



**GENERATOR INTERCONNECTION & OPERATING AGREEMENT
FOR PROJECTS
WITH AGGREGATE GENERATOR OUTPUT OF GREATER THAN 550 KW
BETWEEN CONSUMERS ENERGY COMPANY
AND
(INTERCONNECTION CUSTOMER)**

GENERATOR INTERCONNECTION & OPERATING AGREEMENT (hereinafter, this Agreement), is made and entered into on _____, (hereinafter, the Effective Date), between CONSUMERS ENERGY COMPANY, a Michigan corporation, with offices located at One Energy Plaza, Jackson, MI 49201, herein termed "Utility", and Interconnection Customer with offices located at (Address, City, State, ZIP), herein termed "Interconnection Customer." Utility and Interconnection Customer are hereinafter sometimes referred to individually as "Party" and collectively as "Parties" where appropriate.

WITNESSETH:

WHEREAS, Utility owns electric facilities and is engaged in the generation, purchase, distribution and sale of electric energy in the State of Michigan; and

WHEREAS, Interconnection Customer intends to construct and own a _____ plant, known as the _____ Generating Plant, herein termed "Project", with a generator design capacity nameplate rating not to exceed _____ and located at (Address, City, State, ZIP); and

WHEREAS, This Agreement does not address the sale of electricity to or from Utility; and

WHEREAS, The Parties desire to enter into this Agreement for the purposes, among others, of (a) describing (i) the facilities and associated appurtenances to interconnect the Project to Utility's distribution system, including defining the Point of Delivery and Interconnection Point, (ii) the facilities required for providing and regulating reactive power supply (kilovars) at the Project, and (iii) any modifications and additions necessary on Utility's distribution system as a result of the operation of the Project; (b) establishing the ownership interests of Utility and Interconnection Customer in such facilities; and (c) establishing the respective obligations and rights of the Parties with respect to the procurement, construction, installation, operation and maintenance of such facilities.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the Parties hereto agree as follows:

SECTION 1
INTERCONNECTION FACILITIES

1.1 General

The Parties shall provide, as specified in this Section 1, certain facilities and associated appurtenances required to interconnect the Project to Utility's distribution system, consistent with Consumers Energy Company Generator Interconnection Procedures and the Michigan Public Service Commission's Interconnection and Distributed Generation Standards. Such facilities and associated appurtenances include, but shall not be limited to, interconnection, transformation, switching, control, metering, telemetering, protective relaying equipment (such protective relaying equipment required by Utility or Interconnection Customer to protect Utility's distribution system, its customers, and the Project from electrical faults occurring at the Project or on Utility's distribution system or on the systems of others to which Utility's distribution system is directly or indirectly connected) and any necessary additions or reinforcements by Utility to Utility's distribution system required as a result of the interconnection of the Project to Utility's distribution system. The facilities and associated appurtenances described in Subsections 1.2, "Interconnection Customer's Interconnection Facilities," and 1.3, "Utility's Interconnection Facilities," are hereinafter sometimes referred to as the "Interconnection Facilities." Interconnection Customer shall be responsible for the cost of the Interconnection Facilities, unless otherwise specified in this Agreement.

The Project, configured as discussed in this Agreement and depicted in Exhibit 2 – Wiring Diagram can be connected to Utility's distribution system as described herein. In the future, if the Interconnection Customer desires to install additional generating units at this present location, the Interconnection Customer must submit a written application to Utility. Utility will evaluate its distribution system to determine, in its sole discretion, if conditions at that time will allow said system to support additional capacity.

In the event future changes in (a) the design or operation of the Project, (b) Federal, State or local laws, regulations, ordinances or codes, (c) Interconnection Customer's requirements (such as additional generators located at the site location identified above) or (d) Utility's requirements necessitate additional facilities or modifications to the then existing Interconnection Facilities, the Parties shall undertake such additions or modifications as may be necessary. Before undertaking such future additions or modifications, the Parties shall consult, develop plans and coordinate schedules of activities so as to minimize disruption of the Interconnection Facilities and Utility's distribution system. The cost of such future additions or modifications to the Interconnection Facilities shall be borne by the Interconnection Customer, unless agreed upon otherwise at the time. The ownership, operation and maintenance responsibilities for any such future additions or modifications shall be made consistent with the responsibilities allocated in this Agreement.

1.2 Interconnection Customer's Interconnection Facilities

Interconnection Customer's Interconnection Facilities and associated appurtenances are described in Subsection 1.2 of Exhibit 1 – Scope of Facilities.

