

SOUTHWEST ARKANSAS ELECTRIC COOPERATIVE CORPORATION

Board of Director Operating Policy

INTERCONNECTION OF DISTRIBUTED RESOURCES (IDR) POLICY

A. Purpose

1. To establish an IDR policy consistent with that required by 7 CFR § 1730, Subpart C and to better ensure that any Distributed Resources facility commonly coupled or interconnected to the Cooperative's electric power system will cause no significant degradation of the safety, power quality, or reliability on the Cooperative's electric power system of other electric power systems interconnected to the Cooperative's electric power system. 7 CFR § 1730.61.
2. This policy only applies to Distributed Resources facilities. This policy does not apply to sources of electric power that are not connected to the Cooperative's electric power system through a point of common coupling (ex. Stand Alone Generators).

B. Term of Policy

This policy will remain in effect so long as the Cooperative (i) has any outstanding loan made or guaranteed by RUS for rural electrification or (ii) is seeking such financing. 7 CFR § 1730.60. The board will reconsider and update this policy at least every five years or more frequently as circumstances warrant. 7 CFR § 1730.63.

C. Definitions for Policy

"Distributed Resources" means sources of electric power that are (i) not directly connected to a bulk power transmission system, (ii) having an installed capacity of not more than 10 MVA (10,000 kw), and (iii) connected to the Cooperative's electric power system through a point of common coupling. Distributed resources include both generators and energy storage technologies. 7 CFR § 1730.62.

D. Policy Provisions

1. In addition to satisfying any requirements of them under any applicable federal or state law, all members of the Cooperative in good standing not a public utility (an "Eligible Member") are eligible to apply to the Cooperative for interconnection or common coupling of a proposed Distributed Resources facility, to be owned or leased by the member, under the terms of what is required under this policy. The Cooperative, in its sole discretion, will determine if an Eligible Member's proposed Distributed Resources facility is eligible for initial and continued common

interconnection or common coupling with the Cooperative's electric power system under the law and this policy. 7 CFR § 1730.63.

2. In addition to satisfying any requirements of them under any applicable federal or state law and this policy, a Distributed Resources facility of an Eligible Member must at all times satisfy the requirements of the following standards of the Institute of Electrical and Electronic Engineers (IEEE), both of which are incorporated into this policy and available at the Cooperative's office:

IEEE 1547 Standard for Interconnecting Distributed Resources with Electric Power Systems, approved June 12, 2003; and

IEEE 1547.1 Standard Conformance Test Procedures for Equipment Interconnecting Distributed Resources with Electric Power Systems, approved June 9, 2005.

3. Distributed Resources of an Eligible Member must at all times have current edition of National Electrical Code (NEC) compliant electric power system disconnect facilities capable of being (i) locked by the Cooperative, (ii) visible when open, and (iii) readily accessible to and operable by Cooperative personnel. 7 CFR § 1730.63.
4. Distributed Resources of an Eligible Member must at all times be accessible to the Cooperative during normal business hours and all emergency situations. 7 CFR § 1730.63.
5. The Eligible Member is the one accountable to the Cooperative for abiding by the terms of this policy. 7 CFR § 1730.62. An Eligible Member's failure to satisfy the requirements of any applicable federal, state or local law or of this policy and obligations imposed by its attached forms authorizes the Cooperative to disconnect or de-couple the Distributed Resources from the Cooperative's electric power system. An Eligible Member assumes the following risks and responsibilities:

(a) To purchase and maintain in the Eligible Member's name a commercial general liability insurance policy (under Insurance Services Office, Inc. (ISO) form CG 00 01 04 13) under a 12 month term with a limit of not less than \$1,000,000 per occurrence with a \$2,000,000 aggregate limit (per location for each location of the Eligible Member's Distributed Resources facility) with:

- (i) the Cooperative named in the policy as an Additional Insured for premises liability and product/completed operations liability (under ISO forms CG 20 10 04 13 or CG 20 10 12 19 and CG 20 37 04 13 or CG 20 37 12 19 or their substantive equivalents);
- (ii) a primary, non-contributory basis endorsement (under ISO form CG 20 01 12 19 or CG 20 01 04 13 or their substantive equivalents);

- (iii) a waiver of subrogation endorsement (under ISO form CG 24 04 12 19 or CV 24 04 05 09 or their substantive equivalents); and
- (iv) no other limitations or exclusions of coverage endorsements that diminish coverage for the Cooperative.

