

**STANDARD LEVEL 1, 2, AND 3 INTERCONNECTION AGREEMENT  
FOR PROJECTS UP TO 550 KW WITH CERTIFIED EQUIPMENT  
BETWEEN**

\_\_\_\_\_ (UTILITY)

**AND**

\_\_\_\_\_ (INTERCONNECTION CUSTOMER)

\_\_\_\_\_ (PROJECT NUMBER)

This Interconnection Agreement (“Agreement”) is entered into on \_\_\_\_\_ by \_\_\_\_\_ (the “Utility”), \_\_\_\_\_ (the “Interconnection Customer”), and (if applicable under Paragraph 6) \_\_\_\_\_ (the “Property Owner”) with project number \_\_\_\_\_ assigned by Utility. Utility and Interconnection Customer are sometimes also referred to in this Agreement collectively as “Parties” or individually as “Party.” The Interconnection Customer may be the “Project Developer” or “Applicant” as used in and for purposes of the applicable Michigan Electric Utility Interconnection Procedures (“Interconnection Procedures”) approved by the Michigan Public Service Commission (“Commission”).

**I. RECITALS**

- A. Interconnection Customer is an electric service customer of Utility in good standing and has submitted a Generator Interconnection Application (“Application”) to Utility.
- B. Interconnection Customer desires to interconnect a distributed energy resource (DER or Customer Facility) with a maximum capacity of 550 kilowatts (“kWac”) or less utilizing a certified inverter pursuant to R 460.901a.(l) with Utility’s electric distribution system and operate the DER in parallel with Utility’s distribution system, under Utility’s Interconnection Procedures for Level 1, 2, and 3 projects, as defined in the Michigan Public Service Commission’s (“Commission”) Interconnection and Distributed Generation Standards (the “Standards”), as applicable.
- C. For purposes of this Agreement, “interconnect” means establishing a connection between a non- utility DER and Utility’s distribution system. “Operate in parallel” means the operation, for longer than 100 milliseconds, of a DER while connected to the energized distribution system that is connected to Utility’s system. In all cases, terms shall have the meaning as defined in the Standards.
- D. Interconnection of the DER with Utility’s distribution system is subject to this Agreement, the Application, the Interconnection Procedures, the Standards and utility tariffs approved by the MPSC, as applicable. Interconnection of the DER is also subject to local, county, and state requirements for applicable permits, inspections, and other requirements.
- E. This Agreement does not address any purchase or sale of electricity between Utility and Interconnection Customer, nor does it create any agency, partnership, joint venture, or

other business arrangement between or among Utility, Interconnection Customer, and/or Property Owner.

- F. Pursuant to Michigan Administrative Code Rule 460.964 (3) the Interconnection Customer shall sign and return the interconnection agreement with payment, if applicable, within 20 business days of receiving the agreement. If the Interconnection Customer does not sign and return the interconnection agreement and payment, if applicable, within 20 business days, the Utility shall notify the Interconnection Customer of the missed deadline and grant an extension of 15 business days. If the Utility does not receive the signed Agreement and any applicable payment during the 15-business-day extension period, the Utility may consider the interconnection application withdrawn subject to Michigan Administrative Code Rule 460.964, subrule 3(b).

## II. AGREEMENT

NOW THEREFORE, in consideration of the above recitals, the mutual covenants contained herein and for good and valuable consideration, the Parties agree as follows:

### 1. Description of DER

- 1.1 The DER must be built as described in **Exhibit 1 – Description of Distributed Energy Resource** and as depicted in **Exhibit 2 – Interconnection Diagram**, and, as applicable, in **Exhibit 3 – Interconnection Facilities Scope of Construction**, **Exhibit 4 – Utility Commissioning Testing and Inspection Checklist**, **Exhibit 5 – Protection, Communication and Configuration Requirements and Settings**, **Exhibit 6 - Additional Exceptions, Clarifications, and Special Conditions** and according to the notice requirements herein. The DER may only be modified as permitted under Section 14 of this Agreement.

