

SCPSA GENERATOR INTERCONNECTION AGREEMENT

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This Interconnection Agreement (“Agreement”) is made and entered into this ____ day of _____, 20__, by the South Carolina Public Service Authority a body corporate and politic created by the laws of South Carolina, (“Authority”), and _____ (“Interconnection Customer”) each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties.”

Authority Information

Santee Cooper (South Carolina Public Service Authority)

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Email: _____

Interconnection Customer Information

Interconnection Customer: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Email: _____

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 Interconnection Requests submitted under the SCPSA Generator Interconnection Procedures except for those submitted under the 20 kW Inverter Process in Section 2 of the Standard.

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection Customer's Generating Facility will interconnect with, and operate in parallel with, the Authority'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 Customer's power or Renewable Energy Certificates (RECs). The purchase or delivery of power, RECs that might result from the operation of the Generating Facility, and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the Authority.

1.4 Limitations

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

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 Good Utility Practice.

1.5.2 The Interconnection Customer 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 Good Utility Practice.

1.5.3 The Authority shall construct, operate, and maintain its System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, National Electrical 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 Customer 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 Authority 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 Authority and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Authority'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 Authority shall coordinate with all Affected Systems to support the interconnection.
- 1.5.7 The Interconnection Customer is responsible for reviewing the NERC registration requirements, registering when applicable and complying with the applicable Electric Reliability Organization (ERO) reliability standards.

1.6 Disconnect Switch Required

The interconnection Customer shall install a manual load-break disconnect switch or safety switch as a clear visible indication of switch position between the Authority System and the Interconnection Customer. The switch must have padlock provisions for locking in the open position. The switch must be visible to, and accessible to Authority personnel. The switch must be in visible sight of where the Authority's interconnection facilities meet the Interconnection Customer's facilities. The switch must be labeled "Generator Disconnect Switch." The switch may isolate the Interconnection Customer and its associated load from the Authority's System or disconnect only the Generator from the Authority's System and

shall be accessible to the Authority at all times. The Authority, in its sole discretion, determines if the switch is suitable.

1.7 Parallel Operation Obligations

Once the Generating Facility has been authorized to commence parallel operation, the Interconnection Customer 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 Authority-approved tariffs or by the applicable system operator(s) for the Authority's System and; 2) the Operating Requirements set forth in Appendix 5 of this Agreement.

1.8 Metering

The Interconnection Customer shall be responsible for the Authority'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 Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.9 Reactive Power

1.9.1 The Interconnection Customer 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 Authority 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.

1.9.2 The Authority is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Generating Facility when the Authority requests the Interconnection Customer to operate its Generating Facility outside the range specified in Article 1.8.1 or the range established by the Authority that applies to all similarly situated generators in the control area. In addition, if the Authority pays its own or affiliated generators for reactive power service within the specified range, it must also pay the Interconnection Customer.

1.9.3 Payments shall be in accordance with the Authority's applicable rate schedule then in effect unless the provision of such service(s) is

subject to a regional transmission organization or independent system operator FERC-approved rate schedule. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb reactive power under this Agreement, the Parties agree to expeditiously file such rate schedule and agree to support any request for waiver of any prior notice requirement in order to compensate the Interconnection Customer from the time service commenced.

1.10 Capitalized Terms

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 of the SCPSA Generator Interconnection Procedures or the body of this Agreement.

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

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Customer shall test and inspect its Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Authority of such activities no fewer than ten (10) 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 Authority may, at the Interconnection Customer's expense, send qualified personnel to the Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Authority a written test report when such testing and inspection is completed.

