



## GENERATOR INTERCONNECTION AND OPERATING AGREEMENT FOR PROJECTS UP TO 550 kW

This Generator Interconnection and Operating Agreement ("Agreement") is entered into on \_\_\_\_ by Consumers Energy Company (the "Utility"), \_\_\_\_ (the "Interconnection Customer"), and (if applicable under Section 5) \_\_\_\_ (the "Property Owner"). Utility and Interconnection Customer are sometimes also referred to in this Agreement collectively as "Parties" or individually as "Party." Interconnection Customer shall be the "Applicant" as used in and for purposes of the applicable Consumers Energy Company Generator Interconnection Procedures ("Interconnection Procedures").

### 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 an electric generating facility with a maximum capacity of 550 kilowatts ("kW") or less (the "Customer Facility") with Utility's electric distribution system and operate the Customer Facility in parallel with Utility's distribution system, under Consumers Energy Company'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 generating resource (in this case, the Customer Facility) and Utility's distribution system. "Operate in parallel" means generating electricity from a non-utility resource (in this case, the Customer Facility) that is connected to Utility's system. In all cases, terms shall have the meaning as defined in the Standards or in the Interconnection Procedures.
- D. Interconnection of the Customer Facility 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.
- 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.

## 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 Customer Facility**

- 1.1 The Customer Facility must be built as described in Exhibit 1, which shall not be changed without thirty (30) days advance written notice to Utility according to the notice requirements herein and as depicted in Exhibit 2 – Interconnection Diagram.

### 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 Customer Facility 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 Customer Facility**

- 3.1 Interconnection Customer shall be responsible for the design and installation of the Customer Facility 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 Customer Facility 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 Customer Facility 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 at least five (5) days prior to the installation of any Interconnection Facilities by Utility. Utility may but is not required to send qualified personnel to the Customer Facility 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 generator commissioning test report.

As required by Utility, Interconnection Customer shall test protective equipment in accordance with manufacturer's specifications, 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 Customer Facility 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.

- 3.4 Interconnection Customer shall operate and maintain the Customer Facility 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 Customer Facility.

- 3.5 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.
- 3.6 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.

#### 4. **Disconnection**

Utility shall be entitled to disconnect the Customer Facility from Utility's distribution system, or otherwise refuse to connect the Customer Facility, if: (a) Interconnection Customer has not complied with any one of the technical requirements contained in the applicable Interconnection Procedures, (b) the electrical characteristics of the Customer Facility are not compatible with the electrical characteristics of Utility's distribution system, (c) an emergency condition exists on Utility's distribution system, (d) Interconnection Customer's protective equipment fails, (e) Utility determines that the Customer Facility is disrupting service to any Utility customer, (f) disconnection is required to allow for construction, installation, maintenance, repair, replacement, removal, investigation, inspection or testing of any part of Utility's facilities, (g) if a required installation (e.g., communication circuit) fails or becomes incapacitated and is not repaired in a timely manner, as determined by Utility, or (h) Interconnection Customer commits a material breach of this Agreement. When reasonable and appropriate, the Utility will attempt to notify Interconnection Customer and coordinate its actions under this Section 4 with Interconnection Customer. This section applies only to Utility actions with respect to Customer Facility. Utility shall promptly reconnect the Customer Facility to the Utility's distribution system as soon as the reason for disconnection has been remedied.

#### 5. **Access to Property**

5.1 At its own expense, Interconnection Customer shall make the Customer Facility site available to Utility. 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 Customer's Facility 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 Customer Facility is located with the residence or other enclosed structure.

5.2 Utility may enter the property on which the Customer Facility 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' 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 Customer Facility.

5.3 By executing this Agreement, Property Owner consents to and agrees to provide access to its property, including ingress and egress, on which the Customer Facility 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.

## 6. **Liability and Indemnity**

- 6.1 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.
- 6.2 The provisions of this Section 6 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.
- 6.3 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.
- 6.4 The obligations and limits on liability in this Section 6 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 indemnification obligation that occurred prior to such expiration or termination.
- 6.5 Nothing in this Section 6 waives or limits, or shall be construed to waive or limit, the governmental immunity of a Party.
- 6.6 Nothing in this Section 6 shall imply, or be construed to imply indemnification of any Party by the State of Michigan, its department, and agencies or other governmental customers that are restricted from entering into indemnification provisions by law.

## 7 **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:

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

Such limit may be achieved through any combination of primary and excess or umbrella liability insurance policy. When requested in writing by the 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. The Utility shall not be responsible for any unpaid premiums under Interconnection Customer's policy.

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.

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

#### 8. **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 6.

#### 9. **Force Majeure**

Neither party shall be liable for failure to perform and 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.

#### 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. 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) business days from the date of the written notice to cure the Breach. If a Breach is not cured within the thirty (30) business day period provided for herein, the Party in Breach shall be deemed in default ("Default"). 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.

#### 11. **Retirement**

Upon termination or cancellation of this Agreement 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 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 Interconnection Customer.

#### 12. **Governing Law**

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

13. **Amendment, Modification or Waiver**

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.

In the event future changes in either the (i) design or operation of the Customer Facility, (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.

14. **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 5:00 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:

Notice to Interconnection Customer:

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

15. **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 10, 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 18 regarding transfers of ownership in the Customer Facility.

16. **Entire Agreement and Amendments**

This Agreement and the Consumers Energy Company 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.

17. **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.

18. **Assignment and Binding Effect**

This Agreement shall not be assigned by a Party without the prior written consent of the other Party. 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 Utility is signed by the new owner of the Customer Facility.

19. **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.

20. **Effective Date**

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

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.

CONSUMERS ENERGY COMPANY

\_\_\_\_\_  
(Interconnection Customer)

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

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

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

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

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

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

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

\_\_\_\_\_  
(Property Owner, if applicable)

By: \_\_\_\_\_  
(Signature)

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

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

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



**EXHIBIT 1**  
**Description of Customer Facility**

The Customer Facility must be built with the following ratings, which shall not be changed without thirty (30) days advance written notice to Utility according to the notice requirements herein and as depicted in Exhibit 2 – Interconnection Diagram:

Photovoltaic/Solar ("PV") Array Rating: \_\_\_\_\_ (AC) kW

Photovoltaic/Solar ("PV") Array Rating: \_\_\_\_\_ (DC) kW

Wind Turbine (WT) Rating: \_\_\_\_\_ kW

Battery Max Output Rating: \_\_\_\_\_ kW

Battery Rating: \_\_\_\_\_ kWh

Battery Chemistry (e.g., lead acid, lithium ion): \_\_\_\_\_

Battery Coupling: \_\_\_\_\_

Number of Batteries onsite: \_\_\_\_\_

Storage Capacity: \_\_\_\_\_

Other (specify type and rating): \_\_\_\_\_ kW Type: \_\_\_\_\_

Service Type:  Single Phase                       Three Phase

Voltage Level: \_\_\_\_\_

Equipment Specifications:

<u># of Inverters</u>	<u>Make:</u>	<u>Model</u>

Additional Details:

Customer Facility Location:

Street Address, City, State, Zip

If Interconnection Customer is not the owner of the property identified above, the Property Owner must sign this Agreement for the purposes indicated in Section 5.

Interconnection Customer Utility service account number (if applicable): \_\_\_\_\_

**EXHIBIT 2**  
**INTERCONNECTION DIAGRAM**

**EXHIBIT 3**  
**INTERCONNECTION FACILITIES SCOPE OF CONSTRUCTION (if applicable)**

Notification Number (s):

Estimated cost of work:

General description of the scope of construction: