

**PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON**

**SMALL GENERATOR INTERCONNECTION  
AGREEMENT**

**(SGIA)**

**(For Generating Facilities No Larger Than 20 MW)**

**Contract Documents ~~XXX-XXXXX~~**

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This Small Generator Interconnection Agreement (“Agreement”) is made and entered into by and between Public Utility District No. 2 of Grant County, Washington, a municipal corporation organized and existing under the laws of the State of Washington (“Grant PUD”) and \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (“Customer”). Grant PUD and Customer each may be referred to as a “Party” or collectively as the “Parties.”

## RECITALS

WHEREAS, Grant PUD operates the Transmission System to which Customer intends to interconnect; and

WHEREAS, Customer intends to own, lease and/or control and operate the Small Generating Facility identified in Attachment 2 to this Agreement;

WHEREAS, Customer has submitted an Application for Interconnection dated \_\_\_\_\_;

WHEREAS, Grant PUD has completed all required studies to determine requirements to make Interconnection Service available on its Transmission System or Distribution System to accommodate Customer’s Interconnection Request; and

WHEREAS, Customer and Grant PUD have agreed to enter into this Agreement for the purpose of interconnecting the Generating Facility with the Transmission System or Distribution System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

### 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.
- 1.2 This Agreement governs the terms and conditions under which Customer’s Small Generating Facility will interconnect with, and operate in parallel with, Grant PUD's Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver Customer's power. The purchase or delivery of power and other services that Customer may require will be covered under separate agreements, if any. Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable transmission provider.
- 1.4 Nothing in this Agreement is intended to affect any other agreement between Grant PUD and Customer.
- 1.5 Responsibilities of the Parties
  - 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility

Practice.

- 1.5.2 Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 Grant PUD shall construct, operate, and maintain its Transmission System, Distribution System, and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of Grant PUD and any Affected Systems.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. Grant PUD and Customer, as appropriate, shall provide Interconnection Facilities that adequately protect Grant PUD's Transmission System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 Grant PUD shall coordinate with all Affected Systems to support the interconnection.
- 1.5.7 Customer shall ensure "frequency ride through" capability and "voltage ride through" capability of its Small Generating Facility. Customer shall enable these capabilities such that its Small Generating Facility shall not disconnect automatically or instantaneously from the system or equipment of Grant PUD and any Affected Systems for a defined under-frequency or over-frequency condition, or an under-voltage or over-voltage condition, as tested pursuant to Section 2.1 of this agreement. The defined conditions shall be in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The Small Generating Facility's protective equipment settings shall comply with Grant PUD's automatic load-shed program. Grant PUD shall review the protective equipment settings to confirm compliance with the automatic load-shed program. The term "ride through" as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of Grant PUD and any Affected Systems during system disturbances within a range of conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the

Balancing Authority Area on a comparable basis. The term “frequency ride through” as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of Grant PUD and any Affected Systems during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term “voltage ride through” as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of Grant PUD and any Affected Systems during system disturbances within a range of under-voltage and over-voltage conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. For abnormal frequency conditions and voltage conditions within the “no trip zone” defined by reliability standard PRC-024-3 or successor mandatory ride through Applicable Reliability Standards, the non-synchronous Small Generating Facility must ensure that, within any physical limitations of the Small Generating Facility, its control and protection settings are configured or set to (1) continue active power production during disturbance and post-disturbance periods at pre-disturbance levels unless reactive power priority mode is enabled or unless providing primary frequency response or fast frequency response; (2) minimize reductions in active power and remain within dynamic voltage and current limits, if reactive power priority mode is enabled, unless providing primary frequency response or fast frequency response; (3) not artificially limit dynamic reactive power capability during disturbances; and (4) return to pre-disturbance active power levels without artificial ramp rate limits if active power is reduced, unless providing primary frequency response or fast frequency response.

- 1.5.8 Balancing Authority Area Notification. At least nine months before Initial Synchronization Date, Customer shall notify Grant PUD in writing of the Balancing Authority Area in which the Generating Facility will be located. If Customer elects to locate the Generating Facility in a Balancing Authority Area other than the Balancing Authority Area in which the Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs and business practices, all necessary arrangements, including but not limited to remote Balancing Authority Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Generating Facility in the other Balancing Authority Area.
- 1.6 Data Supply and Parallel Operation Obligations. Customer shall abide by all rules and procedures pertaining to the parallel operation and supply of data of the Small Generating Facility in the applicable Balancing Authority Area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the applicable system operator(s) for Grant PUD's Transmission System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement. 3) the data requirements and other requirements set forth in Attachment 7, Generating Facility Data and Performance Requirements, of this Agreement. Attachment 7 will be modified by Grant PUD to reflect changes to the requirements as they may change from time to time. Either Party may request that the other Party provide copies of the requirements set forth in Attachment 7 of this Agreement.
- 1.7 Metering. Customer shall be responsible for Grant PUD's reasonable and necessary cost for the

purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

## 1.8 Reactive Power and Primary Frequency Response

### 1.8.1 Power Factor Design Criteria

1.8.1.1 Synchronous Generation. Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless Grant PUD has established different requirements that apply to all similarly situated synchronous generators in the Balancing Authority Area on a comparable basis.

1.8.1.2 Non-Synchronous Generation. Customer shall design its Small Generating Facility to maintain a composite power delivery at any non-zero power output measured at metering point at a power factor within the range of 0.95 leading to 0.95 lagging, unless Grant PUD has established a different power factor range that applies to all similarly situated non-synchronous generators in the Balancing Authority Area on a comparable basis. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two.

1.8.2 Reactive Power Supply. Grant PUD shall pay Customer for reactive power that Customer provides or absorbs from the Small Generating Facility when Grant PUD requests or directs Customer to operate its Small Generating Facility outside the range specified in Section 1.8.1.

1.8.3 Customer Compensation. If Grant PUD requests or directs Customer to provide a service pursuant to Section 1.8.2 of this Agreement, Grant PUD shall compensate Customer in accordance with Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to an RTO or ISO FERC-approved rate schedule. There shall be no compensation if there is no applicable rate schedule then in effect.

1.8.4 Primary Frequency Response. Customer shall ensure the primary frequency response capability of its Small Generating Facility by installing, maintaining, and operating a functioning governor or equivalent controls. The term "functioning governor or equivalent controls" as used herein shall mean the required hardware and/or software that provides frequency responsive real power control with the ability to sense changes in system frequency and autonomously adjust the Small Generating Facility's real power output in accordance with the droop and deadband parameters and in the direction needed to correct frequency deviations. Customer is required to install a governor or equivalent controls with the capability of operating: (1) with a maximum 5 percent droop and  $\pm 0.036$  Hz deadband; or (2) in accordance with the relevant droop, deadband, and timely and sustained response settings from an approved Electric Reliability Organization reliability standard providing for

equivalent or more stringent parameters. The droop characteristic shall be: (1) based on the nameplate capacity of the Small Generating Facility, and shall be linear in the range of frequencies between 59 to 61 Hz that are outside of the deadband parameter; or (2) based on an approved Electric Reliability Organization reliability standard providing for an equivalent or more stringent parameter. The deadband parameter shall be: the range of frequencies above and below nominal (60 Hz) in which the governor or equivalent controls is not expected to adjust the Small Generating Facility's real power output in response to frequency deviations. The deadband shall be implemented: (1) without a step to the droop curve, that is, once the frequency deviation exceeds the deadband parameter, the expected change in the Small Generating Facility's real power output in response to frequency deviations shall start from zero and then increase (for under-frequency deviations) or decrease (for over-frequency deviations) linearly in proportion to the magnitude of the frequency deviation; or (2) in accordance with an approved Electric Reliability Organization reliability standard providing for an equivalent or more stringent parameter. Customer shall notify Grant PUD that the primary frequency response capability of the Small Generating Facility has been tested and confirmed during commissioning. Once Customer has synchronized the Small Generating Facility with the Transmission System, Customer shall operate the Small Generating Facility consistent with the provisions specified in Sections 1.8.4.1 and 1.8.4.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Small Generating Facilities.

1.8.4.1 Governor or Equivalent Controls. Whenever the Small Generating Facility is operated in parallel with the Transmission System, Customer shall operate the Small Generating Facility with its governor or equivalent controls in service and responsive to frequency. Customer shall: (1) in coordination with Grant PUD and/or the relevant balancing authority, set the deadband parameter to: (1) a maximum of  $\pm 0.036$  Hz and set the droop parameter to a maximum of 5 percent; or (2) implement the relevant droop and deadband settings from an approved Electric Reliability Organization reliability standard that provides for equivalent or more stringent parameters. Customer shall be required to provide the status and settings of the governor or equivalent controls to Grant PUD and/or the relevant Balancing Authority upon request. If Customer needs to operate the Small Generating Facility with its governor or equivalent controls not in service, Customer shall immediately notify Grant PUD and the relevant Balancing Authority, and provide both with the following information: (1) the operating status of the governor or equivalent controls (i.e., whether it is currently out of service or when it will be taken out of service); (2) the reasons for removing the governor or equivalent controls from service; and (3) a reasonable estimate of when the governor or equivalent controls will be returned to service. Customer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Customer shall make Reasonable Efforts to keep outages of the Small Generating Facility's governor or equivalent controls to a minimum whenever the Small Generating Facility is operated in parallel with the Transmission System.

1.8.4.2 Timely and Sustained Response. Customer shall ensure that the Small Generating Facility's real power response to sustained frequency deviations

outside of the deadband setting is automatically provided and shall begin immediately after frequency deviates outside of the deadband, and to the extent the Small Generating Facility has operating capability in the direction needed to correct the frequency deviation. Customer shall not block or otherwise inhibit the ability of the governor or equivalent controls to respond and shall ensure that the response is not inhibited, except under certain operational constraints including, but not limited to, ambient temperature limitations, physical energy limitations, outages of mechanical equipment, or regulatory requirements. The Small Generating Facility shall sustain the real power response at least until system frequency returns to a value within the deadband setting of the governor or equivalent controls. An approved Electric Reliability Organization Applicable Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

