

Standard Interconnection Agreement

Generating Facilities With a Rated Capacity No Greater than 10 MW and Not Qualified for Simplified Interconnection

This Generating Facility Interconnection Agreement ("Agreement") is entered into by and between Lea County Electric Cooperative, Inc. and _____ ("Interconnection Customer"). The Interconnection Customer and the Utility are sometimes referred to in this Agreement jointly as "Parties" or individually as a "Party".

In consideration of the mutual promises and obligations stated in this Agreement and its appendices, the Parties agree as follows:

I. *SCOPE AND PURPOSE*

A) This Agreement is intended to provide for the Interconnection Customer to interconnect and operate the Generating Facility in parallel with the Utility's System. Appendix A provides a one-line diagram of the Generating Facility and the Point of Common Coupling. Appendix B provides a description of the Generating Facility and its location.

B) This Agreement contains the terms and conditions under which the Interconnection Customer may interconnect the Generating Facility to the Utility. This Agreement does not authorize the Interconnection Customer to export power or constitute an agreement to purchased or wheel the Interconnection Customer's power. Other services that the Interconnection Customer may require from the Utility, or others, may be covered under separate agreements.

C) This Agreement allows for the occasional and inadvertent export of energy to the Utility, though it does not constitute an agreement by the Utility to purchase or pay for any energy, inadvertently or intentionally exported.

D) This Agreement does not constitute a request for, nor the provision of any transmission delivery service or any local distribution delivery service.

E) The technical requirements for interconnection are provided in New Mexico Administrative Code 17.9.575 and are incorporated and made part of this Agreement by this reference.

II. *DEFINITIONS*

"Agreement" means this Generating Facility Interconnection Agreement and its appendices.

"Business Day" means Monday through Friday, excluding holidays observed by the Utility.

"Commission" means the New Mexico Public Regulation Commission.

"Generating Facility" means the Interconnection Customer's device for the production of electricity identified in the Interconnection Application, including all generators, electrical wires, equipment, and other facilities owned or provided by the Interconnection Customer for the purpose of producing electric power.

"Generator" means any device producing electrical energy, including rotating generators driven by wind, steam turbines, internal combustion engines, hydraulic turbines, solar panels, fuel cells, or any other electric producing device, including energy storage technologies.

"Interconnection Application" means the request by an Interconnection Customer to interconnect a new Generating Facility, or to increase the capacity or make a material modification to the operating characteristics of an existing Generating Facility that is interconnected with the Utility's System.



"Interconnection Customer" is the person or entity so defined in the first paragraph of this Agreement.

"Interconnection Facilities" means the Utility's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Common Coupling, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Utility's System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades.

"Nameplate rating" means the sum total of maximum rated power output of a DER's constituent generating units and/or ESS, as identified on the manufacturer's nameplate, regardless of whether it is limited by any approved means.

"Point of Common Coupling" means the point where the Interconnection Facilities connect with the Utility's System.

"System" means the facilities owned, controlled, or operated by the Utility that are used to provide electric service under a Utility's tariff.

"System Emergency" means a condition on the Utility's System that is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property.

"Upgrade" means the required additions and modifications to the Utility's System at or beyond the Point of Common Coupling. Upgrades do not include Interconnection Facilities.

"Utility" is the entity so defined in the first paragraph of this Agreement.

III. *GENERATING FACILITY DESCRIPTION*

A) A single-line diagram of the Generating Facility is attached to and made part of this Agreement as Appendix A. The single line diagram shows the general arrangement of how the Generating Facility is interconnected with the Utility's System and shows all major equipment, including visual isolation equipment, Point of Common Coupling, ownership of equipment and meter location(s).

B) A description of the Generating Facility is attached to and made a part of this Agreement as Appendix B. Appendix B is standard form that provides the engineering and operating information about the Generating Facility, including the Generating Facility's Nameplate Rating, Export Capacity and scheduled operational (on-line) date.

IV. *RESPONSIBILITIES OF THE PARTIES*

A) The Parties shall perform all obligations of this Agreement in accordance with all applicable laws and regulations.

B) The Interconnection Customer shall design, construct, operate and maintain the Generating Facility in accordance with the equipment manufacturers' recommended maintenance schedules, and applicable laws and regulations, including local building codes and other applicable ordinances.