Interconnection Customer shall bear the cost of its Project unless otherwise specified in this Agreement. Interconnection Customer shall be solely responsible for all permits, zoning reviews, and other matters associated with obtaining rights from any governmental body or agency to construct its Project. Prior to Utility beginning construction of its Interconnection Facilities, Interconnection Customer shall provide a copy of all necessary documents granting the Interconnection Customer the right to construct its Project.

1.3 Utility's Interconnection Facilities

Utility Interconnection Facilities and associated appurtenances are described in Subsection 1.3 of Exhibit 1 – Scope of Facilities.

Interconnection Customer shall bear the cost of Utility's Interconnection Facilities unless otherwise specified in this Agreement. Utility shall be responsible for all permits, zoning reviews, and other matters associated with obtaining rights from any governmental body or agency to construct its Interconnection Facilities. Interconnection Customer shall reimburse Utility for all costs associated with the installation and connection of Utility's Interconnection Facilities. Interconnection Customer shall solely assume the risk that Utility may be unable to complete its Interconnection Facilities due to factors beyond its reasonable control.

Utility's Distribution Upgrades and associated appurtenances are described in Subsection 1.4 of Exhibit 1 – Scope of Facilities.

The Interconnection Customer shall bear the cost of Utility's Distribution Upgrades unless otherwise specified in this Agreement. Utility shall be responsible for all permits, zoning reviews, and other matters associated with obtaining rights from any governmental body or agency to construct its Distribution Upgrades. The Interconnection Customer shall reimburse Utility for all costs associated with the installation and connection of Utility's Distribution Upgrades. The Interconnection Customer shall solely assume the risk that Utility may be unable to complete its Distribution Upgrades due to factors beyond its reasonable control.

1.4 Easements and Permits

If necessary, prior to the installation of the Interconnection Facilities, Interconnection Customer is responsible to acquire required permits and necessary easements for the Interconnection Facilities in a form consistent with Utility's tariffs. These easements / permits may include, but shall not be limited to, rights of ingress and egress, rights to clear trees, and all necessary rights-of-way for installation and maintenance of Interconnection Facilities. The Interconnection Customer shall reimburse Utility for any costs and expenses Utility incurs to support Interconnection Customer in acquiring such easements / permits.

1.5 Relocation by Interconnection Customer

If at any time the Interconnection Customer requires Utility's Interconnection Facilities located on its premises to be relocated on such premises, Utility shall, at Interconnection Customer's expense and upon its request, relocate the same or give permission for Interconnection Customer to relocate the same. Interconnection Customer shall provide Utility with all necessary easement rights as required for the Interconnection Facilities located on Interconnection Customer's premises.

1.6 Payment by Interconnection Customer of Utility Costs and Expenses

1.6.1 Interconnection Customer shall reimburse Utility for its total cost and expenses incurred in providing the Interconnection Facilities required by Subsections 1.3 and 1.4. Interconnection Customer shall not be entitled to receive a refund of any portion of the total cost and expense incurred in providing the Interconnection Facilities required by Subsections 1.3 and 1.4 in the event that any Utility customers are later connected to such Interconnection Facilities.

1.6.2 Utility estimated conceptual cost (developed in accordance with "standard utility accounting practices") for providing and installing Utility Interconnection Facilities, including easement rights and permits, is shown in Exhibit 3 – Payment Schedule. Utility estimates it will incur such cost and expense over a period of time. Interconnection Customer shall reimburse Utility for its estimated conceptual costs and expenses in accordance with invoices rendered by Utility. For all payments whose due date comes at least 15 days after the effective date of this Agreement, invoices will be rendered, and payments shall be due and payable such that Utility receives the payments by the dates indicated in Exhibit 3 – Payment Schedule. Payments shall be made in accordance with Subsections 1.6.3, 1.6.4 and 1.6.5.

1.6.3 When Utility has determined that all costs and expenses are accounted for on its books, Utility will issue a final invoice or credit to reconcile the estimated conceptual cost with the final work order estimate of the project. The final work order cost will be reviewed and reconciled to the estimated conceptual cost for each portion of the project covered under this Agreement. If Utility final work order cost is less than the payments received for the estimated conceptual cost provided in Exhibit 3 – Payment Schedule, Utility shall refund the incremental amount to Interconnection Customer. If Utility final work order cost is greater than the payments received for the estimated conceptual cost provided in Exhibit 3 – Payment Schedule, Utility shall issue a final invoice to Interconnection Customer for the incremental amount.