- 1.8.4.3 Exemptions. Small Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Sections 1.8.4, 1.8.4.1, and 1.8.4.2 of this Agreement. Small Generating Facilities that are behind the meter generation that is sized-to-load (i.e., the thermal load and the generation are near-balanced in real-time operation and the generation is primarily controlled to maintain the unique thermal, chemical, or mechanical output necessary for the operating requirements of its host facility) shall be required to install primary frequency response capability in accordance with the droop and deadband capability requirements specified in Section 1.8.4, but shall be otherwise exempt from the operating requirements in Sections 1.8.4, 1.8.4.1, 1.8.4.2, and 1.8.4.4 of this Agreement.
- 1.8.4.4 Electric Storage Resources. Customer interconnecting a Small Generating Facility that contains an electric storage resource shall establish an operating range in Attachment 7 of its SGIA that specifies a minimum state of charge and a maximum state of charge between which the electric storage resource will be required to provide primary frequency response consistent with the conditions set forth in Sections 1.8.4, 1.8.4.1, 1.8.4.2 and 1.8.4.3 of this Agreement. Attachment 7 shall specify whether the operating range is static or dynamic, and shall consider: (1) the expected magnitude of frequency deviations in the interconnection; (2) the expected duration that system frequency will remain outside of the deadband parameter in the interconnection; (3) the expected incidence of frequency deviations outside of the deadband parameter in the interconnection; (4) the physical capabilities of the electric storage resource; (5) operational limitations of the electric storage resource due to manufacturer specifications; and (6) any other relevant factors agreed to by Grant PUD and Customer, and in consultation with the relevant transmission owner or balancing authority as appropriate. If the operating range is dynamic, then Attachment 7 must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

Customer's electric storage resource is required to provide timely and sustained primary frequency response consistent with Section 1.8.4.2 of this Agreement when it is online and dispatched to inject electricity to the

Transmission System and/or receive electricity from the Transmission System. This response excludes circumstances when the electric storage resource is not dispatched to inject electricity to the Transmission System and/or dispatched to receive electricity from the Transmission System. If Customer's electric storage resource is charging at the time of a frequency deviation outside of its deadband parameter, it is to increase (for over-frequency deviations) or decrease (for under-frequency deviations) the rate at which it is charging in accordance with its droop parameter. Customer's electric storage resource is not required to change from charging to discharging, or vice versa, unless the response necessitated by the droop and deadband settings requires it to do so and it is technically capable of making such a transition.

#### 1.9 Additional Requirements

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

## 2. Inspection, Testing, Authorization, and Right of Access

### 2.1 Equipment Testing and Inspection

Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. Customer shall notify Grant PUD of such activities no fewer than ten Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. Grant PUD may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. Customer shall provide Grant PUD a written test report when such testing and inspection is completed.

2.1.1 Grant PUD shall provide Customer written acknowledgment that it has received Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by Grant PUD of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by Customer or the quality of power produced by the Small Generating Facility.

### 2.2 Authorization Required Prior to Parallel Operation

2.2.1 Grant PUD shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, Grant PUD shall notify Customer of any changes to these requirements as soon as they are known. Grant PUD shall make Reasonable Efforts to cooperate with Customer in meeting requirements necessary for Customer to commence parallel operations by the estimated in-service date.

2.2.2 Customer shall not operate its Small Generating Facility in parallel with Grant PUD's Transmission System without prior written authorization of Grant PUD. Grant PUD will provide such authorization once Grant PUD receives notification that Customer has complied with all applicable parallel operation requirements.

Such authorization shall not be unreasonably withheld, conditioned, or delayed.

### 2.3 Right of Access

- 2.3.1 Upon reasonable notice, Grant PUD may send a qualified person to the premises of Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, Customer shall notify Grant PUD at least ten Business Days prior to conducting any on-site verification testing of the Small Generating Facility.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, Grant PUD shall have access to Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this Section 2.

## 3. Effective Date, Term, Termination, and Disconnection

- 3.1 **Effective Date.** This Agreement shall become effective upon execution by the Parties. In the event Customer fails to execute this Agreement within 30 Business Days following execution by Grant PUD, this Agreement will be of no force or effect, and neither Customer nor Grant PUD will have any rights or obligations hereunder.
- 3.2 **Term of Agreement.** This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with Section 3.3 of this Agreement.
- 3.3 **Termination.** No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.
  - 3.3.1 Customer may terminate this Agreement at any time by giving Grant PUD 20 Business Days written notice.
  - 3.3.2 Either Party may terminate this Agreement after Default pursuant to Section 7.6.
  - 3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from Grant PUD's Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA, or such non-terminating Party otherwise is responsible for these costs under this SGIA.
  - 3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

- 3.3.5 The provisions of this section shall survive termination or expiration of this Agreement.
- 3.4 Temporary Disconnection. Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.
- 3.4.1 Emergency Conditions. "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of Grant PUD, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System, Grant PUD's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (3) that, in the case of Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or Customer's Interconnection Facilities. Under Emergency Conditions, Grant PUD may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. Grant PUD shall notify Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect Customer's operation of the Small Generating Facility. Customer shall notify Grant PUD promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect Grant PUD's Transmission System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.
- 3.4.2 Routine Maintenance, Construction, and Repair. Grant PUD may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from Grant PUD's Transmission System when necessary for routine maintenance, construction, and repairs on Grant PUD's Transmission System. Grant PUD shall provide Customer with five Business Days' notice prior to such interruption. Grant PUD shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with Customer.
- 3.4.3 Forced Outages. During any forced outage, Grant PUD may suspend interconnection service to effect immediate repairs on Grant PUD's Transmission System. Grant PUD shall use Reasonable Efforts to provide Customer with prior notice. If prior notice is not given, Grant PUD shall, upon request, provide Customer written documentation after the fact explaining the circumstances of the disconnection.
- 3.4.4 Adverse Operating Effects. Grant PUD shall notify Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to Grant PUD's Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to Customer upon request. If, after notice, Customer fails to remedy the adverse operating effect within a reasonable time, Grant PUD may disconnect the Small Generating Facility. Grant

PUD shall provide Customer with five Business Day notice of such disconnection, unless the provisions of Section 3.4.1 apply.