### 2. Interconnection Facilities

If it is necessary for Utility to install certain interconnection facilities (“Interconnection Facilities”) and make certain system modifications in order to establish an interconnection between the DER and Utility’s distribution system, the Interconnection Facilities and modifications shall be described to the Interconnection Customer in **Exhibit 3 – Interconnection Facilities Scope of Construction**.

### 3. Design Requirements, Testing, and Maintenance of DER

- 3.1 Interconnection Customer shall be responsible for the design and installation of the DER and obtaining and maintaining any required governmental authorizations and/or permits, which may include, but shall not be limited to, easements to clear trees and necessary rights-of-way for installation and maintenance of the Utility Interconnection Facilities.
- 3.2 Interconnection Customer shall, at its sole expense, install and properly maintain protective equipment and devices to protect its equipment and service, and the equipment and system of Utility, from damage, injury, or interruptions, and will assume any loss, liability, or damage to the DER caused by lack of or failure of such protection.

Such protective equipment specifications and design shall be consistent with the applicable Interconnection Procedures. Prior to the DER operating in parallel with Utility distribution system, Interconnection Customer shall provide satisfactory evidence to Utility that it has met the Interconnection Procedures, including but not limited to the receipt of approval from the local building/electrical code inspector. The Utility's approval, or failure to approve, under this section shall in no way act as a waiver or otherwise relieve the Interconnection Customer of its obligations under this section.

- 3.3 At its own expense, Interconnection Customer shall perform operational testing. The Utility may, but is not required to, send qualified personnel to the DER to inspect the facility and observe the testing. Upon completion of such testing and inspection, and prior to interconnection, Interconnection Customer shall provide Utility with a written report explaining all test results, including a copy of the DER commissioning test report. The Utility required commissioning testing and inspection checklist is in **Exhibit 4 – Utility Commissioning Testing and Inspection Checklist (if applicable)**.
- 3.4 As required by Utility, Interconnection Customer shall test, at its own expense, protective equipment in accordance with manufacturer's specifications and Utility specifications, if available, unless no testing interval is provided, in which case testing shall occur every four years (unless an extension is agreed to by Utility) to verify the calibration indicated on the latest setting document issued by Utility. The results of such tests shall be provided to Utility in writing for review and approval. Utility may, at any time and at its sole expense, inspect and test the DER to verify that the required protective equipment is in service, properly maintained, and calibrated to provide the intended protection. This inspection may also include a review of Interconnection Customer's pertinent records. Inspection, testing and/or approval by Utility or the omission of any inspection, testing and/or approval by Utility pursuant to this Agreement shall not relieve the Interconnection Customer of any obligations or responsibility assumed under this Agreement.
- 3.5 Interconnection Customer shall operate and maintain the DER in a safe and prudent manner and in conformance with all applicable laws and regulations. Interconnection Customer shall obtain or maintain any governmental authorizations and permits required for construction and operation of the DER.
- 3.6 As described in **Exhibit 5 – Protection, Communication and Configuration Requirements and Settings** (if applicable), Interconnection Customer shall install and provision communications equipment, at its own expense, as specified by Utility. Interconnection Customer shall configure the communications system to Utility specification. The Interconnection Customer is responsible for maintaining the communications hardware and software as set forth by Utility. The Interconnection Customer shall install and maintain needed cyber and physical security as specified by Utility. Failure to meet these requirements will result in disconnecting the interconnection. Current requirements are provided in **Exhibit 5 – Protection, Communication and Configuration Requirements and Settings** (if applicable).
- 3.7 Interconnection Customer shall cooperate with Utility to regulate the voltage level at the Point of Delivery by controlling its DER in accordance with Utility's instructions. Such

instructions shall include, but not be limited to: (a) maintaining voltage or (b) delivering real and reactive power to the Point of Delivery at levels specified by Utility. Interconnection Customer shall cooperate with Utility to regulate the frequency by controlling the DER in accordance with Utility's instructions. Such instructions shall include, but not be limited to, frequency-droop curves. The instructions given by Utility shall be consistent with the normal practices adhered to by Utility with respect to its own DERs located on its system. Such instructions shall be described in **Exhibit 6 - Additional Exceptions, Clarifications, and Special Conditions** (if applicable).

