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**AGREEMENT FOR INTERCONNECTION AND
PARALLEL OPERATION OF COGENERATION
OR SMALL GENERATION INSTALLATION**

THIS AGREEMENT made this _____ day of _____, _____ by
and between _____, hereinafter referred to as the
"Customer/Small Generator", and t h e City of Sanger, hereinafter referred to as the "City",
is as follows:

1. Purpose. Customer owns or intends to own and/or operate a qualifying electric power generating installation and desires to interconnect and operate such installation in parallel with City's electric distribution system. This agreement defines the relationship between the City and Customer including terms and conditions for interconnection and parallel operation.
2. Customer's Generating Installation. The generating installation to which this agreement applies is described as:

Make _____
Model _____
Serial # _____
Fuel or Energy Source _____
Nameplate Output Rating _____
_____ kW Operating Voltage _____
_____ volts Connection _____
_____ phase Located at _____

Installer's Name _____
Installer's Phone Number _____

Sanger Electric Customer Account Information:

Name _____
Account Number _____
Customer Phone Number _____
Customer Email Address _____

Emergency Contact:

Name _____
Address _____
Phone _____

3. Definitions

City means the City of Sanger.

Commercial/Industrial Generator means any business, firm, corporation, partnership, or other entity that is currently receiving electric service from the City and owning or operating a Power Generation installation of 20 kW or less and is currently classified as a commercial or industrial customer of the City of Sanger.

Commercial/Industrial Power Generating Installation shall mean a power production or cogeneration facility which generates 20 kW or less of electric power at a voltage of 480 volts or less from a commercial/industrial electric service at a customer's premise or at an off-site location that is connected to the City's electric distribution system including any generator and associated equipment, wiring, protective devices, or switches owned or operated by a Commercial/Industrial Generator.

Commercial/Industrial Generation means the generation of electric power of less than 20 kilowatts (kW) by a customer of the City of Sanger classified as a Commercial or Industrial customer.

Interconnection means the physical connection of a qualifying facility in accordance with applicable rules so that parallel operation with the City electric system can (or has) occur(ed).

National Electric Code (NEC) means the electrical code published by the National Fire Protection Association and adopted by the City, with or without amendment.

Residential Generator means any residential customer who owns or operates a Residential Power Generating Installation as defined herein.

Residential Power Generating Installation shall mean a power production or cogeneration facility which generates 10 kW or less of electric power at a voltage of 600 volts or less at a customer's premise or at an off-site location that is connected to the City's electric distribution system including any generator and associated equipment, wiring, protective devices, or switches owned or operated by a Residential Generator.

Small Generator's Power Generating Installation shall mean both the Residential and the Commercial/Industrial Generating Installations collectively.

Residential Generation means the generation of electric power of less than 10 kilowatt (kW) by a residential customer of the City of Sanger.

Small Generator shall refer to the Residential Generators and Commercial/Industrial Generators collectively.

4. Applicability

- (a) Interconnection and parallel operation of all qualifying Power Generating Installations in the City of Sanger shall be subject to the provisions of this Policy and to the provisions of the NEC. If any part of these sections shall be in conflict with any other provision of the City of Sanger ordinances, policies and statutes, these sections shall control.
- (b) Residential Power Generation greater than 10 kW is expressly prohibited.
- (c) Commercial/Industrial Power Generation greater than 20 kW is expressly prohibited.
- (d) Use of back-up generators during emergency situations where City electric service is temporarily disrupted shall not be prohibited; however, disconnection of City services by the City shall not constitute an emergency situation.

- (e) Power Generating using fuel, except for emergency generation as provided for herein, is expressly prohibited.

5. Responsibilities of the Small Generator

The conditions herein are precedent to any obligation of the City to interconnect or provide any form of electric utility service. Any Small Generator owning or operating a qualifying Small Generator's Power Generating Installation and desiring to interconnect with the City's system shall comply with the provisions herein.

(a) Application and Compliance

Small Generator shall apply for interconnection and otherwise comply with the rules, ordinances, policies and procedures of the City as adopted from time to time.

- (b) Small Generators shall not exceed the maximum generating kW's per meter. Where multiple meters exist for a single customer, maximum generating kW's shall not be aggregated.

(c) Application for Interconnection and Permitting

Prior to interconnection, Small Generator shall submit an application for Interconnection accompanied by a permit application to the Economic & Community Development Department, and shall include plans showing the electrical design of the Small Generator's Power Generating Installation including equipment for interconnection with the City's system. Such plans shall be signed and stamped by a licensed Professional Engineer. The Small Generator shall also provide such additional information as may be required by the City in order to ensure compliance with applicable provisions of the currently adopted edition of the NEC.