- 3.4.5 Modification of the Small Generating Facility. Customer must receive written authorization from Grant PUD before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If Customer makes such modification without Grant PUD's prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.
- 3.4.6 Reconnection. The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and Grant PUD's Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

#### **4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades**

##### **4.1 Interconnection Facilities.**

- 4.1.1 Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. Grant PUD shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of Customer, such other entities, and Grant PUD.
- 4.1.2 Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing Grant PUD's Interconnection Facilities.

- 4.2 Distribution Upgrades. Grant PUD shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If Grant PUD and Customer agree, Customer may construct Distribution Upgrades that are located on land owned by Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to Customer.

#### **5. Cost Responsibility for Network Upgrades**

- 5.1 Applicability. No portion of this Section 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.
- 5.2 Network Upgrades. Grant PUD or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If Grant PUD and Customer agree, Customer may construct Network Upgrades that are located on land owned by Customer. Unless Grant PUD elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by Customer.
- 5.2.1 Repayment of Amounts Advanced for Network Upgrades. Customer shall be entitled to a repayment, equal to the total amount paid to Grant PUD (if any) without

interest, for the Network Upgrades, as payments are made to Grant PUD for the Non-Usage sensitive portion of payments made for transmission services with respect to the Small Generating Facility. Such repayment will occur by applying billing credits on Customer's bill for use of the Grant PUD Transmission System. Customer may assign such repayment rights to any person.

5.2.1.1 Notwithstanding the foregoing, Customer and Grant PUD may adopt any alternative payment schedule that is mutually agreeable so long as Grant PUD takes one of the following actions no later than five years after the Commercial Operation Date: (1) return to Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that Grant PUD will continue to provide payments to Customer on a dollar-for-dollar basis for the Non-Usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond 20 years from the Commercial Operation Date.

5.2.1.2 If the Small Generating Facility fails to achieve Commercial Operation, and neither it nor any other Generating Facility is constructed and makes use of the Network Upgrades, any balance remaining for the amount paid by Customer for Network Upgrades shall be set to zero and thus be forfeited by Customer 20 years after the Effective Date of this Agreement.

5.3 Special Provisions for Affected Systems. Unless Grant PUD provides, under this Agreement, for the repayment to Customer of amounts advanced by Customer to any applicable Affected System Operators for Network Upgrades, either directly or through Grant PUD, Customer and Affected System Operator shall enter into a separate agreement that provides for such repayment. The agreement between Customer and Affected System Operator shall specify the terms governing payments to be made by Customer to Affected System Operator as well as the repayment by Affected System Operator. Grant PUD shall have no obligation to effectuate an agreement between Customer and Affected System Operator.

5.4 Rights Under Other Agreements. Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain transmission credits for transmission service that is not associated with the Small Generating Facility.

## **6. Billing, Payment, Milestones, and Financial Security**

### **6.1 Billing and Payment Procedures and Final Accounting**

6.1.1 Grant PUD shall bill Customer for the design, engineering, construction, Use of Facilities Charge (UOF) per Attachment 5, procurement, and other applicable costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties. Interest

shall accrue on past due balances until paid in accordance with Grant PUD Customer Service Policy.

6.1.2 Within six months of completing the construction and installation of Grant PUD's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, Grant PUD shall provide Customer with a final accounting report of any difference between (1) Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) Customer's previous aggregate payments to Grant PUD for such facilities or Upgrades. If Customer's cost responsibility exceeds its previous aggregate payments, Grant PUD shall invoice Customer for the amount due and Customer shall make payment to Grant PUD within 30 calendar days. If Customer's previous aggregate payments exceed its cost responsibility under this Agreement, Grant PUD shall refund to Customer an amount, without interest, equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones. The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. The Parties will use Reasonable Efforts to meet the requirements of the milestones and will cooperate to amend Attachment 4 if necessary to accommodate changes. If a milestone related to payment from Customer to Grant PUD is not met, this may be considered a Default by Grant PUD.

6.3 Financial Security Arrangements. At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of Grant PUD's Interconnection Facilities and Upgrades, Customer shall provide Grant PUD, at Customer's option, a guarantee, letter of credit or other form of security that is reasonably acceptable to Grant PUD and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of Grant PUD's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Grant PUD under this Agreement during its term. In addition:

6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Grant PUD, and contain terms and conditions that guarantee payment of any amount that may be due from Customer, up to an agreed-to maximum amount.

6.3.2 The letter of credit must be issued by a financial institution or insurer reasonably acceptable to Grant PUD and must specify a reasonable expiration date.

## **7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default**

7.1 Assignment. This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that Customer promptly notifies Grant PUD of any such assignment;

- 7.1.2 Customer shall have the right to assign this Agreement, without the consent of Grant PUD, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that Customer will promptly notify Grant PUD of any such assignment.
- 7.1.3 Any attempted assignment that violates this section is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.
- 7.2 Limitation of Liability. Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.
- 7.3 Indemnity
- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in Section 7.2.
- 7.3.2 To the extent provided by law, the Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the indemnifying Party's action or failure to meet its obligations under this Agreement, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.3.3 If an indemnified person is entitled to indemnification under this section as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this section, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this section, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this section may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages. Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

#### 7.5 Force Majeure

7.5.1 As used in this section, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, epidemic, pandemic, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

#### 7.6 Default

7.6.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Section 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 Right to Terminate. If a Default is not cured as provided in this section, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the

defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this section will survive termination of this Agreement.

