

11.1. This Agreement becomes effective when executed by both Parties and shall continue in effect as long as the Participant has an active and operating distributed generation at their location.

12. Entirety of Agreement and Prior Agreements Superseded

12.1. This Agreement, including the Rules, Policy 1900, the distributed generation interconnection agreement, and all attached Exhibits, are expressly made a part hereof for all purposes, and constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the Qualifying System of the Parties at the Point of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein, in the Participant's Application for Interconnection of Distributed Generation or other written information provided by the Participant in compliance with the Rules.

13. Notices

13.1. Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

(a) If to Appalachian Electric Cooperative:

Appalachian Electric Cooperative
P.O. Box 400
New Market, TN 37820-0400
1109 Hill Drive
New Market, TN 37820

(b) If to Participant:

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

APPALACHIAN EC

DG OWNER/OPERATOR

BY: _____

BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____