1.6.4 All payments to Utility shall be made payable to [Consumers Energy Company](#) and shall be sent to Consumers, Attention: [Consumers Energy Company, P.O. Box 740309, Cincinnati, Ohio 45274-0309](#), or by wire transfer to a Consumers bank account or such other manner or at such place as Consumers shall, from time to time, designate by notice to Interconnection Customer. Payments made by wire transfer shall reference the appropriate invoice number for which payment is being made.

1.6.5 Any payment not made on or before the due date shall trigger a period of fifteen (15) days for Interconnection Customer to make such payment without additional charge. If payment is not made within such fifteen (15) day period, then Utility may cease work when all existing payments have been exhausted and shall not be required to resume work until Interconnection Customer makes all overdue payments.

SECTION 2
DESIGN AND CONSTRUCTION OF THE INTERCONNECTION FACILITIES

2.1 Authority for Construction

Except as provided in the following paragraph, Interconnection Customer will have sole authority to manage, design, supervise, construct, procure materials for, control and will take all steps which it deems necessary or appropriate for the installation of the Interconnection Facilities required pursuant to Subsection 1.2, "Interconnection Customer's Interconnection Facilities."

The design, specifications, installation and construction of the Interconnection Facilities required pursuant to Subsection 1.2 shall be in accordance with standards no less stringent than those used by Utility for its own distribution voltage level installations and shall be inspected and commented on by Utility prior to being placed into initial operation. However, Utility has no liability, obligation or responsibility with respect to such design, plans, specifications, installation or construction regardless of its inspection and comment thereon. Inspection of and comments by Utility shall not relieve Interconnection Customer of any of its obligations under this Agreement.

Utility shall exercise sole authority to manage, design, supervise, construct, procure materials for, control and take all steps which it deems necessary or appropriate for the installation and connection of the Interconnection Facilities required pursuant to Subsection 1.3, "Utility's Interconnection Facilities".

2.2 Coordination of Construction Program

The Parties shall coordinate their respective construction programs essential to carrying out the installation by Interconnection Customer of its Interconnection Facilities required pursuant to Subsection 1.2 and the installation by Utility of its Interconnection Facilities required pursuant to Subsection 1.3 and will cooperate to ensure as closely as practicable the simultaneous completion of the installation of the Interconnection Facilities to be installed by Interconnection Customer and Utility, respectively.

2.3 Interconnection of the Project

Interconnection of the Project to Utility's distribution system shall be made after the following conditions have been satisfied:

- 2.3.1 Both Parties have declared their Interconnection Facilities ready for service;
- 2.3.2 Interconnection Customer has met the design, specifications, installation and construction requirements of the second paragraph of Subsection 2.1, Authority for Construction;
- 2.3.3 Interconnection Customer has provided adequate protective equipment to protect the equipment and service of Utility from damage or interruption from electrical faults occurring at the Project;
- 2.3.4 Utility has tested and accepted the billing meters and associated telemetry for the collection of the metered data required pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.3;
- 2.3.5 Interconnection Customer and Utility have agreed to a procedure to describe the process (i) for switching and tagging the interconnection facilities for workers' protection during periods when such equipment must be removed from service and (ii) for returning the equipment to service. Both Parties agree to follow the procedure for disconnecting and re-connecting the interconnection as outlined in the then-current version of Appendix G of the appropriate Consumers Energy Company Generator Interconnection Procedures document (or its then-current equivalent);
- 2.3.6 Interconnection Customer has installed all signage as required by Utility for identification of equipment and protection of employees.
- 2.3.7 If the Interconnection Customer requires backup power from Utility, the Interconnection Customer shall be responsible for contracting with Utility for the delivery of said backup power. The Interconnection Customer shall provide Utility satisfactory evidence that it has purchased the resources to supply backup power pursuant to Subsection 6.6, Project Backup Power; and
- 2.3.8 Interconnection Customer has reimbursed Utility for all costs associated with the installation of Utility's Interconnection Facilities as identified in Subsections 1.3 and 1.4.