3.8 Installation, inspection, and calibration of protective equipment to trip the DER for under- or overvoltage and frequency operation shall be coordinated with Utility, so as not to degrade the security of Utility's distribution system. Operating practices developed by Interconnection Customer which call for manual tripping of the DER for under-or over-voltage and frequency operation shall likewise be coordinated and be consistent with the voltage and frequency ride through provisions listed in the utility interconnection procedures during abnormal system voltage and frequency events, and any successor and/or supplemental documents, which are incorporated herein by reference. Such instructions shall be described in **Exhibit 6 - Additional Exceptions, Clarifications, and Special Conditions**.

#### **4. Parallel Operation of the Project**

Parallel operation of the DER with utility's distribution system shall only begin after the following conditions have been satisfied and confirmed in writing by Utility to Interconnection Customer.

- (a) The Utility notified the Interconnection Customer that the commissioning test and inspection, where applicable, are accepted.
- (b) The Interconnection Customer has executed a standard level 1, 2, or 3 interconnection agreement and complied with all applicable parallel operation requirements as set forth in the Utility's interconnection procedures and this interconnection agreement.
- (c) The Interconnection Customer complied with all applicable local, state, and federal requirements.
- (d) The Utility received full payments for all outstanding bills.

#### **5. Disconnection**

Utility shall be entitled to disconnect the DER from Utility's distribution system, or otherwise refuse to connect the DER, if any of the following conditions are present:

- (a) Failure of the Interconnection Customer to bring a DER into compliance pursuant to Michigan Administrative Code Rule 460.976(1).
- (b) Failure of the Interconnection Customer to pay costs of remedy pursuant to Michigan Administrative Code Rule 460.976(2).
- (c) Termination of interconnection by mutual agreement.
- (d) Distribution system emergency, but only for the time necessary to resolve the emergency.

- (e) Routine maintenance, repairs, and modifications performed in a reasonable time and with prior notice to the Interconnection Customer.
- (f) Noncompliance with technical or contractual requirements in the interconnection agreement that could lead to degradation of distribution system reliability, utility equipment, and/or electric customers' equipment.
- (g) Noncompliance with technical or contractual requirements in the interconnection agreement that presents a safety hazard.
- (h) Other material noncompliance with the interconnection agreement.
- (i) Operating in parallel without prior written authorization from the Utility as provided for in Michigan Admin Code Rule 460.968.
- (j) Utility may disconnect electric service, where applicable, pursuant to Michigan Admin Code Rule 460.136.

When reasonable and appropriate, the Utility will attempt to notify Interconnection Customer and coordinate its actions under this Paragraph with Interconnection Customer. This paragraph applies only to Utility actions with respect to DER. Utility shall promptly re-connect the DER to the Utility's distribution system as soon as the reason for disconnection has been remedied.

## **6. Access to Property**

6.1 At its own expense, Interconnection Customer shall make the DER site available to Utility including obtaining from other entities all necessary rights to provide Utility with the required access. The site shall be free from hazards and shall be adequate for the operation and construction of the Interconnection Facilities. Utility, its agents, and employees, shall have full right and authority of ingress and egress at all reasonable times on and across the property at which the DER is located, for the purpose of installing, operating, maintaining, inspecting, replacing, repairing, and removing the Interconnection Facilities. The right of ingress and egress shall not unreasonably interfere with Interconnection Customer's or (if different) Property Owner's use of the property and does not include the right to enter applicant's residence or other enclosed structure on the property where the DER is located with the residence or other enclosed structure, except on reasonable notice where the Interconnection Facilities are located within the residence or other enclosed structure.

