OKEFENOKE RURAL ELECTRIC MEMBERSHIP CORPORATION

POLICY NO. 422

Interconnection of Distributed Generation Resources to the Electric Distribution System

Purpose

To describe the business terms and conditions and the operational expectations and limitations under which Okefenoke Rural Electric Membership Corporation (herein after referred to as "OREMC" or the "Cooperative") will connect member owned distributed generation to the OREMC electric distribution system while providing the guidance needed to the OREMC staff to provide technical and business support for these interconnections.

A. **Definitions**

Throughout this policy and the associated forms and interconnection process, there is terminology used that is specific to the policy and the associated business practices and processes that warrant a clear, mutually understood definition. To that end the following definitions are provided:

1. "**Billing period**" means, as to a particular member, the time period between the dates on which the Cooperative normally reads the retail service meter for billing purposes.

2. "**Distributed Generation**" "(**DG**)" is a small-scale generating facility (e.g. land, equipment, materials, other items associated with a generator site) that is owned and operated by an OREMC member for the purposes of producing electrical energy to offset the member's electrical energy needs which:

   a) Is located on the OREMC member premises;

   b) Is connected to, and operated in parallel with OREMC's electric distribution system;

   c) Is intended to supply a process need within the member's facilities or provide part or all of the member's electrical energy requirements as supplied by OREMC.

3. "**Electric distribution system**" is the wires, poles, reclosers, breakers, regulators, transformers, and other associated equipment and facilities owned, operated, and maintained by OREMC for the purposes of the timely and reliable delivery of electrical energy to its members.

4. "**Force Majeure**" is any event that is beyond the reasonable control of the affected Party, and that the affected Party is unable to prevent or protect against by exercising reasonable due diligence including, but not limited to the following events or circumstances, but only to the extent that they satisfy the requirements: acts of war, public disorder, rebellion or insurrection; floods, hurricanes, earthquakes, lightning, storms or other natural disasters or calamities; explosions or fires; strikes, work stoppages or labor disputes; embargoes; or sabotage.

5. "**Interconnection**" is the facility, equipment and materials that connect two systems such as a non-utility generator to a utility electric system.

6. "**Member**" means a member of Okefenoke Rural Electric Membership Corporation.

7. "**Member Generator**" means a member who is the owner and operator of a distributed generation facility.

8. "**Point of Interconnection**" is the physical point of connection between two systems such as the non-utility generator and an electric utility system.

B. Scope

This policy applies to all consumer members of Okefenoke Rural Electric Membership Corporation (OREMC) who desire to install, interconnect, own and operate member owned, Distributed Generation on the OREMC electric distribution system. Any consumer member of OREMC may own, install and operate Distributed Generation on their premises as long as they shall abide by the terms and conditions of the Interconnection Agreement executed between OREMC and the respective Member Generator.

This policy addresses the installation of Distributed Generation by OREMC members on their premises with a maximum generation capacity of ten (10) megawatts (MW). This maximum capacity limit applies to Distributed Generation installed at any member class, whether residential, commercial or industrial. This upper limitation of ten (10) MW is due directly to the capacity of the standard equipment and materials OREMC maintains in inventory without special order or handling. Any Member Generator desiring to install Distributed Generation with a capacity greater than 10 MW shall be referred to OREMC's transmission provider for an application to interconnect directly onto the bulk transmission system.

C. **Safety**

Safety to the general public, the OREMC staff, facilities and equipment is the first and foremost consideration with any interconnection. The interconnection of Distributed Generation shall not under any circumstances be allowed to reduce, minimize or impair the safety to the general public, OREMC staff, facilities and equipment. To the extent necessary to ensure safe operation of OREMC's electric distribution system, the Member Generator's Distributed Generation installation shall adhere to the most current edition of the National Electric Safety Code (NESC) and to the most current version of OREMC's safety rules and procedures.

In order to ensure electrical isolation from the OREMC electric distribution system when necessary for routine maintenance of the electric distribution system or during emergency conditions affecting the electric system conditions, a manual, air-gap disconnect switch capable of being tagged open, and pre-approved by OREMC shall be installed by the Member Generator. This manual disconnect switch shall be installed in a physical location which is available and readily accessible to OREMC personnel for operation twenty-four hours per day, seven (7) days per week.

OREMC shall have the option to inspect the final installation of the Distributed Generation and the connection to the OREMC electric distribution system. OREMC may refuse to allow the Member Generator to close the disconnect switch to the OREMC electric distribution system if any defects or problems are found with the interconnection or if any misapplications of equipment or materials are detected. However, under no circumstances shall this inspection by OREMC be deemed to warrant, validate or otherwise certify the interconnection or the proper installation of the Distributed Generation. That is the sole responsibility of the Member Generator's licensed engineer or the supplier(s) of the Distributed Generation equipment.

D. **Reliability of Operation**

OREMC is required by its member-owners, state regulatory authorities, and prudent engineering practice to operate its electric distribution system in a secure and reliable manner for the benefit of these electric member-owners. As such, all Member Generator applicants are required to be familiar with and shall be compliant with the following standards: the most current edition of the Institute of Electrical and Electronics Engineers (IEEE) standard 1547 and 1547.1, "IEEE 1547 Standard for Interconnecting Distributed Resources with Electric Power Systems" and "IEEE 1547.1 Standard for Conformance Test Procedures for Equipment Interconnecting Distributed Resources with Electric Power Systems", the National Electrical Code (NEC), and the Underwriters Laboratory (UL) regulations in UL 1741, as well as local, county and state regulations governing the installation of distributed generation on a member's premise.

The Member Generator shall not be authorized to proceed with energizing the interconnection until such time as OREMC has received approved copies of all local, county and state notices, permits and other instruments conveying approval to proceed with the installation and operation from these local authorities.

E. **Cost**

OREMC shall recover all its costs associated with the engineering, design, construction, installation, metering and interconnection of the Distributed Generation with their electric distribution system. OREMC will not subsidize these interconnection costs from any other member class and will not allocate these costs across their various member classes.

Since each Distributed Generation installation is typically unique in configuration, fuel source, and energy output, it is reasonable to expect the costs associated with the interconnection to be unique. That is, the total cost for the interconnection will be the actual costs incurred for the interconnection. OREMC will provide the Member Generator applicant an estimate of the total cost to interconnect the Distributed Generation following submittal of the completed Application for Interconnection. As part of the Application for Interconnection process the Member Generator shall pay the total amount of the estimated cost up front before OREMC will begin any work on the interconnection. Once the interconnection is completed and all actual costs are received and totaled for the interconnection, the Member Generator shall be responsible for payment of any additional costs in excess of the original estimate. In the event the actual total cost of the interconnection is less than the original cost estimate paid by the Member Generator, OREMC will refund the difference to the Member Generator.

The total cost of the Distributed Generation facility including all equipment and materials, the design, construction, installation, testing and operational verification shall be the sole responsibility of the Member Generator. Additionally, the cost of the interconnection including all cost of labor to install and maintain the equipment necessary to meet the required electric system interconnection configuration, the prescribed equipment and testing of the protective relay scheme, metering equipment and all equipment necessary to meet the applicable safety requirements established within this policy shall be the responsibility of the Member Generator.

All future costs that may be required to meet additional requirements for public safety or system reliability, that may be required as a direct result of new conditions issued from the state, the public service commission or other government authority shall be the sole responsibility of the Member Generator.

Once the interconnection is completed and the project successfully energized and on-line, the monthly meter reading, energy billing and other monthly service costs will be recovered through the existing Rate

Schedules which are incorporated herein by reference.

The cost of the interconnection is separate from and in addition to any fees, tariffs or other rates prescribed in other applicable OREMC Rate Schedules. It is not intended for these interconnection costs to supersede or otherwise void existing Rate Schedules, but they are to be applied in addition to these other rates where applicable.

F. **Liability**

With respect to OREMC's provision of electric service to the Member Generator and the services provided by OREMC pursuant to the Interconnection Agreement, OREMC's liability to the Member Generator shall be limited as set forth in OREMC's currently effective tariffs and terms and conditions for electric service.

The Member Generator shall assume all liability for and shall indemnify OREMC and its members, trustees, directors, officers, managers, employees, representatives, affiliates, successors and assigns for and shall hold them harmless from and against any claims, losses, costs, and expenses of any kind to the extent that they result, in whole or in part, from the Member Generator's negligence or wrongful conduct in connection with the design, construction, installation, testing, operation or maintenance of the Distributed Generator facility or Interconnection facilities. Such indemnity shall include, but is not limited to financial responsibility for monetary losses; reasonable costs and expenses defending an action or claim; damages related to death or injury; damages to property or the disruption of business.

The Member Generator shall have current liability insurance appropriate and sufficient to address the potential liability requirements of the Distributed Generation installation and to meet the insurance requirements set forth in the Interconnection Agreement.

G. Interconnection

OREMC will provide the option for any of their electric members in good standing with OREMC to interconnect with its electric distribution system to the extent the member meets the terms and conditions set forth in this policy and the Interconnection Agreement. OREMC will work with the Member Generator to determine the capacity requirements and design criteria of the interconnection facilities necessary to meet the proposed capacity requirements of the proposed Distributed Generator. As noted in Section E, "Costs", the Member Generator will be responsible for all costs associated with that interconnection facility.

Since this interconnection will provide for the delivery of electric energy purchased by the Member Generator and will provide an electrical path for the delivery of excess energy produced by the Distributed Generator, OREMC will install or cause to be installed industry standard electrical metering equipment appropriate to the capacity and configuration of the interconnection.

OREMC will deploy electric industry standard and readily available metering equipment to measure and record both the electrical energy delivered by OREMC to the point of interconnection with the Distributed Generation Facility and to measure and record the energy produced in excess of the energy delivered.

H. Metering Reading and Billing

To the extent practical OREMC's existing automatic meter reading system will be used to read the meters and record the energy data from the meters installed at each Distributed Generator location. The billing for this account will be calculated and the bill rendered per the billing cycles currently established and maintained in OREMC's existing billing system.

The energy rate charged the Member Generator for the energy delivered by OREMC will be the published base rate currently available for the specific member class plus the then current retail energy rate per the applicable Rate Schedule(s) for the respective member class. Energy produced by the Member Generator in excess of their local load, if any, will be addressed in the Interconnection Agreement.

To the extent the Member Generator produces excess energy in any billing cycle, that is, the energy produced exceeds the energy delivered to the Member Generator via the interconnection with OREMC, the net excess energy will be metered, recorded, calculated and processed as prescribed in the Interconnection Agreement.

I. **Diagrams Required**

The Member Generator shall provide a single-line diagram of their proposed Distributed Generator facilities indicating the planned electrical configuration, interconnection and electrical relationship to the OREMC metering installation. The single-line diagram shall be prepared and stamped by a registered professional engineer working directly with the Member Generator or directly for the supplier of the Distributed Generator.

APPLICABILITY

This policy applies to all members and applicants for service of Okefenoke Rural Electric Membership Corporation.

RESPONSIBILITY

The General Manager or his designee will be responsible for carrying out the provisions of this policy.

Date Adopted: March 23, 2010
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