2.4 Parallel Operation of the Project With Utility's Distribution System

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

- 2.4.1 Interconnection Customer has met all of the requirements of Subsection 2.3;
- 2.4.2 Interconnection Customer has obtained written approval by Utility of all protective equipment required pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.2 and the direct transfer trip equipment required pursuant to Subsections 1.2 and 1.3 for the protection of Utility's distribution system. Approval will be granted after the required protective equipment is inspected and calibrated

in accordance with the setting data issued by Utility. Inspection and calibration must be either performed or witnessed by Utility's personnel at Interconnection Customer's expense. Interconnection Customer must record the actual settings and inspection data on the setting document furnished by Utility and return such document to Utility for approval;

- 2.4.3 Interconnection Customer has developed operating and maintenance procedures, which Utility has accepted in writing, for those protective devices which directly connect to Utility's distribution system or interface with Utility's protective devices;
- 2.4.4 Utility has tested and accepted the telemetry / SCADA interface and concurs they meet the technical requirements as identified in the Telemetry, Disturbance and Power Quality Monitoring Requirements Section and the Communication Circuits Section of the Consumers Energy Company Generator Interconnection Procedures. Testing must be performed by Utility's personnel at Interconnection Customer's expense and acceptance will be communicated to Interconnection Customer in writing; and
- 2.4.5 Interconnection Customer has developed operating procedures to manually trip generation for system security pursuant to Subsection 6.4, System Security.

2.5 **Subcontractors**

Either Party may hire 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 and shall fully defend, indemnify and hold the other Party harmless from all acts or omissions of its subcontractors.

SECTION 3 **OPERATION AND MAINTENANCE**

3.1 **Operation and Maintenance By Utility**

Utility shall have sole authority and responsibility to operate and maintain Utility's Interconnection Facilities required pursuant to Subsection 1.3, and in accordance with the applicable good utility practice standards of Utility. Utility may manually operate, when necessary, Utility's Interconnection Facilities and the isolation device provided by Interconnection Customer pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.2, and may perform preventive or emergency maintenance, or make system modifications, when necessary, on Utility's Interconnection Facilities. Normal maintenance shall be scheduled on Utility's Interconnection Facilities taking into consideration Interconnection Customer's schedule of maintenance for the Project. Such authority and responsibility shall include removing the Interconnection Facilities from service, when necessary, as determined by Utility. Utility shall not be required to deliver energy to the Project or provide a temporary connection to the Project when maintenance or system modifications require disconnecting Utility's Interconnection Facilities from Utility's distribution system. Distribution upgrades required pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.4 are not subject to this Subsection 3.1.

- 3.1.1 Interconnection Customer shall reimburse Utility for all direct and indirect costs and expenses (including but not limited to, overtime pay, property taxes, insurance, equipment testing and inspections) incurred by Utility in owning, operating and maintaining Utility's Interconnection Facilities from the point in time in which Utility's Interconnection Facilities are ready for service. Such costs and expenses shall be determined by Utility in accordance with the standard practices and policies followed by Utility and in effect at the time such operation and maintenance are performed. As used in this Agreement, the term "maintenance" includes inspection, repair and replacement. Payment by Interconnection Customer of such costs and expenses shall be made in accordance with Subsection 3.1.4. In the event that Utility uses any part of Utility's Interconnection Facilities defined in Subsection 1.3 for the benefit of Utility's customers, then the allocation of the ongoing costs and expenses which are due to the ownership, operation and maintenance of Utility's Interconnection Facilities provided pursuant to Subsection 1.3, shall be re-determined with consideration for possible changes in: (a) Point of Delivery, (b) metering location, (c) operation and maintenance costs to Interconnection Customer to new Point of Delivery, if any, and (d) compensation to Utility for appropriate operating and maintenance costs from the new Point of Delivery, if any. Utility shall not be restricted in the use of Utility's Interconnection Facilities while such redetermination is being made.
- 3.1.2 If Utility performs the following tasks on the Interconnection Customer's behalf, the Interconnection Customer shall reimburse Utility for costs associated with (a) testing of metering and associated telemetry required pursuant to Subsection 2.3.4, (b) the relay setting information, inspection and calibration required pursuant to Subsection 2.4.2 and (c) the testing of the dispatching interface required pursuant to Subsection 2.4.4, which shall be separately billed by Utility.

- 3.1.3 The Utility shall be responsible for ordering and acquiring all equipment associated with the communication circuits pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.2 as well as the proper safety equipment required for the proper installation of said communication circuits, with the cost of such equipment and all continuing operating expenses being at the expense of the Interconnection Customer. Additional operation and maintenance expenses associated with telemetry facilities are the responsibility of the Interconnection Customer pursuant to Subsection 5.4.
- 3.1.4 Payments by Interconnection Customer of the costs and expenses described in Subsections 3.1.1 and 3.1.2 are as follows:
- 3.1.4.1 As soon as practicable after the end of each month in which operation and maintenance costs and expenses were incurred by Utility pursuant to Subsection 3.1.1 and 3.1.2, Utility shall furnish Interconnection Customer a statement describing the work performed or expense incurred and showing the amount of the payment to be made therefore by Interconnection Customer.
- 3.1.4.2 Each statement shall be paid by Interconnection Customer so that Utility will receive the funds by the 30th day following the date of such statement, or the first business day thereafter if the payment date falls on a non-business day.
- 3.1.4.3 All payments shall be made payable to [Consumers Energy Company](#) and shall be sent to Consumers, Attention: [Consumers Energy Company, P.O. Box 740309, Cincinnati, Ohio 45274-0309](#), or by wire transfer to a Consumers' bank account or such other manner or at such place as Consumers shall, from time to time, designate by written notice to Interconnection Customer. Payments made by wire transfer shall reference the appropriate invoice number for which payment is being made.
- 3.1.4.4 Any payment not made on or before the due date shall bear interest, from the date due until the date upon which payment is made.