2.1.2 The Authority shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Authority of the safety, durability, suitability, or reliability of the Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Generating Facility. If determined necessary by the Authority for safe and reliable operation of the Interconnection Facilities and/or Generating Facility, the Authority may also initiate its own inspection and testing activities at the Interconnection Customer's expense prior to authorizing parallel operation of the Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

- 2.2.1 The Authority shall use Reasonable Efforts to list applicable parallel operation requirements in Appendix 5 of this Agreement. Additionally, the Authority shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Authority shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Generating Facility in parallel with the Authority's System without prior written authorization of the Authority. The Authority will provide such authorization once the Authority receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements, including but not limited to additional Operating Requirements presented in Appendix 5 of this Agreement. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Authority may send a qualified person to the premises of the Interconnection Customer 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 (3) Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Authority at least five (5) 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 Authority shall have access to the Interconnection Customer's premises 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 customers.
- 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 Effective Date and shall remain in effect for a period of ten (10) years from the Effective Date or such other longer period as the Interconnection Customer 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 Customer may terminate this Agreement at any time by giving the Authority 20 Business Days written notice and physically and permanently disconnecting the Generating Facility from the Authority's System.

3.3.2 The Authority may terminate this Agreement for failure to comply with the requirements of Article 7.1.2 or Article 7.1.3.

3.3.3 Either Party may terminate this Agreement after Default pursuant to Article 7.6.

3.3.4 Upon termination of this Agreement, the Generating Facility will be disconnected from the Authority'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.

3.3.5 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 any remaining term requirements for payment of Charges that are billed under a monthly payment option as prescribed in Article 6.

3.3.6 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 Good Utility Practice.

3.4.1 Isolating or Disconnecting the Generating Facility

The Authority may isolate the Interconnection Customer's premises and/or Generating Facility from the Authority's System when necessary in order to construct, install, repair, replace, remove, investigate or inspect any of the Authority's equipment or part of Authority's System; or if the Authority determines that isolation of the Interconnection Customer's premises and/or Generating Facility from the Authority's System is necessary because of emergencies, forced outages, force majeure or compliance with prudent electrical practices. Whenever feasible, the Authority shall give the Interconnection Customer reasonable notice of the isolation of the Interconnection Customer's premises and/or Generating Facility from the Authority's System.

Notwithstanding any other provision of this Agreement, if at any time the Authority determines that the continued operation of the Generating Facility may endanger either (1) the Authority's personnel or other persons or property or (2) the integrity or safety of the Authority's System, or otherwise cause unacceptable power quality problems for other electric consumers, the Authority shall have the right to isolate the Interconnection Customer's premises and/or Generating Facility from the Authority's System.

3.4.2 Emergency Conditions

Under Emergency Conditions, the Authority may immediately suspend interconnection service and temporarily disconnect the Generating Facility. The Authority shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Generating Facility. The Interconnection Customer shall notify the Authority promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Authority'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.

3.4.3 Routine Maintenance, Construction, and Repair

The Authority may interrupt interconnection service or curtail the output of the Generating Facility and temporarily disconnect the Generating Facility from the Authority's System when necessary for routine maintenance, construction, and repairs on the Authority's System. The Authority shall make best efforts to provide the Interconnection Customer reasonable notice prior to such interruption. The Authority shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.4 Forced Outages

During any forced outage, the Authority may suspend interconnection service to effect immediate repairs on the Authority's System. The Authority shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Authority shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.5 Adverse Operating Effects

The Authority shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Generating Facility could cause damage to the Authority's System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Authority may disconnect the Generating Facility. The Authority shall make best efforts to provide the Interconnection Customer reasonable notice of such disconnection, unless the provisions of Article 3.4.1 apply.

3.4.6 Failure to Maintain Compliance with Operating Requirements

The Authority may disconnect from the Authority's System any Generating Facility determined to be malfunctioning, or not in compliance with this Standard or Operating Requirements. The Interconnection Customer must provide proof of compliance with this Agreement or Operating Requirements before the Generating Facility will be reconnected.

3.4.7 Modification of the Generating Facility

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

3.4.8 Reconnection

The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and the Authority'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 Customer shall pay for the cost of the Interconnection Facilities itemized in Appendix 2 of this Agreement. The Authority 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. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Authority.

4.1.2 The Interconnection Customer 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 Authority's Interconnection Facilities.

4.2 Distribution Upgrades

The Authority shall design, procure, construct, install, and own the Distribution Upgrades described in Appendix 6 of this Agreement. The actual cost of the Distribution Upgrades, including overheads, on-going operations, maintenance, repair, and replacement, shall be directly assigned to the Interconnection Customer.

Article 5. **Cost Responsibility for Network Upgrades**

5.1 Applicability

No portion of this Article 5 shall apply unless the interconnection of the Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Authority shall design, procure, construct, install, and own the Network Upgrades described in Appendix 6 of this Agreement. The cost of the Network Upgrades, including overheads, on-going operations, maintenance, repair, and replacement shall be borne by the Interconnection Customer.

Article 6. **Billing, Payment, Milestones, and Financial Security**

6.1 Billing and Payment Procedures and Final Accounting

The Interconnection Customer shall pay 100% of required Interconnection Facilities, and any other charges as required in Appendix 2 pursuant to the milestones specified in Appendix 4. The Interconnection Customer shall pay 100% of required Upgrades and any other charges as required in Appendix 6 pursuant to the milestones specified in Appendix 4. Upon receipt of 100% of the foregoing pre-payment charges, the payment is not refundable due to cancellation of the Interconnection Request for any reason.

6.1.1 If implemented by the Authority or requested by the Interconnection Customer in writing within 15 Business Days of the Authority completing the construction and installation of the Authority's Interconnection Facilities and/or Upgrades described in the Appendices to this Agreement, the Authority shall provide the Interconnection Customer a final accounting report within 60 Business Days addressing any difference between (1) the

Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Authority for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Authority shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Authority within 20 Business Days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Authority shall refund to the Interconnection Customer an amount equal to the difference within 20 Business Days of the final accounting report. If necessary and appropriate as a result of the final accounting, the Authority may also adjust the monthly charges set forth in Appendix 2 of the Interconnection Agreement.

6.1.2 The Authority shall bill the Interconnection Customer for the costs associated with operating, maintaining, repairing and replacing the Authority's System Upgrades, as set forth in Appendix 6 of this Agreement. The Authority shall bill the Interconnection Customer for the costs of commissioning and inspection of the Interconnection Customer's Interconnection Facilities and for providing the Authority's Interconnection Facilities including the costs for on-going operations, maintenance, repair and replacement of the Authority's Interconnection Facilities under the Authority rate schedule, tariff, rider or service regulation providing for extra facilities or additional facilities charges, as set forth in Appendix 2 of this Agreement, such monthly charges to continue throughout the entire life of the interconnection.

6.1.3 For systems that are connected behind-the-meter and for which the customer has concurrent electric service under the Authority's Retail Rate Schedule, the Customer agrees to the pricing and terms as set forth in the Authority's Distributed Generation Rider (DG-16) or its successors.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Appendix 4 of this Agreement. A Party's obligations under this provision may be extended by agreement, except for timing for Payment or Financial Security-related requirements set forth in the milestones, which shall adhere to Section 5.2.4 of the Standards. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the

earliest reasonable alternate date by which it can attain this and future milestones, and (2) request appropriate amendments to Appendix 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) the delay will materially affect the schedule of another Interconnection Customer with subordinate Queue Position, (3) attainment of the same milestone has previously been delayed, or (4) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

Pursuant to the Interconnection Agreement Milestones Appendix 4, the Interconnection Customer shall provide the Authority a letter of credit or other financial security arrangement that is reasonably acceptable to the Authority and is consistent with the Uniform Commercial Code of South Carolina. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Authority's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Authority under this Agreement during its term. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Authority, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit must be issued by a financial institution or insurer reasonably acceptable to the Authority and must specify a reasonable expiration date.

6.3.3 The Authority may waive the security requirements if its credit policies show that the financial risks involved are de minimus, or if the Authority's policies allow the acceptance of an alternative showing of credit-worthiness from the Interconnection Customer.

Article 7. **Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default**

7.1 Assignment

7.1.1 The Interconnection Customer shall notify the Authority of the pending sale of an existing Generation Facility in writing. The

Interconnection Customer shall provide the Authority with information regarding whether the sale is a change of ownership of the Generation Facility to a new legal entity, or a change of control of the existing legal entity.

7.1.2 The Interconnection Customer shall promptly notify the Authority of the final date of sale and transfer date of ownership in writing. The purchaser of the Generation Facility shall confirm to the Authority the final date of sale and transfer date of ownership in writing

7.1.3 This Agreement shall not survive the transfer of ownership of the Generating Facility to a new legal entity owner. The new owner must complete a new Interconnection Request and submit it to the Authority within 20 Business Days of the transfer of ownership or the Authority's Interconnection Facilities shall be removed or disabled and the Generating Facility disconnected from the Authority's System. The Authority 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.

7.1.4 This Agreement shall survive a change of control of the Generating Facility' legal entity owner, where only the contact information in the Interconnection Agreement must be modified. The new owner must complete a new Interconnection Request and submit it to the Authority within 20 Business Days of the change of control and provide the new contact information. The Authority 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.

7.1.5 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Authority, for collateral security purposes to aid in providing financing for the Generating Facility, provided that the Interconnection Customer will promptly notify the Authority 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.

7.1.6 Any attempted assignment that violates this article is void and ineffective.

7.2 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.

7.3 Indemnity

- 7.3.1 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 7.2.
- 7.3.2 To the extent permitted by law, 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.
- 7.3.3 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.
- 7.3.4 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.
- 7.3.5 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.

7.4 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.

7.5 Force Majeure

7.5.1 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.

7.5.2 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.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money or provision of Financial Security) 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 7.6.2, the defaulting Party shall have five (5) Business Days from receipt of the Default notice within which to cure such Default.

7.6.2 If a Default is not cured as provided in this Article, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, 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 8. **Insurance**

8.1 The Interconnection Customer shall obtain and retain, for as long as the Generating Facility is interconnected with the Authority's System, liability insurance which protects the Interconnection Customer 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 Customer shall provide certificates evidencing this coverage as required by the Authority. Such insurance shall be obtained from an insurance provider authorized to do business in South Carolina. The Authority reserves the right to refuse to establish or continue the interconnection of the Generating Facility with the Authority's System, if such insurance is not in effect.

8.1.1 For an Interconnection Customer that is a residential customer of the Authority proposing to interconnect a Generating Facility no larger than 250 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.

8.1.2 For an Interconnection Customer that is a non-residential customer of the Authority proposing to interconnect a Generating Facility no larger than 250 kW, the required coverage shall be comprehensive general liability insurance with coverage in the amount of at least \$300,000 per occurrence.

8.1.3 For an Interconnection Customer that is a non-residential customer of the Authority proposing to interconnect a Generating Facility

greater than 250 kW, the required coverage shall be comprehensive general liability insurance with coverage in the amount of at least \$1,000,000 per occurrence.

8.1.4 An Interconnection Customer 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.

8.2 The Authority agrees to maintain general liability insurance or self-insurance consistent with the Authority's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Authority's liabilities undertaken pursuant to this Agreement.

8.3 The Parties further agree to notify each other 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 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 Customer 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 and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. 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.
- 9.1.3 All information pertaining to a project will be provided to the new owner in the case of a change of control of the existing legal entity or a change of ownership to a new legal entity.
- 9.3 The Parties specifically acknowledge that the Authority is subject to the South Carolina Freedom of Information Act, S.C. CODE ANN. §30-40-10 *et seq.* ("FOIA"), as that statute may from time to time be amended. The Authority covenants and agrees that it shall not release Confidential Information pursuant to any request under FOIA except as may be required by FOIA. Upon receipt of a FOIA request, the Authority agrees promptly notify the other Party of such request at which time such other Party may pursue all legal or equitable remedies available to it under the law to limit or prevent disclosure of such Confidential Information.

