

Blue Ridge Electric Membership Corporation

INTERCONNECTION AGREEMENT

This Interconnection Agreement is based on the Interconnection Agreement developed by the North Carolina Utilities Commission re Docket E-100, Sub 101 and meets the requirements of the Final Rule of the Rural Utilities Service of the U.S. Department of Agriculture re "Interconnection of Distributed Resources," 74 Fed. Reg. 32406 (July 8, 2009) (codified at 7 C.F.R. Part 1730, Subpart C)

TABLE OF CONTENTS

	Page No.
Article 1. Scope and Limitations of Agreement	1
1.1 Applicability	2
1.2 Purpose	2
1.3 No Agreement to Purchase or Deliver Power or RECs	2
1.4 Limitations	2
1.5 Responsibilities of the Parties	2
1.6 Parallel Operation Obligations	3
1.7 Metering	3
1.8 Reactive Power	3
1.9 Capitalized Terms	3
Article 2. Inspection, Testing, Authorization, and Right of Access	3
2.1 Equipment Testing and Inspection	3
2.2 Authorization Required Prior to Parallel Operation	3
2.3 Right of Access	4
Article 3. Effective Date, Term, Termination, and Disconnection	4
3.1 Effective Date	4
3.2 Term of Agreement	4
3.3 Termination	4
3.4 Temporary Disconnection	5
Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades	6
4.1 Interconnection Facilities	6
4.2 Distribution Upgrades	6
4.3 Facilities Charge	7
Article 5. Billing, Payment, Milestones, and Financial Security	7
5.1 Billing and Payment Procedures and Final Accounting	7
5.2 Financial Security Arrangements	7
Article 6. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default	8
6.1 Assignment	8
6.2 Limitation of Liability	8
6.3 Indemnity	8
6.4 Consequential Damages	9
6.5 Force Majeure	9
6.6 Default	9
Article 7. Insurance	10
Article 8. External Disconnect Switch	11
Article 9. Confidentiality.....	11

Article 10. Disputes	11
10.1 Applicable Provisions	11
10.2 Written Notice	12
10.3 Good Faith Negotiations	12
10.4 Meeting of Senior Personnel	12
10.5 Mediation	12
10.6 Legal Options	12
10.7 Scope	12
10.8 Consent to Jurisdiction; Waiver of Jury Trial	12
10.9 Complex Business Agreement	12
Article 11. Taxes	13
Article 12. Miscellaneous	13
12.1 Governing Law, Regulatory Authority, and Rules	13
12.2 Amendment	13
12.3 No Third-Party Beneficiaries	13
12.4 Waiver	13
12.5 Entire Agreement	13
12.6 Multiple Counterparts	14
12.7 No Partnership	14
12.8 Severability	14
12.9 Security Arrangements	14
12.10 Environmental Releases	14
12.11 Subcontractors	14
12.12 Reservation of Rights	15
Article 13. Notices	15
13.1 General	15
13.2 Billing and Payment	16
13.3 Alternative Forms of Notice	16
13.4 Designated Operating Representative	17
13.5 Changes to the Notice Information	17
Appendix 1 Glossary of Terms	18
Appendix 2 Description and Costs of the Generating Facility, Interconnection Facilities, and Metering Equipment	21
Appendix 3 One-line Diagram Depicting the Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades	22
Appendix 4 Cooperative’s Description of its Upgrades and Best Estimate of Upgrade Costs	23
Appendix 5 Additional Operating Requirements of the Interconnection Member to Support Operational Needs of the Cooperative and Other Affected Systems	24

This Interconnection Agreement ("Agreement") is made and entered into this ____ day of _____, 20____, by **Blue Ridge Electric Membership Corporation** ("Cooperative"), and _____ ("Interconnection Member") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Cooperative Information

Cooperative: Blue Ridge Electric Membership Corporation
Attention: Jason Lingle
Address: PO Box 112
City: Lenoir NC 28645
Phone: 828-758-2383 Fax: 828-758-2699

Interconnection Member Information

Interconnection Member: _____
Attention: _____
Address: _____

City: _____ State: _____ Zip: _____
Phone (work/home): _____ Phone (cell): _____
Fax: _____ Email Address: _____
Blue Ridge Electric Account Number: _____
Interconnection Request ID No: _____

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1: Scope and Limitations of Agreement

