

BANDERA ELECTRIC COOPERATIVE, INC. Tariff for Electric Service		Section III	Sheet No. 45
		Revision No. 1	
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340. Small Power Production and Cogeneration.

Sections 340-345 of this tariff apply to the interconnection and parallel operation of all qualifying power generating installations having a design capacity of 100 kilowatts (kW) or less as well as to electric utility service shall be in conflict with any other provision of this tariff, these sections shall control. By agreement, the Cooperative and Producer may establish additional or different terms, conditions, or rates for sale or purchase of electricity.

341. Obtaining Interconnection.

Any person owning or operating a qualifying power generating installation (hereafter “Producer”) and desiring to interconnect with the Cooperative’s system shall:

341.1 Comply with Tariff.

Apply for interconnection, provide an easement satisfactory to the Cooperative, and otherwise comply with the tariff of the Cooperative.

341.2 Provide Information.

At least 60 days in advance of interconnection Producer shall submit a plan showing the electrical design of the generating installation including equipment for interconnection with the Cooperative’s system. Producer shall also provide such additional information as may be required by the Cooperative. In the event Producer’s plan involves the use of non-standard equipment of design techniques the Cooperative may require such plan be approved by a registered professional engineer. Any review or acceptance of such plan by the Cooperative shall not impose any liability on the Cooperative and does not guarantee the adequacy of Producer’s equipment to perform its intended function. The Cooperative disclaims any expertise or special knowledge relating to the design or performance of generating installations and does not warrant the efficiency, cost

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effectiveness, safety, durability or reliability of generating installations.

341.3 Pay for Extension of Cooperative’s Facilities.

Comply with conditions for extension of the Cooperative’s distribution system as may be determined by the Cooperative in accordance with the following extension policy:

If an extension of Cooperative’s distribution system is required for sale or receipt of electric energy to or from a generating installation, whether or not in conjunction with another use, the Cooperative shall exercise prudent judgment in determining the conditions under which such extension will be made. Each case shall be viewed individually considering (1) cost to provide service, (2) longevity of the load, (3) annual load factor, (4) possibility of other loads developing along the proposed line extension, (5) longevity, capacity, and dependability of power to be received by the Cooperative, (6) anticipated annual revenue, and (7) compatibility with planned system improvements.

The Cooperative may require Producer to pay a contribution in aid to construction, advance for construction, or increased annual or monthly minimums and may require a contract term of up to five years.

341.4 Provide Liability Insurance and Waiver of Subrogation.

When required by law, Producer, at his own expense, shall carry and maintain Worker’s Compensation insurance covering Producer’s employees. In such cases, Producer, at his own expense, shall be required to carry Employer’s Liability insurance. These coverages are to provide for the payment to his employees and/or their dependents Worker’s Compensation benefits, including Occupational Disease benefits in accordance with the law of the State of Texas. Producer hereby waives all rights of subrogation that his insurers may have against

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Cooperative, and its directors, officers, and employees.

Producer, at his own expense, shall carry Comprehensive General Liability insurance with a combined single limit of not less than \$500,000. The Comprehensive General Liability policy shall include the Broad Form Comprehensive General Liability endorsement and, if applicable, have the explosion, collapse, underground, pollution, liquor, and punitive liability exclusions deleted. Coverage will include Broad Form Contractual Liability coverage. Cooperative shall be named as an Additional Insured and insurance provided by the Producer will be primary to any insurance carried by the Cooperative.

A minimum of seven days prior to the interconnection of Producer's system to the Cooperative's system, Producer shall furnish a certificate from Producer's insurance carrier, followed by copies of the insurance policies themselves, indicating that:

1. Rights of subrogation against Cooperative and its directors, officers, and employees shall be waived under the Worker's Compensation policy, if Producer is required by law to carry such policy.
2. Cooperative is named as an Additional Insured on the Comprehensive General Liability Insurance.
3. Cooperative shall be given at least thirty (30) days written notice prior to cancellation or material change affecting Producer's insurance requirements.

341.5 Sign Contract.

Sign and deliver to the Cooperative an Agreement for Interconnection and Parallel Operation of a Cogeneration or Small Power Production Installation; 100 kW or Less, the form of which has

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been approved by the Public Utility Commission and is contained in these tariffs.

341.6 Complete Construction.

Construct the power generating installation and install a disconnect switch and other protective equipment as may be required by the Cooperative to protect its personnel, facilities, and operations.

341.7 Comply with Laws.

Comply with applicable federal, state, and local laws, ordinances and regulations applicable to power generating installations.

341.8 Notify Cooperative.

Notify the Cooperative in writing at least thirty (30) days in advance of energizing the small power generating installation and permit the Cooperative to inspect and test protective equipment.

341.9 Eliminate Conditions Preventing Interconnection.

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

The foregoing are conditions precedent to any obligation of the Cooperative to interconnect or provide any form of electric utility service.