Said insurance policy must be written by an insurance company authorized to conduct business in the state where the proposed Distributed Resources facility is located with an A.M. Best Rating of not less than A- VIII and, if applicable, include umbrella or excess liability insurance following the form of the underlying commercial general liability policy with the below required limits based on the aggregated sizes of all of the Eligible Member's Distributed Resource facilities located in the Cooperative's service area:

<u>Completed Capacity Size of Distributed Resource(s)</u>	<u>Umbrella or Excess Liability Coverage Amount</u>
Above 75 kw up to and including 500 kw	\$4,000,000.00
Above 500 kw up to and including 1,000 kw	\$9,000,000.00
Above 1,000 kw up to and including 1,500 kw	\$14,000,000.00
Above 1,500 kw up to and including 2,000 kw	\$19,000,000.00
Above 2,000 kw	\$24,000,000.00

An Eligible Member shall furnish to the Cooperative proof of the above insurance, as well as a copy of the liability insurance policy and declarations page, at the time the Eligible Member demonstrates to the Cooperative that the Distributed Resources facility is first ready for interconnection, and again during January of each calendar year if any Distributed Resources facility has been commonly coupled or interconnected to the Cooperative's electric power system during any part of the prior calendar year. No changes are to be made to an Eligible Member's issued insurance policy without the Cooperative's consent.

If a change in the capacity size of the Distributed Resources facility or aggregated Distributed Resources facilities of the Eligible Member occurs during a calendar year such that the minimum amount of insurance coverage above is changed, an Eligible Member will provide to the Cooperative proof of the new insurance obtained, as well as a copy of the new liability insurance policy, within 30 days of the effective date of the change in capacity. 7 CFR § 1730.63.

(b) For each Distributed Resources facility for which an Eligible Member applies and seeks to be interconnected or commonly coupled to the Cooperative's electric power system, the Eligible Member will be responsible for the facility's compliance with all national, state, local government requirements and electric utility standards

for the safety of the public and personnel responsible for operations, maintenance, and repair of the Cooperative's electric power system. 7 CFR § 1730.63.

(c) For each Distributed Resources facility for which an Eligible Member applies and seeks to be interconnected or commonly coupled to the Cooperative's electric power system, the Eligible Member will be responsible for its safe and effective operation and maintenance. 7 CFR § 1730.63.

(d) For each Distributed Resources facility for which an Eligible Member applies and seeks to be interconnected or commonly coupled to the Cooperative's electric power system, the Eligible Member has the responsibility to demonstrate to the Cooperative's satisfaction that the facility will be capably developed, constructed and operated, maintained and repaired. 7 CFR § 1730.63.

6. All fee and cost schedules and procedures associated with this policy, and all forms required to be executed and complied with by the Eligible Member as a condition to initial and continued interconnection of a Distributed Resources facility to the Cooperative's electric power system, are attached hereto. 7 CFR § 1730.63.

7. This policy shall be available on the Cooperative's website. 7 CFR § 1730.63.

E. Responsibility

The President and CEO is responsible for the administration and enforcement of this policy.

Policy Attachments:

Application and Acknowledgement form
[OPTIONAL Solar Panel Worksheet]
Cooperative's Application Process
Fee and Cost Schedule
Preliminary Interconnection Site Review form
Standard Interconnection Agreement form

ADOPTED: June 27, 2011
REVIEWED: August 26, 2013
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