1.1 Applicability

This Agreement shall be used for all requests for interconnection of Distributed Resources submitted to the Cooperative. System requests up to 25 kW must follow the 25 kW Inverter Process for simplified interconnection in Section 2 of the Interconnection Procedures (Operational Procedure 5-1-5-O-2). System requests larger than 25kW and up to 1000kW / 1MW must follow the fast track process in Section 3 of the Interconnection Procedures. A request to interconnect a Distributed Resource larger than 1000kW/1MW, as well as a smaller Generating Facility that does not pass the Fast Track Process, shall be evaluated under the Section 4 Study Process. The study process shall be subject to the Cooperative's all requirements contract with Duke Energy Carolinas (DEC) and may require special metering and other equipment as required by DEC on a case by case basis as determined by the study process.

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection Member's Generating Facility will interconnect with, and operate in parallel with, the Cooperative's System.

1.3 No Agreement to Purchase or Deliver Power or RECs

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Member's power or Renewable Energy Certificates (RECs). The purchase or delivery of power and RECs that might result from the operation of the Generating Facility, and other services that the Interconnection Member may require will be covered under separate agreements, if any. The Interconnection Member will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable utility or entity desiring to purchase, retain, or obtain the power or RECs.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Cooperative and the Interconnection Member.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Prudent Utility Practices (PUP).

1.5.2 The Interconnection Member shall construct, interconnect, operate and maintain its Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Prudent Utility Practices (PUP).

1.5.3 The Cooperative shall construct, operate, and maintain its System and Interconnection Facilities in accordance with this Agreement, and with Prudent Utility Practices (PUP).

1.5.4 The Interconnection Member agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriters' Laboratories, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Member agrees to design, install, maintain, and operate its Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the System or equipment of the Cooperative and any Affected Systems.

1.5.5 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 the Appendices to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Cooperative and the Interconnection Member, as appropriate, shall provide Interconnection Facilities that adequately protect the Cooperative's System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Appendices to this Agreement.

1.5.6 The Cooperative shall coordinate with all Affected Systems to support the interconnection.

1.6 Parallel Operation Obligations

Once the Generating Facility has been authorized to commence parallel operation, the Interconnection Member shall abide by all rules and procedures pertaining to the parallel operation of the Generating Facility in the applicable control area, including, but not limited to:

1) any rules and procedures concerning the operation of generation set forth in the applicable rate or by the applicable system operator(s) for the Cooperative's system and: 2) the Operating Requirements (if any) set forth in Appendix 5 of this Agreement.

1.7 Metering

The Interconnection Member shall be responsible for the Cooperative's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Appendices 2 and 3 of this Agreement. The Interconnection Member's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

The Interconnection Member shall design its Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Cooperative has established different requirements that apply to all similarly situated generators in the control area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

1.9 Capitalized Terms

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Appendix 1.

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

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Member shall test and inspect its Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Member shall notify the Cooperative of such activities in writing, with the notice actually received by the Cooperative, no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day, unless otherwise agreed to by the Parties. The Cooperative may, at its own expense, send qualified personnel to the Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Member shall provide the Cooperative a written test report when such testing and inspection is completed.

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

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Cooperative shall use Reasonable Efforts to list applicable parallel operation requirements in Appendix 5 of this Agreement. Additionally, the Cooperative shall notify the Interconnection Member of any changes to these requirements as soon as they are known. The Cooperative

shall make Reasonable Efforts to cooperate with the Interconnection Member in meeting requirements necessary for the Interconnection Member to commence parallel operations by the in-service date.

2.2.2 The Interconnection Member shall not operate its Generating Facility in parallel with the Cooperative's System without prior written authorization of the Cooperative. The Cooperative will provide such authorization once the Cooperative receives notification that the Interconnection Member has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Cooperative may send a qualified person to the premises of the Interconnection Facilities at or immediately before the time the Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Member shall notify the Cooperative in writing, with the notice actually received by the Cooperative, at least five Business Days prior to conducting any on-site verification testing of the Generating Facility.

2.3.2 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, the Cooperative shall have access to the Interconnection Facilities 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 members.

2.3.3 Each Party shall be responsible for its own costs associated with following this Article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties.

3.2 Term of Agreement

This Agreement shall become effective on the date this Agreement is executed and shall remain in effect for a period of ten years from the effective date or such other longer period as the Interconnection Member may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with Article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

3.3.1 The Interconnection Member may terminate this Agreement at any time by giving the Cooperative 20 Business Days written notice and physically and permanently disconnecting the Generating Facility from the Cooperative's System.

3.3.2 Either Party may terminate this Agreement after Default pursuant to Article 6.6.

- 3.3.3 Upon termination of this Agreement, the Generating Facility will be disconnected from the Cooperative's System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.
- 3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination, including payments prescribed in the applicable rate.
- 3.3.5 The provisions of this Article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Prudent Utility Practices.

3.4.1 Emergency Conditions

"Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Cooperative, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Cooperative's System, the Cooperative's Interconnection Facilities or the systems of others to which the Cooperative's System is directly connected; or (3) that, in the case of the Interconnection Member, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or the Interconnection Member's Interconnection Facilities; or (4) that in the judgment of the Cooperative, the continued connection is likely to create a safety issue or impair or disrupt service to the Cooperative's members. Under Emergency Conditions, the Cooperative may immediately suspend interconnection service and temporarily disconnect the Generating Facility. The Cooperative shall notify the Interconnection Member promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Member's operation of the Generating Facility. The Interconnection Member shall notify the Cooperative promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Cooperative's System or any 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.

3.4.2 Routine Maintenance, Construction, and Repair

The Cooperative may interrupt interconnection service or curtail the output of the Generating Facility and temporarily disconnect the Generating Facility from the Cooperative's System when necessary for routine maintenance, construction, and repairs on the Cooperative's System. The Cooperative shall provide the Interconnection Member or any Affected System operating Generating Systems larger than 1000 kW with five Business Days notice prior to such interruption when possible. The Cooperative shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Member.

3.4.3 Forced Outages

During any forced outage, the Cooperative may suspend interconnection service to effect immediate repairs on the Cooperative's System or any Affected System. The Cooperative shall use Reasonable Efforts to provide the Interconnection Member with prior notice. If prior notice

is not given, the Cooperative shall, upon request, provide the Interconnection Member written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Cooperative shall notify the Interconnection Member as soon as practicable if, based on Prudent Utility Practice, operation of the Generating Facility may cause disruption or deterioration of service to other members served from the same electric system, or if operating the Generating Facility could cause damage to the Cooperative's System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Member upon request. If, after notice, the Interconnection Member fails to remedy the adverse operating effect within a reasonable time, the Cooperative may disconnect the Generating Facility. The Cooperative shall provide the Interconnection Member with five Business Day notice of such disconnection, unless the provisions of Article 3.4.1 (Emergency Conditions) apply.

3.4.5 Modification of the Generating Facility

The Interconnection Member must receive written authorization from the Cooperative before making any change to the Generating Facility that may have a material impact on the safety or reliability of the Cooperative's System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Prudent Utility Practice. If the Interconnection Member makes such modification without the Cooperative's prior written authorization, the latter shall have the right to temporarily disconnect the Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and the Cooperative's System to their normal operating state as soon as reasonably practicable following a temporary or emergency disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Member shall pay for the cost of the Interconnection Facilities itemized in Appendix 2 of this Agreement. The Cooperative shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. The Interconnection Member is responsible for all such costs, even if such costs exceed the provided best estimate of cost. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Member, such other entities, and the Cooperative.

4.1.2 The Interconnection Member shall be responsible for its share of 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 Cooperative's Interconnection Facilities.

4.2 Distribution Upgrades

The Cooperative shall design, procure, construct, install, and own the Distribution Upgrades, both distribution and transmission, described in Appendix 4 of this Agreement. If the Cooperative and the Interconnection Member agree, the Interconnection Member may construct Distribution Upgrades that

are located on land owned by the Interconnection Member. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to and paid by the Interconnection Member.

4.3 Facilities Charge

Additionally, a monthly facilities charge for on-going overhead and maintenance will be charged with the appropriate rate set by the Cooperative's board of directors.

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

5.1 Billing and Payment Procedures and Final Accounting

5.1.1 The Cooperative shall bill the Interconnection Member for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement or as otherwise agreed to in writing by the Parties. The Interconnection Member shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to in writing by the Parties.