- 7.6.3 Violation of Operating Assumptions for Generating Facilities. If Grant PUD requires Customer to memorialize the operating assumptions for the charging behavior of a Generating Facility that includes at least one electric storage resource in Attachment 7 of this Agreement, Grant PUD may consider Customer to be in Default of this Agreement if Customer fails to operate the Generating Facility in accordance with those operating assumptions for charging behavior. However, if Customer operates contrary to the operating assumptions for charging behavior specified in Attachment 7 of this Agreement at the direction of Grant PUD, Grant PUD shall not consider Customer in Default of this Agreement.

## 8. Insurance

- 8.1 Prior to the commencement of any work under this Agreement, and at all times during the term of this Agreement, Customer shall obtain and maintain continuously, at its own expense a policy, or policies of insurance with insurance companies rated A- VII or better by A.M. Best, as enumerated below. Any deductible, self-insured retention or coverage via captive \$25,000 or above must be disclosed and is subject to approval by Grant PUD's Risk Manager. The cost of any claim payments falling within the deductible or self-insured retention shall be the responsibility of Customer and not recoverable under any part of this Agreement.

### Customer Required Insurance

1. **General Liability Insurance:** Commercial general liability insurance, covering all operations by or on behalf of Customer against claims for bodily injury (including death) and property damage (including loss of use). Such insurance shall provide coverage for:
  - a. Premises and operations;
  - b. Products and completed operations;
  - c. Contractual liability;
  - d. Personal injury liability (with deletion of the exclusion for liability assumed under Agreement);
  - e. Pollution liability (sudden and accidental) (or provided on a standalone basis);

with the following **minimum limits:**

  - \$1,000,000 each occurrence
  - \$1,000,000 personal injury liability
  - \$2,000,000 general aggregate
  - \$2,000,000 products and completed operations aggregate

Commercial general liability insurance will include Grant PUD as additional insured on a primary and non-contributory basis for ongoing and completed operations. A waiver of subrogation shall apply in favor of Grant PUD.
2. **Workers' Compensation and Stop Gap Employers Liability:** Workers' compensation insurance as required by law for all employees. Employer's liability insurance, including

occupational disease coverage, in the amount of **\$1,000,000 for each accident, each employee, and policy limit**. Customer expressly agrees to comply with all provisions of the workers' compensation laws of the states or countries where the work is being performed, including the provisions of Title 51 of the Revised Code of Washington for all work occurring in the state of Washington.

If there is an exposure of injury or illness under the U.S. Longshore and Harbor Workers (USL&H) Act, Jones Act, or under U.S. laws, regulations or statutes applicable to maritime employees, coverage shall be included for such injuries or claims. Such coverage shall include USL&H and/or maritime employer's liability (MEL).

3. **Automobile Liability Insurance:** Automobile liability insurance against claims of bodily injury (including death) and property damage (including loss of use) covering all owned, rented, leased, non-owned, and hired vehicles used in the performance of the work, with a **minimum combined single-limit of \$1,000,000 per occurrence** and containing appropriate uninsured motorist and No-Fault insurance provision, when applicable.

Automobile liability insurance will include Grant PUD as additional insured on a primary and non-contributory basis. A waiver of subrogation shall apply in favor of Grant PUD.

4. **If the Interconnection Request is greater than 5MW and no more than 20MW - Umbrella or Excess Liability Insurance:** Excess (or Umbrella) Liability Insurance with a **minimum limit of \$10,000,000 per occurrence and in the aggregate. This limit may be reached in combination with underlying policy limits.** This insurance shall provide coverage in excess of the underlying policy limits, terms, and conditions for each category of liability insurance in the foregoing subsections 1, 2 and 3. If this insurance is written on a claims-made policy form, then the policy shall be endorsed to include an automatic extended reporting period of at least five years.

Excess/umbrella liability insurance will include Grant PUD as additional insured on a primary and non-contributory basis. A waiver of subrogation shall apply in favor of Grant PUD.

*If the Interconnection Request is greater than 500kW and no more than 5MW, the limit above may be reduced to \$5,000,000.*

*If the Interconnection Request is 500kW or less, the limit above may be reduced to \$2,000,000.*

- 8.2 Evidence of Insurance - Within 10 days following execution of this Agreement, Customer shall file with Grant PUD a certificate of insurance showing the insuring companies, policy numbers, effective dates, limits of liability and deductibles with a copy of the endorsement naming Grant PUD as an additional insured for each policy where indicated in Section 8.1.

Failure of Grant PUD to demand such certificate or other evidence of compliance with these insurance requirements or failure of Grant PUD to identify a deficiency from the provided evidence shall not be construed as a waiver of Customer's obligation to maintain such insurance. Acceptance by Grant PUD of any certificate or other evidence of compliance does not constitute approval or agreement by Grant PUD that the insurance requirements have been met or that the policies shown in the certificates or other evidence are in compliance with the requirements.

Grant PUD shall have the right but not the obligation of prohibiting Customer or a subcontractor from entering the project site or prohibiting Customer from energizing and transmitting power onto Grant PUD's Transmission System until such certificates or other evidence of insurance

has been provided in full compliance with these requirements. If Customer fails to maintain insurance as set forth above, Grant PUD may purchase such insurance at Customer's expense. Customer's failure to maintain the required insurance may result in termination of this Contract at Grant PUD's option.