Any review or acceptance of such plan by the City does not guarantee the adequacy of Small Generator's equipment to perform its intended function. The City disclaims any expertise or special knowledge relating to the design or performance of Small Generator's Power Generating Installations and does not warrant the efficiency, cost effectiveness, safety, durability, or reliability of such installations.

No equipment or device required for generation, or interconnection shall be installed in advance of the City's approval and issuance of said permit. The City, at its election, may require third- party engineering review of any plans and specification associated with small generation as defined herein. Responsibility for the cost of a third party review, if required, shall be the responsibility of the Small Generator.

6. Extension of City's Facilities

If an extension of City's distribution system is required for delivery of electric energy to a Small Generator's Power Generating Installation, whether or not in conjunction with another use, the City's adopted line extension policy shall apply.

7. Liability and Indemnification

THE SMALL GENERATOR ASSUMES FULL RESPONSIBILITY FOR ELECTRIC ENERGY FURNISHED TO HIM OR HER AT AND PAST THE POINT OF INTERCONNECTION AND AGREES TO DEFEND, INDEMNIFY AND HOLD THE CITY OF SANGER, ITS RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES (COLLECTIVELY THE "CITY") HARMLESS FROM AND AGAINST ANY AND ALL REASONABLE LIABILITIES, DAMAGES, CLAIMS, LAWSUITS, JUDGMENTS, ATTORNEY FEES, COSTS, EXPENSES AND ANY CAUSE OF ACTION THAT DIRECTLY RELATES TO OR IS A RESULT OF ANY ACT OR OMISSION OR BREACH OR NON-PERFORMANCE BY SMALL GENERATOR UNDER THIS POLICY EXCEPT THAT THE INDEMNITY PROVIDED HEREIN SHALL NOT APPLY TO ANY LIABILITY RESULTING SOLELY FROM THE ACTION OR OMISSIONS OF THE CITY. THE PROVISIONS OF THIS SECTION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. THE SMALL GENERATOR SHALL BE RESPONSIBLE FOR ANY DAMAGE INCURRED TO CITY EQUIPMENT, INCLUDING BUT NOT LIMITED TO METERS, AS A RESULT OF THE INTERCONNECTION.

THE CITY SHALL NOT BE LIABLE FOR EITHER DIRECT OR CONSEQUENTIAL DAMAGES RESULTING FROM FAILURES, INTERRUPTIONS, OR VOLTAGE AND WAVE FORM FLUCTUATIONS OCCASIONED BY CAUSES REASONABLY BEYOND THE CONTROL OF THE CITY, INCLUDING, BUT NOT LIMITED TO, ACTS OF GOD OR PUBLIC ENEMY, SABOTAGE AND/OR VANDALISM, ACCIDENTS, FIRE, EXPLOSION, LABOR TROUBLES, STRIKES, ORDER OF ANY COURT OR JUDGE GRANTED IN ANY BONA FIDE ADVERSE LEGAL PROCEEDING OR ACTION, OR ANY ORDER OF ANY COMMISSION, TRIBUNAL OR GOVERNMENTAL AUTHORITY HAVING JURISDICTION.

8. Comply with Laws

The Small Generator shall comply with applicable Federal, State, and Local laws, ordinances, and regulations applicable to Small Generator's Power Generating Installations.

9. Inspection Prior to Energizing

Upon approval of the Permit Application and prior to energizing the facility, the City may send a qualified person to the premises of the Small Generator to inspect the interconnection, and observe the facility's commissioning (including any testing), startup, and operation.

Following initial startup, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the City shall have access to the Small Generator's premises for any reasonable purpose in connection with the operation of the facility.

10. Prevention of Safe Interconnection and Involuntary Disconnection

In the event that it comes to the attention of the City that there are conditions preventing safe interconnection and proper parallel operation, it shall notify the Small Generator and the Small Generator shall not interconnect and/or initiate parallel operation until such conditions are corrected and the Small Generator has provided at least ten (10) days written notice to the City.

In the event, following interconnection, that conditions arise that would preclude safe operation, the City shall request disconnection or disconnect the Small Generator until the conditions are corrected.

City shall have the right to suspend service in cases where continuance of service to the Small Generator will endanger persons or property.

During an outage of the City's utility system serving the customer, the City shall have the right to suspend the interconnection.

11. Disconnection by the Small Generator

The Small Generator retains the option to disconnect from the City's utility system. The Small Generator will notify the City of its intent to disconnect by giving the City written notice of such intent.

12. Parallel Operation

(a) Installation

With the exception of only the City's meter(s), the Small Generator shall own and be solely responsible for all expense, installation, maintenance, and operation of the power generating installation at and beyond the point where the Small Generator's conductors contact City's conductors and/or at transformation whichever is aligned with the City's line extension policy. The Small Generator's Power Generating Installation shall be designed and installed in accordance with applicable codes, regulations, and prudent engineering practices.