6.2 Utility may enter the property on which the DER is located to inspect, at reasonable hours, Interconnection Customer's protective devices and read or test meters. Utility will use reasonable efforts to provide Interconnection Customer or Property Owner, if applicable, at least 24 hours of notice prior to entering said property, in order to afford Interconnection Customer or Property Owner the opportunity to remove any locks or other encumbrances to entry; provided, however, that Utility may enter the property without notice (removing, at Interconnection Customer's expense, any lock or other encumbrance to entry) and disconnect the Interconnection Facilities if Utility believes that disconnection is necessary to address a hazardous condition and/or to protect

persons, Utility's facilities, or the property of others from damage or interference caused by the DER.

6.3 By executing this Agreement, Property Owner consents to and agrees to provide access to its property, including ingress and egress, on which the DER is located to Utility as described in this section, but does not assume or guarantee other performance obligations of the Interconnection Customer under this Agreement. If Utility cannot access the property, customer is responsible for providing appropriate access at the cost of the customer.

## **7. Liability and Indemnity**

7.1 Except as set forth in Section 3.2 above, as between the Parties, unless caused by the sole negligence or intentional wrongdoing of the other Party, each Party to this Agreement shall at all times assume all liability for, any and all damages, losses, claims, demands, suits, recoveries, costs, legal fees, and expenses to the extent caused by its directors, officers, employees, and agents: (a) for injury to or death of any person or persons whomsoever occurring on its own system, and/or (b) for any loss, destruction of or damage to any property of third persons, firms, corporations or other entities occurring on its own system, including environmental harm or damage arising out of or resulting from, either directly or indirectly, the Interconnection Facilities or the DER, or arising out of or resulting from, either directly or indirectly, any electric energy furnished to it hereunder after such energy has been delivered to it by such other Party. The provisions of this Section 7 shall not be construed to relieve any insurer of its obligations to pay any insurance claims in accordance with the provisions of any valid insurance policy.

7.2 Notwithstanding anything in this Section, or any other provision of this Agreement to the contrary, any liability of a Party to the other Party shall be limited to direct actual damages, and all other damages at law or in equity are hereby waived. Under no circumstances shall a Party be liable to the other Party, whether in tort, contract or other basis in law or equity for any special, indirect, punitive, exemplary or consequential damages, including lost profits.

7.3 The obligations and limits on liability in this Section 7 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement, with respect to any event or condition giving rise to an obligation that occurred prior to such expiration or termination.

7.4 Nothing in this Section 7 waives or limits, or shall be construed to waive or limit, the governmental immunity of a Party.

7.5 Nothing in this Section 7 shall imply, or be construed to imply, indemnification of any Party by the State of Michigan, its department, and agencies, or by other governmental customers that are restricted from entering into indemnification provisions by law.

## **8. Insurance**

For Level 3 and greater projects, Interconnection Customer shall obtain and continuously

maintain throughout the term of this Agreement General Liability insurance written on an occurrence form, or other form acceptable to the Utility, and covering bodily injury and property damage liability with a per occurrence amount of at least:

<u>Interconnection Level</u>	<u>Minimum Limit</u>
1 & 2	Not Applicable
3	\$1,000,000

Pursuant to Michigan Admin Code Rule 460.986, an Applicant interconnecting a Level 1 or 2 DER to the distribution system of the Utility is not required by the Utility to obtain any additional liability insurance. For a Level 3 DER, the Applicant shall obtain and maintain general liability insurance of a minimum of \$1,000,000 and include Utility as an additional insured. Pursuant to Michigan Administrative Code Rule 460.986(6), for Level 3 projects, the electric utility may describe in its interconnection procedures required terms and conditions that must be specified in the general liability insurance.