- 8.3 Subcontractors - Customer shall ensure that each subcontractor maintains insurance as commercially reasonable in accordance with the power generation industry and based on their scope of work. Upon request, Customer shall furnish Grant PUD with copies of certificates of insurance evidencing coverage for each subcontractor.
- 8.4 Cancellation of Insurance - Customer shall not cause any insurance policy to be canceled or permit any policy to lapse. Insurance companies or Customer shall provide 30 days advance written notice to Grant PUD for cancellation or any material change in coverage or condition, and 10 days advance written notice for cancellation due to non-payment. Should Customer receive any notice of cancellation or notice of nonrenewal from its insurer(s), Customer shall provide immediate notice to Grant PUD no later than two days following receipt of such notice from the insurer. Notice to Grant PUD shall be delivered by mail or email.

## 9. Confidentiality

- 9.1 Confidentiality. Confidential Information shall include, without limitation, all information designated as Critical Energy/Electric Infrastructure (CEII) Information, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of an SGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Section warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

Each Party agrees that it will not disclose to third parties (except as expressly set forth herein), without the written consent of the other Party, any information developed or obtained in connection with the performance of this Agreement, and, if requested by the other Party, to require its employees and subcontractors, if any, to execute a non-disclosure agreement prior to performing any services under this Agreement.

If either Party is subject to the Washington Public Records Act, Chapter 42.56 RCW ("PRA"), and a disclosure of Confidential Information is required to be made by pursuant to the PRA, such disclosure shall not be deemed a violation of this Section 9, provided that the Party receiving the request has, so far as it is lawful and practical to do so prior to such disclosure: (a) promptly notified the other Party in writing of such, request, order, or requirement; (b) provided a reasonable opportunity for the other Party to seek an appropriate protective order; and (c) cooperated with other Party to narrow the scope of such disclosure to only that portion of the Confidential Information that is necessary to fulfill the request.

- 9.1.1 Term. During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Section 9, each Party shall hold in confidence and shall not disclose to any person Confidential Information.
- 9.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this Agreement; or (6) is required, in accordance with Section 9.1.7 of this Agreement, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this Agreement. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.
- 9.1.3 Release of Confidential Information. Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates, subcontractors, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Customer, or to potential purchasers or assignees of Customer, on a need-to-know basis in connection with this Agreement, unless such person has first been advised of the confidentiality provisions of this Section 9 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 9.
- 9.1.4 Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.
- 9.1.5 No Warranties. By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.
- 9.1.6 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this Agreement or its regulatory requirements.

- 9.1.7 Order of Disclosure. If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall use reasonable efforts to provide the other Party with notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.
- 9.1.8 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Section 9.1. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 9.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall be deemed an exclusive remedy for the Breach of this Section 9.1. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 9.1.
- 9.1.9 Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within 10 Calendar Days of receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party. Notwithstanding the foregoing, a receiving Party may retain one copy of Confidential Information to the extent (i) necessary to comply with applicable law or bona fide document retention policies or (ii) backed up on relevant servers or electronic devices, provided that any Confidential Information so retained shall remain subject to the confidentiality obligations hereof.
- 9.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Section 9 to the contrary, and pursuant to 18 C.F.R § 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R § 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may

respond before such information would be made public, pursuant to 18 C.F.R § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

- 9.1.11 Subject to the exception in Section 9.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this Agreement ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement or as a transmission provider or a Balancing Authority Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

## 10. Disputes

- 10.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance, such Party shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within 30 Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.
- 10.2 External Arbitration Procedures. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within 10 Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within 20 Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules")

and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 10, the terms of this Section 10 shall prevail.

- 10.3 **Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within 90 Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator will also be filed with FERC, if applicable.
- 10.4 **Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three-member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

## 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect Grant PUD's tax-exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

## 12. Miscellaneous

- 12.1 **Governing Law, Regulatory Authority, and Rules.** The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of Washington, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 12.2 **Amendment.** The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 12.3 **No Third-Party Beneficiaries.** This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.
- 12.4 **Conflicts.** In the event of a conflict between the body of this Agreement and any attachments, appendices or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.
- 12.5 **Waiver**

- 12.5.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- 12.5.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Customer shall not constitute a waiver of Customer's legal rights to obtain an interconnection from Grant PUD. Any waiver of this Agreement shall, if requested, be provided in writing.
- 12.6 Entire Agreement. This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.
- 12.7 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.
- 12.8 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.
- 12.9 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, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.
- 12.10 Security Arrangements. Customer is expected to follow best practices with respect to electric industry reliability and security and will comply with all Applicable Reliability Standards.
- 12.11 Environmental Releases. Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.
- 12.12 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

- 12.12.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall Grant PUD be liable for the actions or inactions of Customer or its subcontractors with respect to obligations of Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.
- 12.12.2 The obligations under this section will not be limited in any way by any limitation of subcontractor’s insurance.