(b) Self-Protected Generating Installation

The Small Generator will furnish, install, operate, and maintain in good order and repair all equipment necessary for the safe operation of the Small Generator's Power Generating Installation in parallel with the City's electric distribution system. The equipment will have the capability to both establish and maintain synchronism with the City's system and to automatically disconnect and isolate the Power Generating Installation from the City's system due to either a malfunction of the Power Generating Installation or loss of power on the City's system.

The Small Generator's Power Generating Installation will also be designed, installed, and maintained to be self-protected from normal and abnormal conditions in the City's electric distribution system. The conditions for which the Power Generating Installation shall be self-protected and shall include, but not be limited to, overvoltage, undervoltage, overcurrent, frequency deviation, and faults. The self-protection will be compatible with the City's system protection arrangements and operating policies.

Specialized protective functions may be required by the City when, in the sole judgment of the City, the particular Power Generating Installation characteristics and/or distribution system characteristics so warrant.

(c) Quality of Service

Small Generator's Power Generating Installation will generate power at the nominal voltage of the City's electric distribution system at the Small Generator's delivery point plus or minus five percent (5%) at the nominal system frequency of 60 Hz or minus one half (1/2) Hz. Small Generator shall generate at a power factor that is as near one hundred percent (100%) as is practicable. In the event that the power factor is less than ninety percent (90%) lagging or leading, the Small Generator will provide proper power factor correction (within ten percent (10%) of unity) or reimburse the City for the cost of any necessary correction.

The overall quality of the power provided by Small Generator including, but not limited to, the effects of harmonic distortion, voltage regulation, voltage flicker, switching surges, and power factor, will be such that the City's electric distribution system is

not adversely affected in any manner. The City shall have the right to immediately terminate service in the event of adverse effects to the City's electric system, caused in whole or in part by Small Generator's Power Generating Installation. The City shall, at the City's sole discretion, have the right to require the Small Generator to correct the cause of such effects, and to reimburse the City for the cost of any required correction.

(d) Safety Disconnect

The Small Generator shall provide and install, at the Small Generator's expense, a visible break disconnect switch. The disconnect switch will be located so as to be readily accessible to City personnel in a location acceptable to both the Small Generator and the City. Said disconnect shall be clearly identified by means of signage which shall read as follows:

WARNING ELECTRIC SHOCK HAZARD
DO NOT TOUCH TERMINALS
TERMINALS ON BOTH LINE AND LOAD SIZE MAY BE ENERGIZED IN THE
OPEN POSITION

It shall be the type of switch which can be secured in an open position by a City padlock. The City shall have the right to lock the switch open whenever, in the judgment of the City, (1) it is necessary to maintain safe electrical operating or maintenance conditions, (2) the Small Generator's Power Generating Installation adversely affects the City's electric distribution system, or (3) there is a system emergency or other abnormal operating condition which warrants disconnection.

The City reserves the right to operate the safety disconnect for the protection of the City's system even if it affects Small Generator's Power Generating Installation. In the event the City opens and closes the disconnect switch, it shall not be responsible for energizing or restoring parallel operation of the Power Generating Installation. The City will make reasonable efforts to notify the Small Generator in the event the disconnect switch has been opened. The Small Generator will not bypass the disconnect switch at any time for any reason.

(e) Access

Persons authorized by the City will have the right to enter the Small Generator's property for the purpose of operating or inspecting the automatic disconnect switch, the manual disconnect switch, or the metering. Such entry onto the Small Generator's property may be without notice. If the Small Generator erects or maintains locked gates or other barriers, the Small Generator will furnish the City with convenient means to circumvent the barrier for access to the disconnect switch and meter(s).

(f) Modifications of City System

In the event that it is necessary at the time of initial interconnection or at some future time for the City to modify its electric distribution system in order to accommodate the Small Generator's output, the Small Generator will reimburse the City for all just and reasonable costs of modifications which are allocable to the Small Generator's small Power Generating Installation. The modifications may include, but are not limited to, special interconnection equipment, protective devices, control devices, or upgrading of distribution system components.

(g) Metering

A net meter will be installed, maintained and operated by the City in accordance with the City's standard connection policy. Credits will be issued to the Small Generator at the current wholesale rate.

(h) Notice of Change in Installation

The Small Generator will notify the City in writing thirty (30) days in advance of making any change affecting the characteristics, performance, or protection of the Small Generator's Power Generating Installation. If it comes to the City's attention that the modification will create or had created conditions, which may be unsafe or adversely affect the City's system, then it shall notify the Small Generator and Small Generator shall immediately correct such conditions.

(i) Prohibition of Purchases of Electricity from Small Generator

In no event, shall the City pay the Small Generator for electricity produced by the Small Generator.

I hereby agree that I have read and agreed to the terms of this document:

Customer:

By: _____

Name: _____

Date: _____

City of Sanger

By: _____

Name: _____

Title: _____

Date: _____