342. Parallel Operation.

342.1 Installation.

With the exception of only the Cooperative's meter(s), the Producer shall own and be solely responsible for all expense, installation, maintenance and operation of the power generating

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installation at and beyond the point where Producer's conductors contact Cooperative's conductors. The Producer's generating installation shall be designed and installed in accordance with applicable codes, regulations, and prudent engineering practice.

342.2 Self Protected Generating Installation.

The Producer will furnish, install, operate, and maintain in good order and repair all equipment necessary for the safe operation of the power generating installation in parallel with the Cooperative's electric distribution system. The equipment will have the capability to both establish and maintain synchronism with the Cooperative's system and to automatically disconnect and isolate the generating installation from the Cooperative's system in the event of an outage of the Cooperative's system or a malfunction of the power generating installation.

The Producer's power generating installation will also be designed, installed and maintained to be self-protected from normal and abnormal conditions in the Cooperative's electric distribution system. The conditions for which the power generating installation shall be self-prepared shall include, but not limited to, overvoltage, under-voltage, overcurrent, frequency deviation, and faults. The self protection will be compatible with the Cooperative's system protection arrangements and operating policies. Specialized protective functions may be required by the Cooperative when, in the sole judgment of the Cooperative, the particular generating installation characteristics and/or distribution system characteristics so warrant.

342.3 Quality of Service.

Producer's generating installation will generate power at the nominal voltage of the Cooperative's electric distribution system at the Producer's delivery point plus or minus five percent (5%) at the nominal system frequency of 60 Hz plus or minus one-tenth (1/10) Hz. Producer shall generate at a power factor that is as near one hundred per-cent (100%) as is practicable. In the event that the

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power factor is less than ninety percent (90%) lagging or leading, the Producer will provide proper power factor correction (within ten percent (10%) of unity) or reimburse the Cooperative for the cost of any necessary connection. The overall quality of the power provided by Producer including, but not limited to, the effects or harmonic distortion, voltage regulation, voltage flicker, switching surges and power factor, will be such that the Cooperative's electric distribution system is not adversely affected in any manner. In the event that adverse effects are caused in whole or in part by Producer's power generating installation, the Producer will correct the cause of such effects or reimburse the Cooperative for the cost of any required correction.

342.4 Safety Disconnect.

The Producer or the Cooperative shall provide and install, at the Producer's expense, a visible break disconnect switch. The disconnect switch will be located so as to be readily accessible to Cooperative personnel in a location acceptable to both the Producer and the Cooperative. It shall be the type of switch which can be secured in an open position by a Cooperative padlock. The Cooperative shall have the right to lock the switch open whenever, in the judgment of the Cooperative, (1) it is necessary to maintain safe electrical operating or maintenance conditions, (2) the Producer's power generating installation adversely affects the Cooperative's electric distribution system, or (3) there is a system emergency or other abnormal operating condition which warrants disconnection. The Cooperative reserves the right to operate the disconnect for the protection of the Cooperative's system even if it affects Producer's power generating installation. In the event the Cooperative opens and closes the disconnect switch it shall not be responsible for energization or restoration of parallel operation of the generating installation. The Cooperative will make reasonable efforts to notify the Producer in the event the disconnect switch has been operated. The Producer will not bypass the disconnect switch at any time for any reason.

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342.5 Access.

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

342.6 Modifications of Cooperative System.

In the event that it is necessary at the time of initial interconnection or at some future time for the Cooperative to modify its electric distribution system in order to purchase or continue to purchase Producer's output, the Producer will reimburse the Cooperative for all just and reasonable costs of modifications which are allocable to the Producer's small power generating installation. The modifications may include, but are not limited to, special interconnection equipment, protective devices, control devices or upgrading of distribution system components.

342.7 Liability for Injury and Damages.

Producer assumes full responsibility for electric energy furnished to him at and past the point of interconnection and Producer shall hold the Cooperative harmless from any and all claims for injuries to persons or for damage to property happening by reason of any negligence on the part of the Producer or any on the Producer's agents, employees, or in the case of a residential Member/Producer, to all members of the household. Producer further agrees and understands that Cooperative assumes no liability for the safety of the person or property of Producer or Producer's servants, agents, employees, or members of his household and Producer further agrees to release Cooperative from any liability for damages or injury to the person and/or property of Producer or Producer's servants, agents, employees, or member of the household. Cumulative of the

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foregoing, Producer agrees to indemnify and hold Cooperative harmless from any and all actions or causes of actions, claims, demands, liabilities, loss, damage, injury, cost or expense of whatever kind of nature, including costs of litigation, attorney’s fees and reasonable expenses in connection therewith, for injury to Producer and/or for damage to or loss of property of Producer or Producer’s servants, agents, employees, or members of the household whether or not such actions, claim, demand, loss, injury or damage claim shall be valid or groundless. The term “injury” as used herein also covers death; and the release and indemnification provision of this paragraph is binding upon the successor and assigns and the estate of Producer. In addition to other matters covered hereby, the release and indemnification provision of this paragraph also covers all claims for wrongful death under the Texas Civil Practice and Remedies Code. Producer expressly confirms that it is Producer’s intent that all indemnity obligations and liabilities assumed by Producer shall be without monetary limit and Producer expressly agrees to release and indemnify Cooperative from and against the consequences of Owner’s own negligence (whether such negligence is active or passive and whether such negligence is the sole proximate cause or a proximate cause jointly and concurrently with the negligence of Producer or others) resulting in the damages or injury to the person and/or property of Producer or Producer’s servants, agents, employees, or members of the household.