**13. Notices**

13.1 General. Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

Grant PUD	Customer
Public Utility District No. 2 of Grant County, Washington Attn: Transmission Services Manager PO Box 878 Ephrata, WA 98823  With a copy to:  Public Utility District No. 2 of Grant County, Washington Attn: General Counsel PO Box 878 Ephrata, WA 98823	Company Name Attn: Address Address  With a copy to:  Company Name Attn: Address Address

Billings and Payments. Billings and payments shall be sent to the addresses set out below:

If to Customer for Billing:	If to Grant PUD for Payments:
Company Name Attn: Address Address	Public Utility District No. 2 of Grant County, Washington Attn: <a href="mailto:RemittanceGroup@gcpud.org">RemittanceGroup@gcpud.org</a> PO Box 878 Ephrata, WA 98823

13.2 Alternative Forms of Notice. Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone or e-mail to the telephone numbers and e-mail addresses set out below:

If to Grant PUD	If to Customer
Transmission Services Manager (509) 754-7691 <a href="mailto:transmissionservices@gcpud.org">transmissionservices@gcpud.org</a>  General Counsel (509) 754-5088 <a href="mailto:Legal@gcpud.org">Legal@gcpud.org</a>	Role Phone No. Email  <a href="#">Role</a> <a href="#">Phone No.</a> <a href="#">Email</a>

13.3 Designated Operating Representative. The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party’s facilities.

**Customer’s Operating Representative:**

Company Name  
 Attn:  
 Address  
 Address  
 Phone  
 Email

**Grant PUD’s Operating Representative:**

Attn: Sr. Manager of System Operations  
 (509) 754-5694

13.4 Changes to the Notice Information. Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

Public Utility District No. 2  
 of Grant County, Washington

Full legal name of Customer

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

## Attachment 1 – Glossary of Terms

When used in this Agreement with initial capitalization, whether in the singular or plural, the following terms shall have the meanings specified in this Section 1. Certain other terms are defined where they first appear throughout the body of this Agreement. A capitalized term that is not defined in this Agreement shall be defined by the Tariff, the SGIP or NERC, if such definition exists.

**Affected System** – An electric system other than Grant PUD's Transmission System that may be affected by the proposed interconnection.

**Applicable Laws and Regulations** – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

**Applicable Reliability Standards** - The requirements and guidelines of the Electric Reliability Organization, the Regional Reliability Organization (currently WECC), and the Balancing Authority Area of the Transmission System to which the Small Generating Facility is directly interconnected.

**Balancing Authority** - An entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

**Balancing Authority Area** - The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

**Business Day** – The days Monday through Friday, excluding NERC holidays, Presidents Day, Veterans Day, Martin Luther King Jr. Day, Juneteenth, and Native American Heritage Day.

**Default** – The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

**Distribution System** – Grant PUD's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

**Distribution Upgrades** – The additions, modifications, and upgrades to Grant PUD's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

**Electric Reliability Organization** - The North American Electric Reliability Corporation or its successor organization.

**Good Utility Practice** – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices,

methods, or acts generally accepted in the region.

**Governmental Authority** – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Customer, Grant PUD, or any Affiliate thereof.

**Interconnection Facilities** – Grant PUD's Interconnection Facilities and the Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to Grant PUD's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

**Interconnection Request** – Customer's request to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with Grant PUD's Transmission System.

**Material Modification** – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

**Network Upgrades** – Additions, modifications, and upgrades to Grant PUD's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with Grant PUD's Transmission System to accommodate the interconnection of the Small Generating Facility with Grant PUD's Transmission System. Network Upgrades do not include Distribution Upgrades.

**Non-Usage** – Non-Usage refers to charges that do not depend on actual output of energy by the facility. For instance, a firm reservation charge that is paid regardless of whether any generation occurred is a Non-Usage based charge. Charges that depend on a measurement of energy or demand do not qualify as Non-Usage charges.

**Operating Requirements** – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, *Balancing Authority Area*, or Grant PUD's requirements, including those set forth in the Small Generator Interconnection Agreement.

**Point of Interconnection** – The point where the Interconnection Facilities connect with Grant PUD's Transmission System.

**Reasonable Efforts** – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

**Small Generating Facility** – Customer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include Customer's Interconnection Facilities.

**Tariff** – The Grant PUD Open Access Transmission Tariff as approved by the Grant PUD Board of Commissioners, or any agreement executed between Customer and Grant PUD governing transmission

service and interconnection service prior to the Grant PUD Board of Commissioners' approval of an Open Access Transmission Tariff.

**Transmission Owner** – The entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Small Generator Interconnection Agreement to the extent necessary.

**Transmission System** – The facilities owned, controlled or operated by Grant PUD or the Transmission Owner that are used to provide transmission service.

**Upgrades** – The required additions and modifications to Grant PUD's Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

**Attachment 2 – Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment**

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by Customer, Grant PUD, or the Transmission Owner. Grant PUD will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment, including the portion of any such estimated costs to be paid by Customer. Costs for land acquisition, environmental compliance, and cultural compliance will also be estimated to the extent possible.

**Attachment 3 – One-Line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades**

**Attachment 4 - Milestones**

Estimated In-Service Date: \_\_\_\_\_

The total estimated cost for the design, procurement, construction, and installation of Grant PUD’s Interconnection Facilities is \$ \_\_\_\_\_. This amount shall be used by the Customer to provide financial security in accordance with Section 6.3.

\* \_\_\_% of the total estimated cost is Direct Assigned and \_\_\_% of the total estimated cost is Network Upgrades. Transmission Credits per Section 5.2.1 will be based on final actual costs for Network Upgrades based on the percentage of costs assigned to Network Upgrades.

As of the Effective Date of this Agreement, Customer intends to have \_\_\_\_\_ serve as their Balancing Authority (BA).