5.1.2 Within three months of completing the construction and installation of the Cooperative's Interconnection Facilities and/or Upgrades described in the Appendices to this Agreement, the Cooperative shall provide the Interconnection Member with a final accounting report of any difference between (1) the Interconnection Member's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Member's previous aggregate payments to the Cooperative for such facilities or Upgrades. If the Interconnection Member's cost responsibility exceeds its previous aggregate payments, the Cooperative shall invoice the Interconnection Member for the amount due and the Interconnection Member shall make full payment to the Cooperative within 30 calendar days. If the Interconnection Member's previous aggregate payments exceed its cost responsibility under this Agreement, the Cooperative shall refund to the Interconnection Member an amount equal to the difference within 30 calendar days of the final accounting report.

5.1.3 If the Interconnection Member elects the payment procedures in Articles 5.1.1 and 5.1.2, the Cooperative may also bill the Interconnection Member periodically for the costs associated with operating, maintaining, repairing and replacing the Cooperative's Interconnection Facilities, as set forth in Appendix 2 of this Agreement.

5.1.4 The Interconnection Member may, with the prior approval of the Cooperative, elect to be billed the costs in Articles 5.1.1 and 5.1.2 and for ongoing operations, maintenance, repair and replacement of the Cooperative's Interconnection Facilities under a Cooperative rate schedule, rider or service regulation providing for extra facilities charges, as set forth in Appendix 2 of this Agreement, such monthly charges to continue throughout the entire life of the interconnection.

5.2 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Cooperative's Interconnection Facilities and Upgrades, the Interconnection Member shall provide the Cooperative, at the Interconnection Member's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Cooperative and is consistent with the Uniform Commercial Code of North Carolina. Such security for payment shall be in an amount, as determined by the Cooperative, sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Cooperative's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Cooperative under this Agreement during its term. The Cooperative shall determine to its

reasonable satisfaction, the sufficiency of any such form of security, including applicable terms and conditions. In addition:

- 5.2.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Cooperative, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Member, up to an agreed-to maximum amount.
- 5.2.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Cooperative and must specify a reasonable expiration date.
- 5.2.3 The Cooperative may, but is not required to, waive the security requirements if its credit policies show that the financial risks involved are de minimus, or if the Cooperative's policies allow the acceptance of an alternative showing of creditworthiness from the Interconnection Member.

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

6.1 Assignment

- 6.1.1 This Agreement shall not survive the transfer of ownership of the Generating Facility to a new owner. The new owner must complete a new Interconnection Request and submit it to the Cooperative within 20 Business Days of the transfer of ownership or the Cooperative's Interconnection Facilities shall be removed or disabled and the Generating Facility disconnected from the Cooperative's System. The Cooperative shall not study or inspect the Generating Facility unless the new owner's Interconnection Request indicates that a Material Modification has occurred or is proposed, or the Cooperative has reasonable concerns regarding the safe operation by the new owner.
- 6.1.2 The Interconnection Member shall have the right to assign this Agreement, without the consent of the Cooperative, for collateral security purposes to aid in providing financing for the Generating Facility, provided that the Interconnection Member will promptly notify the Cooperative of any such assignment. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof.
- 6.1.3 Any attempted assignment that violates this Article is void and ineffective.

6.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, incidental, consequential, or punitive damages of any kind, except as authorized by this Agreement.

6.3 Indemnity

- 6.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in Article 6.2.
- 6.3.2 The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the

other Party's action or inaction of its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

- 6.3.3 If an indemnified Party 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 Party 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 If an indemnifying Party is obligated to indemnify and hold any indemnified Party harmless under this Article, the amount owing to the indemnified Party shall be the amount of such indemnified Party's actual loss, net of any insurance or other recovery.
- 6.3.5 Promptly after receipt by an indemnified Party 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 Party 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.

6.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

6.5 Force Majeure

- 6.5.1 As used in this Article, a Force Majeure Event shall mean any 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, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing.
- 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 promptly notify the other Party, either in writing or via the telephone, 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.

6.6 Default

- 6.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an

act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Article 6.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

6.6.2 If a Default is not cured as provided in this Article, or if a Default is not capable of being cured within the period provided for herein, or repeat Defaults have occurred, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 7. Insurance

- 7.1 The Interconnection Member shall obtain and retain, for as long as the Generating Facility is interconnected with the Cooperative's System, liability insurance which protects the Interconnection Member from claims for bodily injury and/or property damage. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. This insurance shall be primary for all purposes. The Interconnection Member shall provide, at least annually (and more frequently if requested) certificates evidencing this coverage as required by the Cooperative. The insurance company shall also be required to provide advance notice to the Cooperative of any lapse in payment or other default by the Interconnection Member which may result in lapse in insurance coverage. Such insurance shall be obtained from an insurance provider authorized to do business in North Carolina, and acceptable to the Cooperative. The Cooperative reserves the right to refuse to establish or continue the interconnection of the Generating Facility with the Cooperative's System, if such insurance is not in effect.
- 7.1.1 For an Interconnection Member that is a residential member of the Cooperative proposing to interconnect a Generating Facility no larger than 25 kW, the required coverage shall be a standard homeowner's insurance policy with liability coverage in the amount of at least \$100,000 per occurrence.
- 7.1.2 For an Interconnection Member that is a non-residential member of the Cooperative proposing to interconnect a Generating Facility no larger than 1000 kW, the required coverage shall be comprehensive general liability insurance with coverage in the amount of at least \$300,000 per occurrence.
- 7.1.3 For an Interconnection Member that is a non-residential Member of the Cooperative proposing to interconnect a Generating Facility larger than 1000 kW, the required coverage shall be comprehensive general liability insurance with coverage in the amount of at least \$1,000,000 per occurrence, said amount to be determined by the Cooperative based upon the size and operating characteristics of the Generating Facility and other relevant considerations.
- 7.1.4 An Interconnection Member of sufficient credit-worthiness may propose to provide this insurance via a self-insurance program if it has a self-insurance program established in accordance with commercially acceptable risk management practices, and such a proposal shall not be unreasonably rejected.
- 7.2 The Parties further agree to notify each other in writing 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. External Disconnect Switch (EDS)

In order to comply with the Final Rule of the Rural Utilities Service regarding the Interconnection of Distributed Resources (IDR) as codified at 7 C.F.R. Part 1730, Subpart C, the Cooperative requires that the Interconnection Facilities shall include a lockable and visible EDS that is readily accessible to and operable by authorized Cooperative personnel at all times. The EDS is an AC voltage, manual load break disconnect switch equipped with an external handle, that provides at all times a clear visible indication of the "open" or "closed" switch position between the Cooperative System and the Interconnection Member. The switch must have pad lock provisions for locking in the open position. The switch must be visible to, and accessible to, Cooperative personnel. The switch must be in close proximity to, and on the Interconnection Member's side of the point of electrical interconnection with, the Cooperative's System. The switch must be labeled "Generator Disconnect Switch." The switch must isolate the Interconnection Member and its associated load from the Cooperative's System or disconnect only the Generator from the Cooperative's System and shall be accessible to the Cooperative at all times. The Cooperative, in its sole discretion, determines if the switch is suitable. (Note: A circuit breaker does not meet the requirements.)

Article 9. Confidentiality

- 9.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Member shall be deemed Confidential information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party (unless giving of notice is prohibited by law) and after exhausting any opportunity to oppose such publication, production, or release), or necessary to be divulged in an action to enforce this Agreement. After notice, the Party to whom the Confidential information originally belonged, shall bear all costs and expenses and be solely responsible for undertaking action, if any, to try to prevent publication, production or release. Each Party receiving Confidential information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.1.1 Each Party shall employ at least the same standard of care to protect Confidential information obtained from the other Party as it employs to protect its own Confidential information.
- 9.1.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 If information is requested by the North Carolina Utilities Commission from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to the Commission within the timeline provided for in the request for information. In providing the information to the Commission, the Party may request that the information be treated as confidential and non-public in accordance with North Carolina law and that the information be withheld from public disclosure.

Article 10. Disputes

10.1 Applicable Provisions

The Parties agree to attempt to resolve all disputes arising out of the interconnection process

according to the provisions of this Article.

10.2 Written Notice

In the event of a dispute, either Party shall provide the other Party with a written notice of dispute. Such notice shall describe in detail the nature of the dispute.

10.3 Good Faith Negotiations

Each Party agrees to conduct all negotiations in good faith and to resolve the dispute as quickly as possible.

10.4 Meeting of Senior Personnel

As soon as practicable following issuance of the notice of dispute, the Parties shall schedule a meeting of senior personnel to discuss, in good faith, potential resolution of the underlying dispute.

10.5 Mediation

If this meeting does not result in settlement of the dispute, the matter may then be mediated before a mediator mutually acceptable to the Parties, preferably with industry-specific experience. If mediation is agreed upon, the mediation shall be conducted in the offices of the Cooperative. If the Parties cannot agree on a particular mediator, then they shall request that the mediator be selected by the Superior Court in Caldwell County, the county in which the Cooperative is located.

10.6 Legal Options

If mediation fails to resolve the dispute, each Party is then free to pursue its legal remedies, if any.

10.7 Scope

Nothing in sub-paragraphs 10.1 through 10.6 of this Article prohibits or limits the Cooperative from simultaneously implementing a temporary disconnect or either Party from proceeding with the filing of judicial action.

10.8 Consent to Jurisdiction; Waiver of Jury Trial

The Parties agree that any dispute through negotiation shall be tried and litigated exclusively in the Superior Court Division of the General Court of Justice located in Caldwell County, North Carolina (the "Caldwell County Superior Court") or, if federal jurisdiction exists, in the United States District Court for the Western District of North Carolina, Statesville Division, if federal jurisdiction exists. The Parties intend that the aforementioned choice of venue is to be mandatory and not permissive in nature, thereby precluding the possibility of any litigation between the Parties in connection with or arising out of this Agreement in any court other than specified in this Article. Each Party consents to and subjects itself to the exclusive personal jurisdiction of the Caldwell County Superior Court for any dispute arising out of or in connection with this Agreement, unless the dispute invokes federal jurisdiction, and in that case, shall consent to the exclusive personal jurisdiction of the United States District Court for the Western District of North Carolina, Statesville Division. Each Party agrees that such jurisdiction and venue for trial are reasonable under the circumstances. Each Party expressly waives the right to a jury trial as to any issues arising out of any such dispute.

10.9 Complex Business Agreement.

The Parties acknowledge that the subject matter of this Agreement constitutes a complex business arrangement between a North Carolina electric membership corporation and an individual or entity owning and or operating an interconnected Distributed Resource. The Agreement encompasses specialized areas of knowledge including, but not limited to, the transmission of electric energy and the delivery thereof. As such, the Parties agree in the event of state court litigation, that both shall

request designation of any dispute for resolution by a special superior court judge under Rule 2.1 or 2.2 of the North Carolina Superior Court Rules of Practice and will waive venue for hearing pretrial motions for the case to be designated under Rule 2.1 or 2.2.

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with North Carolina and federal policy and revenue requirements.
- 11.2 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 Cooperative's tax exempt status.

Article 12. Miscellaneous

12.1 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 North Carolina, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

12.3 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.

12.4 Waiver

12.4.1 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.

12.4.2 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, or duty under of this Agreement. Termination or default of this Agreement for any reason by Interconnection Member shall not constitute a waiver of the Interconnection Member's legal rights to obtain an interconnection from the Cooperative. Any waiver of this Agreement shall, if requested and agreed to, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Appendices, 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.

12.6 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.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership 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.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. Both the Cooperative and Interconnection Member are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices per Prudent Utility Practice (PUP).

12.10 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 Generating Facility 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.

12.11 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.

12.11.1 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 Cooperative be liable for the actions or inactions of the Interconnection Member or its subcontractors with respect to obligations of the Interconnection Member 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.

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

12.12 Reservation of Rights

Nothing in this Agreement shall limit the rights of the Parties except to the extent that the Parties otherwise agree as provided herein. It is noted that the Cooperative is not obligated to comply with the provisions of NCUC Docket E-100, Sub 101, as is the case with Investor Owned Utilities like Duke Energy Carolinas. Although the Cooperative has chosen to follow generally the format of the North Carolina Interconnection Agreement (with modifications since Blue Ridge Electric is an electric cooperative and not an investor-owned utility), it is noted that the Cooperative's obligations are in accordance with the Final Rule of the Rural Utilities Service of the U.S. Department of Agriculture re "Interconnection of Distributed Resources," 74 Fed. Reg. 32406 (July 8, 2009) (Codified at 7 C.F.R. Part 1730, Subpart C).

