



**COGENERATION AND SMALL POWER PRODUCTION
PARALLEL OPERATION, POWER SALES,
AND INTERCONNECTION AGREEMENT**

between

and

Lincoln Electric System

This Power Sales and Interconnection Agreement, hereinafter called the "Agreement", is made and entered into as of the _____ day of _____, 20_____, by and between _____, hereinafter referred to as the "Owner" of the alternate energy generation equipment or "Facility" and the City of Lincoln, a municipal corporation of the State of Nebraska, acting through Lincoln Electric System, hereinafter referred to as "LES." The Owner and LES each may be referred to as "Party," or collectively as the "Parties."

WITNESSED: The Owner desires to install alternate energy generation equipment and has requested that it be interconnected to LES such that it operates in parallel with LES and LES may receive energy from such Facility. LES agrees to allow such interconnection subject to the following terms and conditions, which are accepted and agreed to by the Owner:

**ARTICLE I
TERM OF AGREEMENT**

This Agreement shall be binding upon execution and shall remain in effect for a term of twelve (12) months from the aforementioned execution date. The Agreement may be terminated by either Party by giving 30 days written notice. Upon completion of the term, the Agreement will remain effective on a month-to-month basis unless terminated by either Party.

**ARTICLE II
SALE OF ENERGY**

The Owner of the Facility elects to sell and deliver energy to LES under one of the following two options:

(Check the appropriate option)

_____ Option II-A Deliver the entire electrical output of the Facility.

_____ Option II-B Deliver the instantaneous surplus or excess electrical output beyond any load requirements associated with the Facility.



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**ARTICLE III
RATES FOR PURCHASES FROM FACILITY**

LES shall pay the Facility for energy delivered to LES according to the current period LES price schedule for such purchases, Option III-A. This price schedule shall be reviewed and subject to change by LES at its discretion.

The Facility has the option to contract for the future periods' energy purchase prices offered by LES, Option III-B. The option shall be exercised prior to the beginning of the specified contract term. The contract term for future energy purchase prices shall be mutually agreeable to both Parties. Should the Facility elect to contract under this option, a price schedule denoting future periods' purchase prices shall be affixed as an appendix to this Agreement.

(Check the appropriate option)

_____ Option III-A Current period LES price schedule as modified from time to time.

_____ Option III-B Contract for future periods' prices.

**ARTICLE IV
INTERCONNECTION COSTS**

Those additional costs above and beyond interconnection costs with respect to retail customers of similar load characteristics shall be recovered from the Facility. Appendix B to this Agreement shall set forth those additional items and the LES reimbursement mechanism.

**ARTICLE V
TERMS AND CONDITIONS**

This Agreement includes the following appendices which are attached and incorporated by reference herein:

Appendix A – General Terms and Conditions for Interconnection and Power Purchases and Sales

Appendix B – Additional Interconnection Costs



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In addition, the terms and conditions of the LES Service Regulations, as modified from time to time, shall also apply except as expressly modified in this Agreement.

In witness whereof, the Parties have executed this Agreement by their duly authorized representatives as of the date hereinabove set forth:

Owner of Facility

Lincoln Electric System

Title

Title



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APPENDIX A

**GENERAL TERMS AND CONDITIONS FOR INTERCONNECTION
AND POWER PURCHASES AND SALES**

A-1. *General*

An "Application for Electric Service" must be prepared by the Owner and submitted to the Authority Having Jurisdiction as defined by the National Electric Code.

LES shall be notified of all generation installations and approve the final wiring before the generator is put into service. The Owner of the Facility will operate the generator in compliance with these requirements and the terms of the LES Service Regulations.

LES does not allow closed-transition or parallel operation of customer-owned generation with LES secondary spot or grid networks (i.e., the LES downtown network).

A-2. *Electrical Service Conditions*

A-2.1. *Points of Delivery and Receipt*

The point of delivery and/or receipt between LES and the Facility will be the LES metering equipment or that point where the LES service wires are joined to the Facility's service terminals unless otherwise mutually agreed to by the Parties.

A-3. *Rights and Obligations*

A-3.1. *Ownership and Responsibility*

The Owner of the Facility shall design, construct, install, own, operate, and maintain the Facility and all equipment on the Owner's side of the point of delivery/receipt that is required to generate and deliver energy to LES except for any special facilities as may be designated. The Facility's protection, control, safety, and all associated equipment must meet standards of good engineering and electrical safety practices as determined solely by LES, comply with NERC, MRO, and applicable SPP RTO requirements, and be capable of parallel operation with LES service wires. The protection, control, safety, and other associated equipment shall at all reasonable times be accessible to authorized LES personnel.

A-3.2. *Design*

The Owner of the Facility shall supply LES with a copy of technical specifications and drawings upon request related to the production and interconnection facilities and related equipment. These must include a system one-line diagram, an interconnection breaker trip schematic, and interconnection relay settings. LES' review or approval of the Facility's specifications shall not be construed as confirming nor endorsing the design, effectiveness of the equipment, or the plan for use of the equipment for actually reducing demand or energy usage, nor as any warranty of safety, durability, or reliability of such Facility or equipment. LES shall not, by reason of such review or failure of review, be responsible for strength, details of design, adequacy or capacity of the Facility or other equipment, nor shall LES' acceptance be deemed to be an endorsement of any Facility or equipment.



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A-3.3. *Interconnection Facilities*

The Owner of the Facility shall construct, own, and maintain interconnection facilities as required by LES to deliver energy from the Facility to the point of delivery/receipt. The interconnection facilities shall be of such size to accommodate the delivery of such energy. In the event it is necessary for LES to install special interconnection facilities to re-enforce its electrical system for purposes of this Agreement, the Owner of the Facility shall reimburse LES its costs.

A-3.4. *Protective Equipment*

The Owner of the Facility shall be responsible for providing and maintaining all equipment deemed necessary for the protection of its own facilities, property, and operations. Such equipment shall be provided for on the Owner's side of the point of delivery/receipt. By virtue of the interconnection with the Facility, LES assumes no liability for the protection of any property or person associated with the Facility's operations.

A-3.5. *Changes in Conditions*

The Owner of the Facility agrees to make and bear all costs, except as otherwise provided, of changes in equipment necessitated by changes in service requirements as may be reasonably required by LES.

A-3.6. *Governmental Regulations, Codes, Standards, and Ordinance*

The Owner of the Facility has the responsibility to comply with all applicable federal, state, and local regulations, codes, and ordinances including electrical codes and NERC regulations. The Facility shall also comply with the current version of the following industry codes and standards:

- ANSI C84.1
- IEEE 1547
- UL 1741
- National Electric Code (NEC)

The Owner shall not begin initial operation of the Facility until it has passed applicable code inspection requirements and has received written approval from LES. The LES review of design specifications and drawing or on-site inspections shall not be construed as approvals as to compliance with any such regulations, codes, and/or ordinances. This includes environmental laws and regulations, safety laws, building and construction codes, local safety, health, and industrial regulations or codes. LES System Protection personnel must witness a trip check of the interconnection breaker and must also witness the first parallel or closed transition operation of the Facility.



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A-3.7. *Land Rights*

The Owner of the Facility grants to LES all necessary rights-of-way and easements on the property of the Owner to install, operate, maintain, replace, and remove LES' metering and interconnection equipment. If any part of LES' facilities are to be located on property owned by other than a Party to this Agreement, the Owner of the Facility shall procure all necessary rights-of-way and easements for the construction, operation, maintenance, and replacement of LES' facilities upon such property in a form satisfactory to LES. The standard LES easement agreement will be utilized.

Authorized LES personnel have the right to enter at any reasonable time, or at any time in the event of an emergency or hazardous condition, to inspect equipment located on the property or within an enclosure and make safety checks. This right does not relieve the Owner of the Facility of the obligation to maintain such facilities.

A-4. *Operations and Safety*

These requirements shall be applicable to ensure the safe and reliable operation of parallel interconnections. The adequacy of protection devices used for interconnection with the Facility will be determined by LES. The following requirements shall be generally applicable unless modified in this Agreement. If applicable, this Agreement will also identify the specific requirements for compliance.

A-4.1. *Procedures*

The Owner of the Facility shall cooperate with LES in developing mutually acceptable operating procedures for the delivery of the electrical output from the Facility and associated interconnection. The Owner will be required to provide and maintain suitable apparatus and will be responsible for operating the Facility and associated equipment in a manner that will not cause undesirable and harmful effects, unusual fluctuations, and disturbances to occur on the electrical system of LES or LES' customers. LES shall have the right at any time to inspect and test the operation of any control and protective equipment owned and maintained by the Owner. Any future changes to the interconnection relay settings must receive the approval of LES System Protection personnel before implementation. LES will provide a label to be placed on or near the interconnection relay as a reminder of this requirement.

A-4.2. *Disconnect Equipment*

The Owner shall provide equipment for manually disconnecting and isolating the Facility from the LES electrical system. An outside-mounted visible disconnect shall be installed on the Owner's side of the point of delivery/receipt near the meter or mutually agreed upon location. Such equipment must be capable of preventing the Facility from energizing the LES service wires and must include a device which, at LES' discretion, LES employees can operate and lock in place.

The Owner shall also provide equipment to automatically disconnect and isolate the Facility from LES during a service interruption. The automatic disconnect shall receive its voltage and frequency referenced from the LES service wires. The automatic disconnect shall not close without proper voltage and frequency from the LES service wires. Such equipment must be capable of preventing the Facility from energizing LES service wires during a service interruption.

A-4.3. Fault Protection

Adequate protection facilities shall be provided by the Owner to protect the LES service wires from fault currents originating from the Facility. The Owner shall also be responsible to provide adequate protection for the Facility from fault currents originating in the LES electrical system.

A-4.4. Over/Under Voltage

It shall be the responsibility of the Owner to provide adequate protection or safeguards to prevent damage to the LES electrical system caused by over/under voltages originating in the Facility and to protect the Facility from inadvertent over/under voltage conditions originating from the LES electrical system.

A-4.5. Synchronization

The Owner shall provide adequate facilities for the proper synchronization of the Facility with LES service wires such that such synchronization is accomplished without causing undesirable currents, surges, or voltage dips on the LES electrical system. LES employs automatic reclosing on its system circuit breakers. A fault and the subsequent breaker trip and reclose can cause an out-of-phase condition to exist between LES and the Facility. Following a period of interruption, the proper resynchronization of the Facility shall be the responsibility of the Owner.

A-4.6. Grounding

The Owner shall ground the Facility and associated equipment in such a manner that coordination is maintained with the relay protection system in use by LES and the Facility is protected from being subject to deleterious voltage and excessive current conditions.

A-4.7. Harmonics

Adequate design precaution must be taken by the Owner to prevent excessive and deleterious harmonic voltages and/or currents caused by the Facility from occurring on the electrical system of LES or to LES' customers. The Facility must be designed to operate with normal harmonic voltage and currents that originate from the LES electrical system.

A-4.8. Power Factor

The operation of the Facility shall not produce nor consume excessive reactive power. Should the power factor fall outside acceptable limits either lagging or leading, as determined by LES, the Owner shall undertake the necessary modifications to meet the required power factor level.

A-4.9. Voltage Regulation

The Owner shall provide the necessary voltage regulation equipment to prevent the Facility from causing excessive voltage variations on the LES electrical system. The voltage variation caused by the Facility must be within the ranges capable of being handled by the voltage regulation facilities used by LES.

A-4.10. Voltage Flicker

Voltage surges or flickers caused by the operation, synchronization, or isolation of the Facility shall be within the standards of frequency of occurrence and magnitude established by LES to prevent undue voltage flicker on the LES electrical system. The Owner shall provide suitable equipment to reasonably limit voltage fluctuations caused by the Facility.

A-4.11. Voltage Balance

The voltage produced by the Facility must be balanced if it is a three-phase installation. The Owner shall be responsible in protecting the Facility from an inadvertent phase unbalance in LES service voltage.

A-4.12. Over/Under Frequency

The Owner shall provide the necessary facilities for safeguards and protection of equipment caused by the incurrence of an over or under frequency event.

A-4.13. Emergency Dispatchability

An emergency condition exists when the reliability of the electric system is in jeopardy and customer service is threatened. During emergency conditions, the Owner of the Facility may be asked to place control of the Facility under the direction of LES until the electric system has returned to normal operation. LES will determine when generation should be adjusted, brought on-line, or shut down. If the Owner chooses to cooperate during these emergency conditions, they should be able to alter their generation schedules as directed by LES' system operators.

A-5. Continuity of Service

LES may require the Facility to curtail, interrupt, or reduce deliveries of energy in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or any part of its electrical system or if it determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, operating conditions on its electrical system, or as otherwise required by prudent electrical utility practices. Such discontinuance of service or purchases shall be without notice or liability.



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Any violation of the terms and conditions of the Agreement or LES Service Regulations shall result in the immediate termination of the Agreement without notice or liability.

If the Facility is not performing to the established standards of service or is reducing the quality of service to other LES customers, the Owner of the Facility must disconnect the Facility until such time the Owner takes corrective action. In the event the Owner refuses to discontinue parallel operation, LES may terminate electric service in accordance with the LES Service Regulations.

A-6. *Metering*

A-6.1. *Ownership and Maintenance*

LES shall install, own, maintain, and test all billing meters and associated equipment that is necessary in LES' judgment to determine amounts and/or times of delivery of energy by the Facility to LES and from LES to the Facility and any associated load. The cost of any additional metering will be recovered by LES in a monthly billing for interconnection and special facility's costs. The Facility shall furnish the meter socket(s) and other related equipment plus sufficient space required by LES in order to accommodate such equipment.

The Owner of the Facility agrees to allow LES, at LES' expense, to install additional metering to obtain other load and operating data provided such metering does not adversely affect the operations of the Facility.

A-6.2. *Sealed Meters and Testing*

All meters used to determine the billings shall be sealed and the seals shall be broken by LES employees only upon those occasions when the meters are to be inspected, tested, or adjusted.

If requested to do so by the Facility, LES shall inspect or test the meter(s) with the expense of such an inspection or test being paid by the Facility unless upon being tested or inspected the meter is found to register inaccurately by more than two percent of full scale. LES shall give reasonable notice of the time when any inspection or test shall take place such that the Owner may have a representative present at the test and inspection. If a meter is found to be inaccurate beyond two percent or is otherwise defective, it shall be repaired or replaced, at LES' expense, in order to provide accurate metering.

A-6.3. *Adjustments*

If any test of metering equipment discloses an inaccuracy, the accounts between the Parties shall be adjusted in accordance with the LES Service Regulations, Section B.4.3. – Billing Adjustment.

A-6.4. *VAR Metering*

At LES' option, VAR metering may be installed by LES at the Facility's expense to measure reactive power.



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A-7. *Billing and Payment*

Once per billing month, LES shall read the billing meter(s) installed to measure energy and capacity (real and reactive, if applicable) delivered to LES from the Facility. LES shall then prepare a statement computing the amounts owed by LES for such energy. From this amount, LES shall deduct any amounts owed by the Owner of the Facility to LES for any additional interconnection, metering, and billing associated with the Facility. The billing and payment shall be in accordance with adopted LES regulations regarding such items.

A-8. *Uncontrollable Forces*

A Party shall not be considered to be in default with respect to any obligation hereunder if prevented from fulfilling such obligation by reason of uncontrollable forces. The term uncontrollable forces shall be deemed for the purposes hereof to mean storm, flood, lightning, earthquake, fire, explosion, civil disturbance, labor disturbance, sabotage, war, national emergency, restraint by court or public authority, or other causes beyond the control of the Party affected which such Party could not reasonably have been expected to avoid by exercise of due diligence and foresight. Either Party unable to fulfill any obligation by reason of uncontrollable forces will exercise due diligence to remove such disability with reasonable dispatch.

A-9. *Indemnity and Liability*

Each Party shall indemnify the other Party, its officers, agents, and employees against all loss, damage, expense, and liability, including attorney's fees and costs, to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying Party's construction, ownership, operation, or maintenance of, or by failure of, any of such Party's works on facilities used in connection with this Agreement. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall pay all costs that may be incurred by the other Party in enforcing this indemnity.

Nothing in this Agreement shall be construed to create any duty to any standard of care with reference to or any liability to any person not a Party to this Agreement.

The Owner of the Facility shall be required to procure and maintain, at its sole expense, insurance covering liability or loss of any type or kind whatsoever resulting in any way from, in connection with, or arising out of performance of this Agreement by the Owner while this Agreement is in effect. All policies of insurance procured to comply with this Agreement shall include clauses, amendments, or endorsements that provide that the insurer and the Owner waive any rights to recover against LES, its directors, officers, and employees under subrogation or any other theory. The Owner also agrees that all policies of insurance procured under this Agreement and all liability policies of any subcontractor performing operations or work under this Agreement on behalf of Owner, will be endorsed to provide that LES, its directors, officers, and employees shall be additional insureds. At the time of execution of this Agreement, the Owner will provide a certificate of insurance to LES, in a form acceptable to LES, evidencing that satisfactory insurance coverage of the type and limits required herein has been procured.



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The Owner shall maintain the following insurance during term of this Agreement at the limits specified below:

- Commercial General Liability and Excess Liability Insurance – The Owner agrees to procure insurance covering: explosion, collapse, underground property damage, contractual liability, and completed operations in the amount of \$500,000 per occurrence and \$1,000,000 in the aggregate. The Owner may satisfy the limits required herein through any combination of commercial general liability coverage and excess or umbrella liability coverage.

A-10. *Consequential Damages*

To the fullest extent permitted by law, LES shall not be liable to the Owner 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, loss of goodwill, cost of substitute 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.

A-11. *Waiver*

Any waiver at any time by either Party of its rights with respect to default under this Agreement shall not be deemed a waiver with respect to any subsequent default by the other Party under this Agreement.

A-12. *Successors, Legal Representative, or Assigns*

This Agreement shall be binding upon and inure to the benefit of the successors, legal representatives, or assigns of the respective Parties. Neither Party shall assign this Agreement without the express written consent of the other Party, nor shall a Party be relieved of its obligations hereunder or impose additional obligations or burdens on the other Party by any assignment given.

A-13. *Governmental Jurisdiction and Authorization*

This Agreement is subject to the jurisdiction of those governmental agencies having control over the Parties or the Agreement. This Agreement shall not become effective until all required governmental authorization and permits are first obtained and copies are submitted to LES.

This Agreement shall at all times be subject to such changes by such governmental agencies, and the Parties shall be subject to such conditions and obligations, as such governmental agencies may from time to time direct in the exercise of their jurisdiction. Both Parties agree to exert their best efforts to comply with all applicable rules and regulations of all governmental agencies having control over either Party or this Agreement. The Parties shall take all reasonable action necessary to secure all required governmental approvals of this Agreement in its entirety and without change.



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A-14. *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 Nebraska, without regard to conflict of laws principles. This Agreement is subject to all applicable laws and regulations.



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APPENDIX B

ADDITIONAL INTERCONNECTION COSTS

All interconnection costs above and beyond the normal costs of interconnection with a retail customer of like load characteristics are to be recovered from the Facility. The additional LES interconnection cost associated with this Facility is 1 or 2 below as applicable.

- | | |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Additional metering investment for 200 amp service, watt hour meters. | Contact LES for the current incremental standard kWh in/out metering cost per month. Such charge will be reviewed by LES and is subject to change on a periodic basis. |
| 2. Additional metering investment for other than 200 amp service and/or interval recording meters. | The metering cost will be determined on a case by case basis. These costs typically involve services with greater than 200 amps capacity and/or for interval recording meters. |

Distribution: Owner and LES complete.
Retention: ACT + 7 years (ACT = life of agreement)