3.2 **Operation and Maintenance By Interconnection Customer**

Except as provided in Subsections 2.3.2 and 3.1 and the provisions of this Subsection 3.2, Interconnection Customer shall have sole authority and responsibility to operate and maintain the Interconnection Customer's Interconnection Facilities required pursuant to Subsection 1.2 in accordance with prudent industry practices.

Relay settings, for protective devices required by Utility, may be revised and documents stating such revisions may be issued by Utility if it determines that it is necessary to do so. The settings for these devices may be revised only if Utility issues documents specifying such revisions. In such event, the protective relay equipment shall be recalibrated by Interconnection Customer in accordance with such revised relay settings within a reasonable period specified by Utility. The procedure for recalibration and approval shall be the same as stated for the initial calibration pursuant to Subsection 2.4.2.

The protective relay equipment shall be tested every four (4) years (unless an extension is agreed to by Utility) to verify the calibration indicated on the latest relay setting document issued by Utility. If the protective relay equipment is not calibrated in accordance with the latest relay-setting document, it shall be recalibrated in accordance with Subsection 2.4.2, to conform with such data. Tests shall be conducted or witnessed by Utility at Interconnection Customer's expense. The results of such tests shall be provided to Utility in writing for review and approval.

Utility may, at any time in addition to that specified in the preceding paragraph, at Utility's expense, inspect and test Interconnection Customer's Interconnection Facilities to verify that the required protective interconnection equipment is in service, properly maintained, and calibrated to provide the intended protection. If necessary, 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 Interconnection Customer of any obligations or responsibility assumed under this Agreement.

SECTION 4 **ACCESS**

Utility, its agents and employees, shall have full right and authority of ingress and egress at all reasonable times on and across the premises of Interconnection Customer for the purpose of installing, operating, maintaining,

inspecting, replacing, repairing, and removing its Interconnection Facilities located on the premises. The right of ingress and egress, however, shall not unreasonably interfere with Interconnection Customer's use of its premises.

SECTION 5 **INTERCONNECTION POINT; POINT OF DELIVERY; METERING; TELEMETERING**

5.1 Interconnection Point

The Interconnection Point shall be where the Interconnection Customer's Interconnection Facilities connect to Utility's distribution system.

5.2 Point of Delivery

The Point of Delivery shall be the point at which the Interconnection Customer's Interconnection Facilities connect to Utility's existing distribution facilities serving other customers. It is described in greater detail in Exhibit 5.

5.3 Metering

Measurements of electric energy deliveries shall be made by standard types of electric meters installed and maintained by Utility pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.3.

The standard electric meters shall be tested by Utility at least once every six (6) years. On request and at the expense of the Interconnection Customer, a special test may be performed. Representatives of Interconnection Customer shall be afforded the opportunity to be present at all routine or special tests and upon occasions when any readings, for purposes of settlements, are taken from meters not bearing an automatic record.

5.4 Telemetry

Certain telemetry facilities will be provided by Utility pursuant to Exhibit 1 – Scope of Facilities, Subsection 1.3 as a part of the Interconnection Facilities as being necessary for the proper and efficient collection of metering and control data. The cost and maintenance of such telemetry facilities and associated communication circuits shall be borne by Interconnection Customer.

SECTION 6 **SERVICE CONDITIONS**

6.1 Site Preparation

At its own expense, the Interconnection Customer shall make the proposed Project site available to Utility. Said site shall be free from hazard and shall be adequate for the operation and construction of distribution facilities necessary to interconnect the proposed Project.