342.8 Metering.

If the output of the Producer’s generating installation is to be purchased by the Cooperative, it will be measured by the meters as required for the metering options chosen by the Producer. Any necessary meter(s) or meter modification in addition to one standard service meter will be installed, maintained and operated by the Cooperative at the Producer’s expense. A connection will be provided for the meter(s) at the Producer’s expense in a location that is acceptable to both the Cooperative and the Producer. The Cooperative may, at its own expense, supply, install and

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maintain load research metering for the purpose of monitoring and evaluating the Producer's generating installation.

The metered output of Producer's generating installation will be read by the Producer and, at the election of the Cooperative, accumulated or monthly readings may be checked at least monthly by representatives of the Cooperative.

The meter(s) will, by comparison with accurate standards, be tested and calibrated as often as necessary. The Producer or the Cooperative may reasonably request such tests, and shall be given notice of not less than five (5) working days when such tests are to be made. Both the Producer and the Cooperative will have the right to be present at such tests. If a meter is found to be inaccurate, it shall be restored to an accurate condition or replaced. If the tests disclose that no unacceptable inaccuracies exist in the meter(s), then the party requesting the tests shall bear the expense of the tests. A report of the results of any tests shall be furnished promptly by the party making such tests to the other party. Any meter(s) registering a deviation of not more than two percent (2%) from normal shall be deemed accurate. The readings of any meter(s) which have been inaccurate shall be corrected according to the percentage of inaccuracy as determined by the tests for a period of no more than ninety (90) days prior to the tests. If any meter fails to register for any period, the facility output during such period shall be estimated in the best manner possible as agreed upon by the Cooperative and the Producer.

342.9 Notice of Change in Installation.

Producer will notify the Cooperative in writing fifteen (15) days in advance of making any change affecting the characteristics, performance, or protection of the generating installation. If it comes to the Cooperative's attention that the modification will create or has created conditions which may be unsafe or adversely affect the Cooperative's system then it shall notify Producer and

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Producer shall immediately correct such condition.

342.10 Insurance.

Producer shall continue to maintain insurance as required by the Cooperative prior to interconnection and shall provide proof of such insurance to the Cooperative at least annually.

342.11 Additional Metering Option.

Producers using renewable resources with an aggregate design capacity of 50 kilowatts or less shall be offered the option of interconnecting through a single meter that runs forward and backward.

343. Sales to Producer.

Producer's rate class shall be designated by the Cooperative in accordance with the availability and type of service provisions in its rate schedules for all service including Backup, Supplementary, Interruptible, and Maintenance.

344. Purchases from Producer.

344.1 Rate.

The Cooperative will pay Producer for all power purchased at the following rates:

- (1) Capacity – No payment unless:
  - (i) Producer provides firm power by contract;
  - or
  - (ii) An aggregate capacity value provided by dispersed generating installations can be reasonably estimated and there is an avoided capacity lost.
- (2) Energy – The metered kWh output from the Producer will be purchased at the Cooperative's total energy and fuel cost divided by the total kWhs purchased as calculated from the most recent wholesale power bill. In the event that the Producer

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exercises the option to sell power to the Cooperative, there will be, in addition to the minimum monthly bill requirements under the applicable service rate schedule(s), a customer service charge of \$5.00 per month for metering and billing.

344.2 Refusal to Purchase.

The Cooperative may, at certain times and as operating conditions warrant, reasonably refuse to accept part or all of the output of the Producer's facility. Such refusal shall be based on system emergency constraints, special operating requirements, adverse effects of the Producer's facility on the Cooperative's system or violation by the Producer of the terms of the Agreement for Interconnection and Parallel Operation of Cogeneration or Small Power Installation; 100 kW or Less.

350. Member Initiated Discontinuance of Service.

350.1 Member's Request.

Any Member desiring to discontinue electric utility service from the Cooperative shall make a written request identifying the Member, the service location where discontinuance is desired, and the date service is required to be discontinued. Such request shall be filled at any office of the Cooperative.

350.2 Disconnection.

Following receipt of Member's request for discontinuance of service the Cooperative shall disconnect service. Where practicable disconnection is usually made on the date requested by the Member, however, the Cooperative shall not be obligated to make disconnection earlier than the second full day following receipt of the Member's request.