Article 10. **Disputes**

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the SCPSA Generator Interconnection Procedures according to the provisions of this section.
- 10.2 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 If the dispute has not been resolved within ten (10) Business Days after receipt of the notice, shall be referred to a designated senior representative of the Authority and a senior representative of the Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon by mutual agreement], such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedures set forth in Section 10.4.
- 10.4 Any arbitration initiated under this Section 10.4 shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration

panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric distribution issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration (other than previous arbitration experience). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Unless otherwise agreed, the arbitrator(s) shall render a decision to disputes under this Section 10.4 within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the SCPSA Generator Interconnection Procedures and any agreement entered into under the SCPSA Generator Interconnection Procedures and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (A) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (B) one half the cost of the single arbitrator jointly chosen by the Parties.

10.5 Each Party agrees to conduct all negotiations in good faith.

Article 11. **Taxes**

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with South 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 Authority's tax exempt status with respect to the issuance of bonds.

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 South 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, or under Article 12.12 of this Agreement.

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, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Authority. Any waiver of this Agreement shall, if requested, 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. All Utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

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 Authority be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer 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.

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, sent by first class mail, postage prepaid, or sent electronically to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

E-Mail Address: _____

Phone: _____ Fax: _____

If to the Authority:

Santee Cooper (South Carolina Public Service Authority)

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

E-Mail Address: _____

Phone: _____ Fax: _____

13.2 Billing and Payment

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

If to the Interconnection Customer:

Interconnection Customer: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

E-Mail Address: _____

If to the Authority:

Santee Cooper (South Carolina Public Service Authority)

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

E-Mail Address: _____

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 Customer:

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

If to the Authority:

Santee Cooper (South Carolina Public Service Authority)
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____
E-Mail Address: _____

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 Customer's Operating Representative:

Interconnection Customer: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

E-Mail Address: _____

Authority's Operating Representative:

Santee Cooper (South Carolina Public Service Authority)

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

E-Mail Address: _____

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.

South Carolina Public Service Authority

Name: _____

Print Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Print Name: _____

Title: _____

Date: _____

Glossary of Terms

See Glossary of Terms, Attachment 1 to the SCPSA Generator Interconnection Procedures.

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

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

Charges for the Interconnection Facilities will begin on the In-Service Date specified in the Milestones in Appendix 4, regardless of whether the Generating Facility is interconnected or generating. If required, the Letter of Credit may be drawn upon to pay for the Interconnection Facilities charges.

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

This agreement will incorporate by reference the one-line diagram submitted by the Customer on _____, dated _____, with file name “_____” as part of the Interconnection Request, or as subsequently updated and provided to the Authority.

Milestones

Requested Upgrade In-Service Date: _____

Requested Interconnection Facilities In-Service Date _____

Critical milestones and responsibility as agreed to by the Parties:

The build-out schedule does not include contingencies for deployment of Authority personnel to assist in outage restoration efforts on the Authority’s system or the systems of other utilities with whom the Authority has a mutual assistance agreement. Consequently, the Requested In-Service Date may be delayed to the extent outage restoration work interrupts the design, procurement and construction of the requested facilities.

	Milestone	Completion Date	Responsible Party
(1)			
(2)			
(4)			
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			

Agreed to by:

For the Authority _____ Date _____

Print Name: _____

For the Interconnection Customer _____ Date _____

Print Name: _____

**Additional Operating Requirements for the Authority's
System and Affected Systems Needed to Support
the Interconnection Customer's Needs**

The Authority shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Authority's System. The Interconnection Customer shall maintain compliance with all applicable Operating Requirements during parallel operation with the Authority's System.

**Authority's Description of its Upgrades
and Best Estimate of Upgrade Costs**

The Authority shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Authority shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.