Article 13. Notices

13.1 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 courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Member:

Interconnection Member: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone (work/home): _____ Phone (cell): _____

Fax: _____

Email: _____

If to the Cooperative:

Cooperative: Blue Ridge Electric Membership Corporation

Attention: Jason Lingle

Address: PO Box 112

City: Lenoir NC 28645

Phone: 828-758-2383 Fax: 828-758-2699

E-mail: jlingle@blueridgeemc.com

13.2 Billing and Payment

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

If to the Interconnection Member:

Interconnection Member: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

If to the Cooperative:

Cooperative: Blue Ridge Electric Membership Corporation

Attention: Jason Lingle

Address: PO Box 112

City: Lenoir NC 28645

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Member:

Interconnection Member: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone (work/home): _____ Phone (cell): _____

Fax: _____

E-Mail Address: _____

If to the Cooperative:

Cooperative: Blue Ridge Electric Membership Corporation

Attention: Jason Lingle

Address: PO Box 112

City: Lenoir NC 28645

Phone: 828-759-8959 Fax: 828-758-2699

E-Mail Address: jlingle@blueridgeemc.com

13.4 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 Member's Operating Representative:

Interconnection Member: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____
E-Mail Address: _____

Cooperative's Operating Representative:

Cooperative: Blue Ridge Electric Membership Corporation
Attention: Jason Lingle
Address: PO Box 112
City: Lenoir NC 28645
Phone: 828-759-8959 Fax 828-758-2699
E-mail: jlingle@blueridgeemc.com

13.5 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.

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

For the Cooperative:

Name: _____
Title: _____
Date: _____

For the Interconnection Member:

Name: _____
Title: _____
Date: _____

Date Adopted: 09/11 (Originally adopted by the Board of Directors as Attachment 2 to Policy Statement Number: 6-8B)

Dates Revised: 10/12 (On this date Attachment 2 was converted to Operational Procedure 5-1-5-O-2), 2/13

Glossary of Terms

25 kW Inverter Process – The procedure for evaluating a request for Interconnection of Distributed Resources (IDR) for a certified inverter-based Generating Facility no larger than 25 kW. The application process uses an all-in-one document that includes a simplified request for Interconnection for Distributed Resources, simplified procedures, and a brief set of Terms and Conditions.

Affected System – An electric system other than the Cooperative's System that may be affected by the proposed interconnection. The owner of an Affected System might be a Party to the Interconnection Agreement or other study agreements needed to interconnect the Generating Facility.

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.

Business Day – Monday through Friday, excluding state holidays.

Commission – The North Carolina Utilities Commission. It should be noted that the Commission does not have regulatory authority over Cooperatives regarding Interconnection Agreements, Procedures and Forms. The Cooperative is governed by its Board of Directors who approves Cooperative policies, service rules, regulations, procedures, and rates. As a borrower from the Rural Utilities Service (RUS) of the U.S. Department of Agriculture, the Cooperative is required to follow RUS rules and regulations and this Agreement meets the Final Rule of the "Interconnection of Distributed Resources" 74 Fed. Reg. 32406 (July 8, 2009) (Codified at 7 C.F.R. Part 1730, Subpart C).

Cooperative – The entity that owns, controls, or operates facilities used for providing electric service in its designated service area that the Interconnection Member is located.

Default – The failure of a breaching Party to cure its breach under the Interconnection Agreement.

Distributed Resources – Sources of electric power that are not directly connected to a bulk power transmission systems, having an installed capacity of not more than 10 MVA / 10 MW, connected to the Cooperative's electric power distribution system through a point of common coupling. Distributed resources include both generators of electricity and electric storage technologies.

Distribution System – The Cooperative's facilities and equipment used to transmit electricity to ultimate usage points such as homes and businesses from nearby generators or from interchanges with higher voltage transmission networks (Duke Energy Carolinas-DEC) which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Cooperative's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the service necessary to allow the Generating Facility to operate in parallel with the Cooperative and to inject electricity onto the Cooperative's System. Distribution Upgrades do not include Interconnection Facilities.

Duke Energy Carolinas (DEC) – The Investor Owned Utility that the Cooperative is interconnected with to receive electricity under an all-requirements contract that provides wholesale electricity to the cooperative.

External Disconnect Switch (EDS) – In order to comply with the Final Rule of the Rural Utilities Service regarding the Interconnection of Distributed Resources (IDR) as codified at 7 C.F.R. Part 1730, Subpart C, the Cooperative requires that the Interconnection Facilities shall include a lockable and visible EDS that is readily accessible to and operable by authorized Cooperative personnel at all times. The EDS is an AC voltage, manual load break disconnect switch equipped with an external handle that provides at all times a clear visible indication of the "open" or "closed" switch position between the Cooperative System and the Interconnection Member. The switch must have pad lock provisions for locking in the open position. The switch must be visible to, and accessible to Cooperative personnel. The switch must be in close proximity to, and on the

Interconnection Customer's side of the point of electrical interconnection with the Cooperative's System. The switch must be labeled "Generator Disconnect Switch." The switch must isolate the Interconnection Customer and its associated load from the Cooperative's System or disconnect only the Generator from the Cooperative's System and shall be accessible to the Cooperative at all times. The Cooperative, in its sole discretion, determines if the switch is suitable. (Note: A circuit breaker does not meet the requirements.)