6.2 Parallel Operation

It is understood that the Project will normally remain connected to and be operated in parallel with Utility's distribution system. The Interconnection Customer shall, at its expense, install and properly maintain protective equipment and devices and provide sufficiently trained personnel to protect its equipment and service, and the equipment and service of Utility from damage, injury or interruptions during the Project's parallel operation with Utility's distribution system, and, without limiting the indemnity provided in Subsection 7.1 herein, Interconnection Customer shall assume any loss, liability or damage to Interconnection Customer and Utility's distribution system and equipment caused by lack of or failure of such protection. Such protective equipment specifications and design shall be consistent with the Consumers Energy Company Generator Interconnection Procedures, and any successor and/or supplemental documents. Prior to the Project operating in parallel with Utility's distribution system, the Interconnection Customer shall provide satisfactory evidence to Utility that it has met the Consumers Energy Company Generator Interconnection Procedures that are on file with the Michigan Public Service Commission and complied with all applicable laws, rules, regulations, guidelines, and safety standards.

6.3 Voltage and Frequency Control

Interconnection Customer shall cooperate with Utility to regulate the voltage level at the Point of Delivery by controlling its generators 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 its generators 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 generators located on its system.

6.4 **System Security**

Installation, inspection, and calibration of protective equipment to trip generation for under- or over-voltage and frequency operation shall be coordinated with Utility, pursuant to Subsection 2.4.2, so as not to degrade the security of Utility's distribution system. Operating practices developed by Interconnection Customer which call for manual tripping of generation 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 Consumer Energy Company Generator Interconnection Procedures during abnormal system voltage and frequency events, and any successor and/or supplemental documents, which are incorporated herein by reference.

6.5 **Continuity of Service**

Each Party shall exercise reasonable care to maintain continuity of service in the delivery and receipt of electric energy. If service becomes interrupted for any reason, the cause of such interruption shall be removed and normal operating conditions restored as soon as practicable.

6.6 **Project Backup Power**

If the Interconnection Customer requires backup power from Utility, the Interconnection Customer will contract with Utility for the delivery of power provided to the Project under one of Utility's established retail rates set forth in Utility's tariffs, which are incorporated herein by reference. The provisions of such contract shall be applied during periods when the Project is not delivering energy to Utility. The Interconnection Customer will contract with Utility for the purchase of energy or provide satisfactory evidence of the purchase of energy from an alternative energy supplier for the purpose of providing power to the Project during periods when the Project is not delivering energy to Utility's distribution system.

Interconnection Customer shall have sufficient voltage regulation at the Project to maintain an acceptable voltage level for Project equipment during such periods when the Project's generation is off line.

6.7 **Utility's Obligation to Connect**

Utility shall not be obligated to continue the electrical interconnection to the Project if it determines, in its sole discretion, that any one or more of the following conditions exist, including but not limited to: (a) those conditions listed in the Miscellaneous Operational Requirements section of the Consumer Energy Company Generator Interconnection Procedures, (b) electrical characteristics of the Project are not compatible with the electrical characteristics of Utility's distribution system, (c) the Interconnection Customer is deficient in following either the voltage schedule or reactive power schedule established by Utility, (d) an emergency condition exists on Utility's distribution system, (e) Interconnection Customer's protective relay equipment fails, resulting in a lack of the level of protection required by prudent utility practice, (f) the Interconnection Customer's Project is determined to be disrupting Utility customers, (g) Utility requires disconnection of the Project in order to construct, install, maintain, repair, replace, remove, investigate, inspect or test any part of Utility's Interconnection Facilities or any other Utility equipment associated with the interconnection (also if a required component (example: communication circuit) or required modification to allow interconnection fails or becomes incapacitated and is not repaired in a timely manner), (h) by mutual consent, (i) Interconnection Customer commits a material breach of this agreement or (j) Interconnection Customer's failure to execute this agreement or upon cancellation or termination of this agreement. Utility shall electrically connect or reconnect its distribution system to the Project when, in Utility's sole opinion, the conditions named above cease to exist. Under any of the conditions listed above, Utility will follow the procedures for disconnecting and re-connecting the interconnection as outlined in Appendix G of the appropriate Consumers Energy Company Generator Interconnection Procedures document.

In the event future changes in either the (i) design or operation of the Project, (ii) federal, state or local laws, regulations or codes, (iii) Interconnection Customer's requirements, or (iv) Utility's requirements, necessitate additional facilities or modifications to the then existing Interconnection Facilities herein, the Parties shall undertake such additions or modifications as may be necessary. Before undertaking such future additions or modifications, the Parties shall consult, develop plans and coordinate schedules of activities to minimize disruptions to the Interconnection Facilities. The cost of such future additions or modifications to the Interconnection Facilities shall be borne by the Interconnection Customer unless agreed upon otherwise at the time, with payment due on a mutually agreed upon schedule. Such future additions or modifications shall be part of the Interconnection Facilities from the time they are placed in service. The ownership,

operation and maintenance responsibilities for any such future additions or modifications shall be made consistent with the responsibilities allocated in this Agreement.