C) Interconnection of the Generating Facility in no way effects the Utility's obligation to serve the Utility's customer at whose location the Generating Facility is sited pursuant to the tariffs applicable to the customer's class of service.

D) The Interconnection Customer is responsible for the actual costs to interconnect and test the Generating Facility with the Utility to the extent required by the Manual. Estimates of these costs are outlined in Appendix C. While estimates, for budgeting purposes, have been provided in Appendix C, the actual costs are still the responsibility of the Interconnection Customer, even if they exceed the estimated amount(s). All costs, for which the Interconnection Customer is responsible, must be reasonable under the circumstances of the design and construction.

E) The Interconnection Customer shall grant to the Utility, at no expense to the Utility, all easements and rights-of-way necessary for the Utility to install, operate, maintain, replace, and remove the Utility's Interconnection Facilities and Upgrades, including, but not limited to, adequate and continuous access rights to property owned or controlled by the Interconnection Customer. If any part of the Interconnection Facilities or Upgrades is to be installed on property owned by any person who is not a party to this Agreement, the Interconnection Customer shall, at no expense to the Utility, obtain from the owner of the property all such necessary easements and rights-of-way for the Utility. The Utility has no obligation to commence procurement, installation or construction of the Utility's Interconnection Facilities or Upgrades until the Interconnection Customer has provided all documents the Utility deems necessary to enable the Utility to obtain and record such easements and rights-of-way.

F) Upgrades:

a) The Utility shall design, construct, operate and maintain the Upgrades outlined in Appendix C in a good and workmanlike manner, and in accordance with standard design and engineering practices, and applicable laws and regulations, including local building codes and other applicable ordinances.

b) Once installed, the Upgrades shall be owned and operated by the Utility and all costs associated with the operating and maintenance of the Upgrades, after the Generating Facility is operational, shall be the responsibility of the Utility, unless otherwise agreed.

c) The Interconnection Customer grants permission for the Utility to begin construction and to procure the necessary facilities and equipment to complete the installation of the Upgrades, as outlined in Appendix C. The Interconnection Customer may, for any reason, cancel or modify the Generating Facility project, so that any or all of the Upgrades are not required to be installed. If for any reason, the Generating Facility project is canceled or modified, so that any or all of the Upgrades are not required, the Interconnection Customer shall be responsible for all costs incurred by the Utility, including, but not limited to the additional costs to remove and/or complete the installation of the Upgrades. The Interconnection Customer shall provide written notice to the Utility of cancellation or modification. Upon receipt of a cancellation or modification notice, the Utility shall take reasonable steps to minimize additional costs to the Interconnection Customer, where reasonably possible.

G) Payments:

1) The Interconnection Customer shall provide for the payment of its obligations under this Agreement in one of the following ways:

i. The Interconnection Customer may pay the Utility the costs identified in Appendix C at the time the Parties execute this Agreement; or

ii. The Interconnection Customer may pay the Utility in accordance with Section IV.G(2) if, at the time the Parties execute this Agreement, the Interconnection Customer provides reasonably adequate assurance of its creditworthiness to the Utility. Reasonably adequate assurance may be satisfied by evidence of the Interconnection Customer's creditworthiness, or a letter of credit in an amount sufficient to cover the costs identified in Appendix C, or a guaranty from another entity accompanied by evidence of that entity's creditworthiness.

2) If the Interconnection Customer provides for assurance of creditworthiness in accordance with Section IV.G(1)(ii), the Utility will invoice the Interconnection Customer monthly for all amounts expended and all amounts for which the Utility has become obligated since the execution of this Agreement or the prior monthly invoice. The Interconnection Customer will pay each such invoice within 20 days.

V. *TERM AND TERMINATION*

A) This Agreement becomes effective when the Interconnection Customer and the Utility have both signed this Agreement. The Agreement shall continue in full force and effect until the earliest date that one of the following eventsoccurs:

1) The Parties agree in writing to terminate the Agreement;
2) The Interconnection Customer terminates this Agreement by written notice to the Utility prior to the completion of the final acceptance testing of the Generating Facility by the Utility;
3) The Utility terminates this Agreement after 30 days written notice to the Interconnection Customer if the Interconnection Customer has failed to comply with the payment or creditworthiness terms of Section IV.G and has not taken appropriate corrective action;
4) The Utility terminates this Agreement after three days written notice to the Interconnection Customer if the Interconnection Customer does not obtain and deliver the easements and rights-of-way described in Section IV.E to the Utility within 90 days of the Utility's request for such easements and rights-of-way;
5) Once the Generating Facility is operational, the Interconnection Customer terminates this Agreement after 30 days written notice to the Utility, unless otherwise agreed; or,
6) The Utility terminates this Agreement after 30 days written notice to the Interconnection Customer if the Interconnection Customer fails to:

   i. take all corrective actions specified in the Utility's written notice that the Generating Facility is out of compliance with the terms of this Agreement within the time frame set forth in such notice, provided that the terms and timeframes stated by the Utility conform to this Agreement; or

   ii. to complete construction of the Generating Facility within 24 months of the date of this Agreement or as otherwise agreed.

B) Upon termination of this Agreement the Utility may disconnected the Generating Facility from the Utility's System. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing, at the time of the termination.

VI. *OPERATIONAL ISSUES*

A) Costs: Each Party will, at its own cost and expense, operate, maintain, repair and inspect, and shall be fully responsible for, the facilities which it now or hereafter may own, unless otherwise specified.

B) Right of Access: At all times, the Utility's personnel shall have access to the disconnect switch of the Generating Facility for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement, to meet its obligation to operate the Utility safely and to provide service to its customers. If necessary for the purposes of this Agreement, the Interconnection Customer shall allow the Utility access to the Utility's equipment and facilities located on the premises.

C) Cooperation and Coordination: Both the Utility and the Interconnection Customer shall communicate and coordinate their operations, so that the normal operation of the Utility does not unduly effect or interfere with the normal operation of the Generating Facility and the Generating Facility does not unduly effect or interfere with the normal

operation of the Utility. Under abnormal operations of either the Generating Facility or the Utility system, the responsible Party shall provide timely communication to the other Party to allow mitigation of any potentially negative effects of the abnormal operation of their system.

D) Disconnection of Unit: The Utility may disconnect the Generating Facility as reasonably necessary for the following reasons: termination of this Agreement; non-compliance with this Agreement; System Emergency, and routine maintenance, repairs and modifications to the Utility's System. When reasonably possible the Utility shall provide prior notice to the Interconnection Customer explaining the reason for the disconnection. If prior notice is not reasonably possible the Utility shall after the fact, provide information to the Interconnection Customer as to why the disconnection was required. The Utility shall expend reasonable effort to reconnect the Generating Facility in a timely manner and to mitigate damages and losses to the Interconnection Customer.

E) Modifications to the Generating Facility: The Interconnection Customer shall notify the Utility in writing of any proposed modifications to the Generating Facility that could affect the Utility's System, providing twenty (20) Business Days notice or as many days notice as is reasonably possible. The notice shall provide all information needed by the Utility as part of the review described in this paragraph. Modifications that could affect the Utility's System include any change affecting the Generating Facility's Rated Capacity or Export Capacity and any modification of Interconnection Facilities, which include without limitation: protective systems, generation control systems, transfer switches/breakers, voltage transformers and current transformers. When reasonably possible the Interconnection Customer agrees not to make any material modifications to the Generating Facility until the Utility has approved the modifications, in writing, which approval shall not be unreasonably withheld. The Utility shall not take longer than ten (10) Business Days to review and respond to the proposed modifications after the receipt of the information required to review the modifications, and if the Utility fails to respond within ten (10) Business Days, the modification(s) shall be considered to be approved by the Utility. When it is not reasonably possible for the Interconnection Customer to provide prior written notice of modifications, the Interconnection Customer shall provide written notice to the Utility as soon as reasonably possible after the modifications have been made.

VII. Permits and Approvals: The Interconnection Customer shall obtain all environmental and other permits lawfully required by governmental authorities prior to the construction of the Generating Facility. The Interconnection Customer shall also maintain these applicable permits and compliance with these permits during the term of this Agreement.