For Level 3 DERs, evidence of insurance coverage on a certificate of insurance shall be provided to the Utility when requested by the Utility. Interconnection Customer shall immediately provide the Utility written notice if the policy is cancelled or substantial changes are made that affect the additional insured. At the Utility's request, Interconnection Customer shall provide a copy of the policy to the Utility.

**9. Subcontractors**

Either Party may contract with a subcontractor to perform its obligations under this Agreement and shall incorporate the obligations of this Agreement into its respective subcontracts, agreements, and purchase orders. Each Party shall remain liable to the other Party for the performance of such subcontractor under this Agreement subject to the provisions of Section 7.

**10. Force Majeure**

As set forth in Michigan Admin Code Rule 460.901a(ee), Force majeure event means an 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; an emergency order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities; or another cause beyond a party's control. A force majeure event does not include an act of negligence or intentional wrongdoing.

**11. Breach and Default**

A breach of this Agreement ("Breach") shall occur upon the failure of a Party to perform or observe any material term or condition of this Agreement. Upon a Breach by one Party, the non-breaching Party shall give written notice of such Breach to the breaching Party. The Party in Breach shall have thirty (30) days from the date of the written notice to cure the Breach. If a Breach is not cured within the thirty (30) day period provided for herein, the party in Breach shall be deemed in default ("Default"). If the Breach is not cured within 30

business days, the Utility, at its sole discretion, may apply a remedy and bill the Interconnection Customer. The Interconnection Customer shall pay this bill within 5 business days. The non-defaulting Party shall then have the right to terminate this Agreement by written notice, shall be relieved of any further obligations hereunder, and may pursue any and all remedies available to it at law or in equity.

## **12. Retirement**

Upon termination or cancellation of this Agreement or at such time after any of the Utility Interconnection Facilities described herein are no longer required, the Parties shall mutually agree upon the retirement of the Interconnection Facilities, which may include without limitation (i) dismantling, demolition, and removal of equipment, facilities, and structures, (ii) security, (iii) maintenance and (iv) disposing of debris. The cost of such removal shall be borne by the Utility.

## **13. Governing Law**

This Agreement shall be interpreted, governed, and construed under the laws of Michigan.

## **14. Amendment, Modification or Waiver**

14.1 Any amendments or modifications to this Agreement shall be in writing and agreed to by both Parties. The failure of any Party at any time to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, shall be deemed to be construed as a further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.

14.2 Pursuant to Michigan Administrative Code Rule 460.984, Modifications to the DER, after the execution of this Agreement, the Interconnection Customer shall notify the Utility of any plans to modify the DER. The Utility shall review the proposed modification to determine if the modification is considered a material modification. If the Utility determines that the modification is a material modification, the Utility shall notify the Interconnection Customer, in writing of its determination and the Interconnection Customer shall submit a new application and application fee along with all supporting materials that are reasonably requested by the Utility. The Interconnection Customer may not begin any material modification to the DER until an interconnection agreement incorporating the material modification is fully executed.

## **15. Notices**

Any notice required under this Agreement shall be in writing and mailed, personally delivered, or electronically mailed to the Party at the address below. Written notice is effective within three (3) business days of depositing the notice in the United States mail, first class postage prepaid. Personal notice or electronic mail notice is effective upon delivery, provided it is received by 11:59:59 p.m. local time at the recipient's business location on a business day (or otherwise, on the next business day). Written notice of any



address changes shall be provided. Utility may consider changes of address in other Utility systems of record (e.g., Interconnection Customer billing address) as notice of address change under this Agreement. All written notices shall refer to the Interconnection Customer's Utility account number, as provided in Section 1 of this Agreement. All written notices shall be directed as follows:

Notice to Utility:

Utility Name: \_\_\_\_\_

Utility Address: \_\_\_\_\_

Utility Phone Number: \_\_\_\_\_

Utility Email: \_\_\_\_\_

Notice to Interconnection Customer:

Interconnection Customer Name: \_\_\_\_\_

Interconnection Customer Address: \_\_\_\_\_

Interconnection Customer Phone Number: \_\_\_\_\_

Interconnection Customer Email: \_\_\_\_\_

Notice to Property Owner (if different than Interconnection Customer):

Property Owner Name: \_\_\_\_\_

Property Owner Address: \_\_\_\_\_

Property Owner Phone Number \_\_\_\_\_

Property Owner Email: \_\_\_\_\_

**16. Term of Agreement and Termination**

This Agreement shall become effective upon execution by all Parties and, if applicable, the Property Owner, and it shall continue in full force and effect until terminated upon thirty (30) days' prior notice by the Interconnection Customer, upon Default of either Party as set forth in Section 11, or upon mutual agreement of the Parties. The Utility may terminate the agreement on reasonable notice for reasons consistent with existing law, regulations, and tariffs. In addition, see Section 19 regarding transfers of ownership in the DER.

**17. Entire Agreement and Amendments**

This Agreement and the Utility Interconnection Procedures shall constitute the entire understanding between the Parties with respect to the subject matter hereof, supersede any and all prior discussions and agreements between the Parties with respect to the subject matter hereof and bind and inure to the benefit of the Parties, their successors, and permitted assigns. No amendments or changes to this Agreement shall be binding unless made in writing and duly executed by both Parties.

**18. No Third Party Beneficiary**

The terms and provisions of this Agreement are intended solely for the benefit of each Party, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person or entity.

**19. Assignment and Binding Effect**

This Agreement shall not be assigned by a Party without the prior written consent of the other Party, which shall not be unreasonably withheld. Any attempt to do so will be void. Subject to the preceding, this Agreement is binding upon, inures to the benefit of, and is enforceable by the Parties and their respective successors and assigns. Interconnection Customer agrees to notify Utility in writing upon the sale or transfer of the Customer Facility. This Agreement shall terminate upon such notice (or upon Utility notifying Interconnection Customer that Utility has identified a change in ownership of the Customer Facility) unless Utility consents to this Agreement remaining in force until an equivalent agreement in a form acceptable to both parties is signed.

**20. Severability**

If any provision of this Agreement is determined to be partially or wholly invalid, illegal, or unenforceable, then such provision shall be deemed to be modified or restricted to the extent necessary to make such provision valid, binding, and enforceable; or, if such provision cannot be modified or restricted in a manner so as to make such provision valid, binding or enforceable, then such provision shall be deemed to be excised from this Agreement and the validity, binding effect, and enforceability of the remaining provisions of this Agreement shall not be affected or impaired in any manner.

**21. Effective Date**

This Agreement is effective as of the later (or latest) of the dates set forth below.

**22. Counterparts and Electronic Documents**

This Agreement may be executed and delivered in counterparts, including by a facsimile or an electronic transmission thereof, each of which shall be deemed an original. Any document generated by the parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceeding as if original business records. Neither party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.

UTILITY

By: \_\_\_\_\_ (Duly Authorized Signature)

\_\_\_\_\_  
(Print or Type Name)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

INTERCONNECTION CUSTOMER

By: \_\_\_\_\_ (Duly Authorized Signature)

\_\_\_\_\_  
(Print or Type Name)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

PROPERTY OWNER, if applicable

By: \_\_\_\_\_ (Duly Authorized Signature)

\_\_\_\_\_  
(Print or Type Name)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Exhibit 1 – Description of Distributed Energy Resource

Exhibit 2 – Interconnection Site Diagram

Exhibit 3 – Interconnection Facilities Scope of Construction

Exhibit 4 – Utility Commissioning Testing and Inspection Checklist (If Applicable)

Exhibit 5 – Protection, Communication and Configuration Requirements and  
Settings (If Applicable)

Exhibit 6 - Additional Exceptions, Clarifications, and Special Conditions