SECTION 7
INDEMNITY; INSURANCE

7.1 Indemnity

To the extent permitted by law, Interconnection Customer covenants and agrees that it shall hold Utility, and all of its agents, employees, officers and affiliates harmless for any claim, loss, damage, cost, charge, expense, lien, settlement or judgment, including interest thereon, whether to any person or property or both, arising directly or indirectly out of, or in connection with this Agreement, the Project, or any of Interconnection Customer's facilities and associated appurtenances, to which Utility or any of its agents, employees, officers or affiliates may be subject or put by reason of any act, action, neglect or omission on the part of Utility or the Interconnection Customer or any of its contractors or subcontractors or any of their respective officers, agents, employees, and affiliates (excluding claims based on Utility's reckless or intentional misconduct). If this Agreement is one subject to the provisions of Michigan Act No. 165, PA 1966, as amended, then Interconnection Customer will not be liable under this section for damages arising out of injury or damage to persons or property directly caused or resulting from the sole negligence of Utility, or any of its officers, agents or employees. The provisions of this Subsection 7.1 shall survive termination or expiration of this Agreement.

7.2 Insurance

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 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>
4	\$2,000,000
5	\$3,000,000

Such limit may be achieved through any combination of primary and excess or umbrella liability insurance policy. When requested in writing by Utility, said limit shall be increased each year that this Agreement is in force to a limit no greater than the amount arrived at by increasing the original limit by the same percentage change as the Consumer Price Index - All Urban Workers (CPI-U.S. Cities Average). Such policy shall include, but not be limited to, contractual liability for indemnification assumed by Interconnection Customer under this Agreement.

Consumers Energy Company, its Directors, Officers, and Employees are to be included as ADDITIONAL INSUREDS and such coverage shall be primary to any insurance maintained by Consumers Energy Company. Utility shall not be responsible for any unpaid premiums under Interconnection Customer policy.

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

All certificates and notices shall be sent to:

CONSUMERS ENERGY COMPANY
Attn: Insurance Risk Management
One Energy Plaza
Jackson, MI 49201-2276
InsuranceCertificates@cmsenergy.com

SECTION 8
LIMITATION ON LIABILITY

Neither party shall in any event be liable to the other for any incidental or consequential damages such as, but not limited to, lost profits, revenue or good will, interest, loss by reason of shutdown or non-operation of equipment or machinery, increased expense of operation of equipment or machinery, cost of purchased or replacement

power or services or claims by customers, whether such loss is based on contract, warranty, negligence, strict liability or otherwise, even if it has been advised of the possibility of such damages.

SECTION 9 **FORCE MAJEURE**

Neither Party shall be liable for failure to perform any of its obligations hereunder, to the extent due to events outside of its control, including, but not limited to events such as fire, flood, storm, other natural disaster, national emergency or war, epidemic or pandemic (referred to collectively as "Force Majeure"), and not due to labor problems, inability to obtain financing, negligence or other similar condition of such Party, provided that either Party has given the other prompt notice of such occurrence. The Party affected shall exercise due diligence to remove such Force Majeure with reasonable dispatch but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

SECTION 10 **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, which includes, but is not limited to:

- a. Failure to pay money when due;
- b. Failure to comply with any material term or condition of this Agreement, including but not limited to any breach of any material representation, warranty or covenant made in this Agreement;
- c. A Party: (i) becomes insolvent; (ii) files a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; (iii) makes a general assignment for the benefit of its creditors or (iv) consents to the appointment of a receiver, trustee or liquidator;
- d. Assignment of this Agreement in a manner inconsistent with the terms of this Agreement;
- e. Failure of either Party to provide information or data to the other Party as required under this Agreement, provided the Party entitled to the information or data under this Agreement requires such information or data to satisfy its obligations under this Agreement.

In the event of a Breach by either Party, the Parties shall continue to operate and maintain, as applicable, its Interconnection Facilities, protection and Metering Equipment, transformers, communication equipment, building facilities, software, documentation, structural components and other facilities and appurtenances that are reasonably necessary for Utility to operate and maintain Utility's distribution system and for the Interconnection Customer to operate and maintain its Project in a safe and reliable manner. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. The breaching Party then has 30 days to cure the Breach. If a Breach is not cured within the period provided for herein or as agreed to by the Parties, the Party in Breach shall be deemed in default ("Default"). The non-defaulting Party shall have the right to terminate this Agreement and recover any damages and/or pursue any other remedies available under this Agreement, by law, or in equity. Termination is not the non-defaulting Party's exclusive remedy and is in addition to any other rights and remedies it may have under this Agreement or by law. Failure of non-defaulting Party to exercise any of its rights under this Section shall not excuse defaulting Party from compliance with the provisions of this Agreement nor prejudice rights of Utility to recover damages for such default.