VIII. INDEMNIFICATION AND LIMITATION OFLIABILITY

A) The Interconnection Customer shall indemnify and hold harmless the Utility against all damages, expenses and other obligations to third parties attributable to the negligence, strict liability or intentional acts of the Interconnection Customer. The Utility shall indemnify and hold harmless the Interconnection Customer against all damages, expenses and other obligations to third parties attributable to the negligence, strict liability or intentional acts of the Utility. The terms "Utility" and

"Interconnection Customer," for purposes of this indemnification provision, include their officers, directors, trustees, managers, members, employees, representatives, affiliates, successors and assigns.

B) Except in the event of acts of willful misconduct, each Party's liability to the other Party for failure to perform its obligations under this Agreement, shall be limited to the amount of direct damage actually incurred. Neither Party shall be liable to the other Party for any punitive, incidental, indirect, special, or consequential damages of any kind whatsoever, including for loss of business opportunity or profits, regardless of whether such damages were foreseen.

C) Notwithstanding any other provision in this Agreement, with respect to Utility's provision of electric service to any customer including the Interconnection Customer, the Utility's liability to such customer shall be limited as set forth in the Utility's tariffs and terms and conditions for electric service, and shall not be affected by the terms of this Agreement.

IX. *DISPUTE RESOLUTION*

A) Each party agrees to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner.

B) 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. The non-disputing party shall acknowledge the notice within three business days of its receipt and identify a representative with the authority to make decisions for the non-disputing party with respect to the dispute.

C) If the dispute has not been resolved in eight business days for timeline related disputes or 20 business days for all other disputes after the receipt of the notice, the parties may, upon mutual agreement, seek resolution through the assistance of a dispute resolution service. The dispute resolution service will assist the parties in either resolving the dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or qualified technical expert(s)) to assist the parties in resolving their dispute. Each party will be responsible for one-half of any costs paid to neutral third-parties.

D) For any technical disputes, both parties shall have a qualified technical representative present in the attempts to resolve the dispute.

E) If the dispute remains unresolved after 30 business days, either party may petition the commission to handle the dispute as a formal complaint or may exercise whatever rights and remedies it may have in equity or law.

X. *INSURANCE*

[*This Section shall either state that "the Interconnection Customer is not required to maintain insurance unless so ordered by the Commission for good cause upon the petition of a Utility" or, for Generating Facilities with Rated Capacity greater than 250 kW, the Utility may include the following provisions:*

A) The Interconnection Customer shall maintain, during the term of the Agreement, general liability insurance from a qualified insurance agency with a B+ or better rating by "Best" and with a combined single limit of not more than one million dollars ($1,000,000). Such general liability insurance shall include coverage against claims for damages resulting from (i) bodily injury, including wrongful death; and (ii)

property damage arising out of the Interconnection Customer's ownership and/or operation of the Generating Facility under this Agreement.

B) The general liability insurance required by Section IX.A shall, by endorsement to the policy or policies, (a) include the Utility as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that the Utility shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for the payment of premium for such insurance; and (d) provide for thirty (30) calendar days written notice to the Utility prior to cancellation, termination, alteration, or material change of such insurance.

C) The Interconnection Customer shall furnish the insurance certificates and endorsements required by Sections IX.A and IX.B to the Utility prior to the initial operation of the Generating Facility. Thereafter, the Utility shall have the right to periodically inspect or obtain a copy of the original policy or policies of insurance.

D) The general liability insurance required by Section IX.A shall state that coverage provided is primary and is not excess to or contributing with any insurance or self-insurance maintained by the Utility.

E) The Interconnection Customer may elect to self-insure rather than complying with Sections IX.A through IX.D if:

1) The Interconnection Customer provides to the Utility, at least thirty (30) days prior to the date of initial operation, a plan reasonably acceptable to the Utility to self-insure to a level of coverage equivalent to that required under Section IX.A; and,

2) The Interconnection Customer agrees to immediately obtain the coverage required under Section IX.A if the Interconnection Customer fails to comply with its self-insurance plan.

F) Failure of the Interconnection Customer or Utility to enforce the minimum levels of insurance does not relieve the Interconnection Customer from maintaining such levels of insurance or relieve the Interconnection Customer of any liability.

G) All insurance certificates, statements of self-insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following address:

Lea County Electric Cooperative, Inc.
Attention: Manager of Generation Insurance
PO Box 1447 Lovington, NM 88260

XI. *MISCELLANEOUS*

A) Force Majeure: Force majeure shall mean any cause beyond the control of the Party affected, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, [labor dispute,] labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence, it shall be unable to overcome. If either Party, because of force majeure, is

rendered wholly or partly unable to perform its obligations under this Agreement, except for the obligation to make payments of money, that Party shall be excused from whatever performance is affected by the force majeure to the extent so affected, provided that:

1) the nonperforming Party, within a reasonable time after the occurrence of the force majeure, gives the other Party written notice describing the particulars of the occurrence;
2) the suspension of performance is of no greater scope and of no longer duration than is required by the force majeure; and
3) the nonperforming Party uses its best efforts to remedy its inability to perform. [This subparagraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the disputes.]

B) Notices: Any written notice, demand, or request required or authorized in connection with this Agreement shall be deemed properly given if delivered in person, sent by first class mail with postage prepaid, or sent by electronic mail as specified below:

1) To the Utility:

Lea County Electric Cooperative, Inc.
Attn: Bobby Kimbro
1300 West Avenue D, PO Box 1447
Lovington, NM 88260

2) To the Interconnection Customer:

_____

_____

_____

_____

2) A Party may change its address for notices at any time by providing the other Party written notice of the change, in accordance with this Section.
3) The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, phone numbers and electronic mail addresses may be communicated or revised by one Party's notice to the other Party.

C) Assignment: The Interconnection Customer shall not assign its rights nor delegate its duties under this Agreement without the Utility's written consent. Any assignment or delegation the Interconnection Customer makes without the Utility's written consent shall not be valid. The Utility shall not unreasonably withhold its consent to the

Generating Entities assignment of this Agreement.

D) Non-waiver: None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

E) Governing Law and Inclusion of Utility's Tariffs and Rules:

1) This Agreement shall be interpreted, governed and construed under the laws of the State of New Mexico as if executed and to be performed wholly within the State of New Mexico without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.

2) The interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the tariff schedules and Commission rules applicable to the electric service provided by the Utility, which tariff schedules and Commission rules are hereby incorporated into this Agreement by this reference.

3) Notwithstanding any other provisions of this Agreement, the Utility shall have the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application for change in rates, charges, classification, service, tariff or rule or any agreement relating thereto.

F) Amendment and Modification: This Agreement can only be amended or modified by a writing signed by both Parties.

G) Entire Agreement: This Agreement, including its Appendices, constitutes the entire Agreement between the Parties with regard to the interconnection of the Generating Facility of the Parties at the Point(s) of Common Coupling expressly provided for in this Agreement and supersedes all prior agreements or understandings, whether verbal or written. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on the promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the incorporated attachments and appendices.

H) Confidential Information: Except as otherwise agreed or provided herein, each Party shall hold in confidence and shall not disclose confidential information, to any person (except employees, officers, representatives and agents, who agree to be bound by this section). Confidential information shall be clearly marked as such on each page or otherwise affirmatively identified. If a court, government agency or entity with the right, power, and authority to do so, requests or requires either Party, by subpoena, oral disposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose confidential information, that Party shall provide the other Party with prompt notice of such request(s) or requirements(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. In the absence of a protective order or waiver the Party shall disclose such confidential information which, in the opinion of its counsel, the party is legally compelled to disclose. Each Party will use reasonable efforts to obtain

reliable assurance that confidential treatment will be accorded any confidential information so furnished.

I) Non-warranty: Neither by inspection, if any, or non-rejection, nor in any other way, does the Utility give any warranty, expressed or implied, as to the adequacy, safety, or other characteristics of any structures, equipment, wires, appliances or devices owned, installed or maintained by the Interconnection Customer or leased by the Interconnection Customer from third parties, including without limitation the Generating Facility and any structures, equipment, wires, appliances or devices appurtenant thereto.

J) 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.

XII. *SIGNATURES*

IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives. This Agreement is effective as of the last date set forth below.

Interconnection Customer

By: _____

Name: _____

Title: _____

Date: _____

Utility

By: _____

Name: _____

Title: _____

Date: _____