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Generating Facility greater than 25kW but no larger than 1000kW / 1MW that includes the Section 3 screens, member options meeting, and optional supplemental review.

Generating Facility – The Interconnection Member's Distributed Resource device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Member's Interconnection Facilities. Also see Distributed Resources.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Member, the Cooperative, or any affiliate thereof.

Interconnection Member – Any entity, including the Cooperative, that proposes to interconnect its Generating Facility with the Cooperative's System.

Interconnection Facilities – The Cooperative's Interconnection Facilities and the Interconnection Member's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Distributed Resource Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Cooperative's System. Interconnection Facilities are sole use facilities and shall not include Upgrades.

Interconnection Request – The Interconnection Member's request, in accordance with the interconnection procedures, to interconnect a new Distributed Resource Generating Facility, or to increase the capacity of, or make a Material Modification to, an existing Generating Facility that is interconnected with the Cooperative's System.

Material Modification – A modification to machine data or equipment configuration or to the interconnection site of the Generating Facility that has a material impact on the cost, timing or design of any Interconnection Facilities or Upgrades.

Network Upgrades – Additions, modifications, and upgrades to the Cooperative's facilities required to accommodate the interconnection of the Generating Facility to the Cooperative's System. Network Upgrades do not include Distribution Upgrades. Upgrades of this sort may be required for Generating Systems greater than 1000kW / 1MW but less than 10 MVA / 10 MW.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Reliability Organization, Independent System Operator, control area, or the Cooperative's requirements, including those set forth in the Interconnection Agreement.

Party or Parties – The Cooperative, Interconnection Member, and possibly the owner of an Affected System, or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Cooperative's System.

Prudent Utility Practice (PUP) – 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. PUP is not intended to be limited to the optimum practice,

method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region and the utility industry.

Queue Position – The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Cooperative and a demonstration of site control, if requested.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Interconnection Agreement, efforts that are timely and consistent with Prudent Utility Practices and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Renewable Energy Certificates (RECs) – Also known as Renewable Energy Credits or Green Tags, are tradable, non-tangible energy commodities that represent proof that 1 megawatt-hour (MWH) of electricity was generated from an eligible renewable energy resource. In North Carolina the Utilities Commission has established a Renewable Energy Tracking System (NC RETS) to register and certify RECs produced from renewable energy projects providing one REC for every 1,000 kWh of electricity it produces and delivers to electric systems. These RECs are sold and traded separate from commodity electricity and the consumer/owner of the REC receives only a certificate. NC Green Power is an independent, non-profit organization that purchases RECs from small producers in the state.

Standard – The interconnection procedures, forms and agreements approved by the Cooperative for interconnection of Generating Facilities to the Cooperative's System in its service area.

Study Process – The procedure for evaluating an Interconnection Request that includes the Section 4 scoping meeting, feasibility study, system impact study, and facilities study.

System – The facilities owned, controlled or operated by the Cooperative that are used to provide electric service in its service area.

Transmission System – The transmission facilities owned, controlled or operated by the Cooperative that are used to transmit electricity in its service area. The Cooperative's Transmission System is interconnected with the Transmission System of Duke Energy Carolinas (DEC).

Upgrades – The required additions and modifications to the Cooperative's System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

**Description and Costs of the Generating Facility,
Interconnection Facilities, and Metering Equipment**

Equipment, including the Generating Facility, Interconnection Facilities, and metering equipment shall be identified as being owned by the Interconnection Member, the Cooperative, or, if applicable, a third party. The Cooperative will provide a best estimate cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

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

Cooperative's Description of its Upgrades and Best Estimate of Upgrade Costs

The Cooperative will describe Upgrades and provide a best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades.

Additional Operating Requirements of the Interconnection Member to Support the Operational Needs of the Cooperative and Other Affected Systems

The Cooperative may also provide requirements that must be met by the Interconnection Member prior to initiating parallel operation with the Cooperative's System.