SECTION 11 **SUCCESSORS AND ASSIGNS**

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective Parties hereto. This Agreement shall not be assigned, transferred or otherwise alienated without the other Party's prior written consent, which consent shall not unreasonably be withheld. Any attempted assignment, transfer or alienation without such written consent shall be void.

SECTION 12
GOVERNING LAW

This Agreement shall be deemed to be a Michigan contract and shall be construed in accordance with and governed by the laws of Michigan, exclusive of its conflict of laws principles.

SECTION 13
EFFECTIVE DATE, TERM AND TERMINATION

The Effective Date of this Agreement shall be the date of execution and shall continue in effect until this Agreement is terminated as provided herein. The Agreement may be terminated at any time by mutual agreement of both Parties, or by either Party upon giving the other at least ninety (90) days written notice if one or more of the conditions exist as outlined in Subsection 6.7, Utility's Obligation to Connect.

SECTION 14
RETIREMENT

Upon termination of this Agreement pursuant to Section 13 or at such time after any of the Interconnection Facilities described herein are no longer required, the Parties shall mutually agree upon the retirement of said 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 Interconnection Customer.

SECTION 15
ENTIRE AGREEMENT AND AMENDMENTS

This Agreement and the Consumers Energy Company Generator Interconnection Procedures shall constitute the entire understanding between the Parties with respect to the subject matter hereof, supersedes any and all previous understandings between the Parties with respect to the subject matter hereof, and bind and insure 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.

SECTION 16
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.

SECTION 17
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, (i) such portion or provision shall be deemed separate and independent, (ii) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (iii) the remainder of this Agreement shall remain in full force and effect.

SECTION 18
NOTICE TO PARTIES

Unless otherwise provided in this Agreement, any notice, consent or other communication required to be made under this Agreement, shall be in writing and (i) mailed postage prepaid, by certified or registered mail, return receipt requested; (ii) mailed via a nationally recognized overnight delivery service, (iii) delivered in person to

the address as the receiving Party may designate in writing, or (iv) delivered via electronic mail to the address stated in Exhibit 4, which either Party may update by a notice to the other Party sent in accordance with this Section 18.

All notices shall be effective when received.

SECTION 19
NO THIRD PARTY BENEFICIARIES

This Agreement is intended for the benefit of the Parties hereto and does not grant any rights to any third parties unless otherwise specifically stated herein.

SECTION 20
SECTION HEADINGS

The various headings set forth in this Agreement are for convenience of reference only and shall in no way affect the construction or interpretation of this Agreement.

SECTION 21
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.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

CONSUMERS ENERGY COMPANY

Customer Name

By: _____
(Signature)

By: _____
(Signature)

(Print or Type Name)

(Print or Type Name)

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT 1
SCOPE OF FACILITIES

1.1 **General Facilities**

Such facilities and associated appurtenances as required to interconnect Utility's existing _____ to the Interconnection Customer's [new / modified](#) _____ Project by way of a new or modified interconnection, which shall include, but shall not be limited to the following:

1.2 **Interconnection Customer's Interconnection Facilities**

(Insert file containing Interconnection Customer's Interconnection Facilities below)

1.3 **Utility's Interconnection Facilities**

(Insert file containing Utility's Interconnection Facilities below)

1.4 **Utility's Distribution Upgrades:**

(Insert list / description of upgrades)

EXHIBIT 2
WIRING DIAGRAM

(Insert file containing Wiring Diagram below)

EXHIBIT 3
PAYMENT SCHEDULE

Payment	Amount Due	Milestone Description
1	\$	Upon execution of this Agreement
2	\$	By
	\$	
	\$	Total Estimated Conceptual Cost
	True-up (invoice or refund)	After Construction Complete and all costs have settled.

EXHIBIT 4
NOTICE TO PARTIES

If to Utility
Consumers Energy Company
1945 West Parnall Road P12-235
Jackson, Michigan 49201
distribution.agreements@cmsenergy.com

If to Interconnection Customer

Company Name;
Address;
Address;
Attention:
Email:

EXHIBIT 5
POINT OF DELIVERY AND UTILITY'S INTERCONNECTION FACILITIES