*The following table is an example only and will vary by project.*

Milestone No.	Description	Estimated Timeline
1	Customer executes the Interconnection Agreement w/ 20% deposit	Start
2	Long lead item procurement	12 Months after Start
3	Engineering Design starts	3 Months prior to Milestone #2 completion
4	Customer supplies financial security per Section 6.3	20 Days prior to Milestone #3 completion
5	Engineering complete	3 Months after Milestone #2 completion
6	Material acquisition start	1 Week after Milestone #5 completion
7	Grant PUD commences construction of Grant PUD’s Interconnection Facilities.	Target Date DD/MM/YY
8	Grant PUD completes construction (including commissioning activity) of Grant PUD’s Interconnection Facilities.	Target Date DD/MM/YY
9	In-Service Date	Upon completion of all previous Milestones

**Attachment 5 - Interconnection Details****1. Description of Generating Facility****2. Use of Facilities Charge (UOF)**

Grant PUD will develop a UOF that applies to the Grant PUD facilities that are solely dedicated to serving the Generating Facility. This UOF will be included in this Attachment 5. Grant PUD may update the UOF at any time after 60 days' notice provided to Customer.

Grant PUD will invoice Customer monthly for the UOF.

**3. Service Provided to Customer when Generating Facility is Offline**

Customer shall make all appropriate arrangements to take delivery of any power required for the Generating Facility that is not self-provided. Any power that flows to Customer at the Point of Interconnection for auxiliary loads shall be accounted for under a separate retail service arrangement between Grant PUD and Customer. No power flowing to Customer at the Point of Interconnection may be netted against power flowing to Grant PUD at any time other than that of the delivery to the Customer. At Grant's discretion and for practical reasons, Grant may choose to allow Customer to net retail sales against Customer's power production. Power supplied to a storage device will be provided according to the terms of the applicable Grant PUD business practice and applicable rate schedules.

**4. Station Service**

Station service will be obtained by Customer separate from this Agreement and when provided by Grant PUD will be governed by Grant PUD customer service policies for retail service.

**5. Requirements that must be met by Customer prior to initiating parallel operation with Grant PUD's Transmission System****6. Control Technologies and Protection Systems****7. Metering Requirements**

**Attachment 6 – Grant PUD's Description of its Upgrades and Best Estimate of Upgrade Costs**

Grant PUD shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades, including Customer's share of such estimated costs. Grant PUD shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

## Attachment 7 - Generating Facility Data and Performance Requirements

*{Section 1.1 below only applies to a solar generation plant and will be modified for other types of generation as appropriate}*

### 1. Variable Energy Resource and forced usage data per Section 1.6

1.1 **Real Time Data:** If requested by Grant PUD, Customer will supply the following Real Time Data to Grant PUD. This list of data will be updated as needed per Section 8.4.

- Solar irradiance in the front-side plane-of-array (POA) (W/m<sup>2</sup>)
- Solar irradiance in the back-side plane-of-array (POA) (W/m<sup>2</sup>)
- Solar irradiance in the horizontal plane (GHI) (W/m<sup>2</sup>)
- Wind speed (m/s) and direction (°)
- Ambient air temperature (°C)
- Back of Module temperature (°C)
- Precipitation (mm)
- Barometric Pressure (hPa)
- Relative Humidity (%)
- For cold climates or as required by Owner, snow depth sensor (cm)
- Diffuse Horizontal Irradiance (DHI) (W/m<sup>2</sup>)
- Albedometer (%)
- Plant DC generation (MW)
- Plant AC generation (MW and MVar)
- Plant online status (indicating if plant is online)
- State of charge of energy storage (percentage)

1.2 **Generation Forecast:** If Requested by Grant PUD, Customer will supply Grant PUD with a forecast of generation, including the charging and discharging of storage resources for the Generating Facility with an hourly time stamp for the proceeding 168 hours. This forecast will be updated on an hourly basis.

1.3 **Forced Outage Data:** Customer will supply data to Grant PUD with Customer's best estimate for forced outages as requested by Grant PUD for the Generation Facility. This data will be updated no more than annually if requested by Grant PUD.

1.4 **Planned Outage Data:** Customer will supply data to Grant PUD with Customer's best estimate for planned outages as requested by Grant PUD for the Generation Facility on an annual basis. This data will be updated and supplied to Grant PUD when there are changes to the most recent annual submittal.

### 2. Operating requirements per Section 1.6. Additional requirements may be specified in the Agreement.

2.1 All NERC Reliability Standards, requirements and guidelines that apply to Customer based on Customer's functional entity registrations and facilities.

2.2 Applicable Grant PUD documents and standards

- Switching and Clearance Procedures
- System Restoration Plan
- Grant PUD Interconnection Technical Requirements
- Any additional outage request timelines as implemented by Grant PUD

2.3 NERC standards and associated guidelines governing IBRs

2.4 Emergency Condition procedures of the applicable Reliability Coordinator, ISO/RTO, the Electric Reliability Organization, Applicable Laws and Regulations, and any other applicable authority.

**3. Other Data to be Supplied by Customer per Section 1.6**

Operational and design data regarding the Generating Facility that Grant PUD is required to provide to FERC, NERC, WECC, or other governing authorities.

**4. Battery storage operating range to allow for frequency response per Section 1.8.4.4**

Minimum state of charge: xx%

Maximum state of charge: xx%

<Additional information per Section 1.8.4.4>