

**SERVICE AGREEMENT NO. 2547**

**SERVICE AGREEMENT NO. 2547**

**STANDARD SMALL  
GENERATOR  
INTERCONNECTION  
AGREEMENT**

**AMONG THE**

**NEW YORK INDEPENDENT SYSTEM  
OPERATOR, INC.,  
CENTRAL HUDSON GAS & ELECTRIC  
CORPORATION,**

**AND**

**HECATE ENERGY  
GREENE 1 LLC**

**Dated as of September  
8, 2020**

**(Greene County 1)**

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This Standard Small Generator Interconnection Agreement (“Agreement” or “SGIA”) is made and entered into this 8th day of September, 2020, by and among the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (“NYISO”) and Central Hudson Gas & Electric Corporation, a corporation organized and existing under the laws of the State of New York (“Connecting Transmission Owner”), and Hecate Energy Greene 1 LLC, a limited liability company organized and existing under the laws of the State of Delaware (“Interconnection Customer”) each hereinafter sometimes referred to individually as “Party” or referred to collectively as the “Parties.”

In consideration of the mutual covenants set forth herein, the Parties agree as follows:





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### **Article 1 Scope and Limitations of Agreement**

#### **1.1 Applicability**

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 Purpose**

This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the New York State Transmission System or the Distribution System.

#### **1.3 Scope of Interconnection Service**

- 1.3.1 The NYISO will provide Energy Resource Interconnection Service and Capacity Resource Interconnection Service to Interconnection Customer at the Point of Interconnection, subject to the requirements in Attachment 5.
- 1.3.2 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any, or applicable provisions of NYISO's or Connecting Transmission Owner's tariffs. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity in accordance with the applicable provisions of the ISO OATT and Connecting Transmission Owner's tariff. The execution of this Agreement does not constitute a request for, nor agreement to, provide Energy, any Ancillary Services or Installed Capacity under the NYISO Services Tariff or any Connecting Transmission Owner's tariff. If Interconnection Customer wishes to supply or purchase Energy, Installed Capacity or Ancillary Services, then Interconnection Customer will make application to do so in accordance with the NYISO Services Tariff or Connecting Transmission Owner's tariff.

#### **1.4 Limitations**

Nothing in this Agreement is intended to affect any other agreement by and among the NYISO, Connecting Transmission Owner and the Interconnection Customer, except as otherwise expressly provided herein.

#### **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.



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- 1.5.2 The Interconnection 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 The Connecting Transmission Owner shall construct, operate, and maintain its Interconnection Facilities and Upgrades covered by this Agreement in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection 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. The Interconnection 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 the Connecting Transmission Owner or Affected Systems.
- 1.5.5 The Connecting Transmission Owner and Interconnection Customer 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 of those Parties 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. The Connecting Transmission Owner and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Connecting Transmission Owner's electric 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 The NYISO shall coordinate with all Affected Systems to support the interconnection. The Connecting Transmission Owner shall cooperate with the NYISO in these efforts.
- 1.5.7 The Interconnection Customer shall ensure "frequency ride through" capability and "voltage ride through" capability of its Small Generating Facility. The Interconnection Customer shall enable these capabilities such that its Small Generating Facility shall not disconnect automatically or instantaneously from the system or equipment of the Connecting Transmission Owner 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

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Small Generating Facility's protective equipment settings shall comply with the Transmission Owner's automatic load-shed program. The Transmission Owner 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 the Transmission Owner 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 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 the Transmission Owner 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 the Transmission Owner 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.

### **1.6 Parallel Operation Obligations**

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to: (1) the rules and procedures concerning the operation of generation set forth in the NYISO tariffs or ISO Procedures or the Connecting Transmission Owner's tariff; (2) any requirements consistent with Good Utility Practice or that are necessary to ensure the safe and reliable operation of the Transmission System or Distribution System; and (3) the Operating Requirements set forth in Attachment 5 of this Agreement.

### **1.7 Metering**

The Interconnection Customer shall be responsible for the Connecting Transmission Owner'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. The Interconnection 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

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1.8.1.1 Synchronous Generation. The Interconnection 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 the NYISO or the Transmission Owner in whose Transmission District the Small Generating Facility interconnects has established different requirements that apply to all similarly situated generators in the New York Control Area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice.

1.8.1.2 Non-Synchronous Generation. The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the NYISO or the Transmission Owner in whose Transmission District the Small Generating Facility interconnects has established a different power factor range that applies to all similarly situated non-synchronous generators in the control area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice. 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. This requirement shall only apply to newly interconnecting non-synchronous generators that have not yet executed a Facilities Study Agreement as of September 21, 2016.

- 1.8.2 The NYISO is required to pay the Interconnection Customer for reactive power, or voltage support service, that the Interconnection Customer provides from the Small Generating Facility in accordance with Rate Schedule 2 of the NYISO Services Tariff.
- 1.8.3 Primary Frequency Response. Interconnection 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. Interconnection 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 Applicable 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 Applicable Reliability Standard providing for an

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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 Applicable Reliability Standard providing for an equivalent or more stringent parameter. Interconnection Customer shall notify NYISO that the primary frequency response capability of the Small Generating Facility has been tested and confirmed during commissioning. Once Interconnection Customer has synchronized the Small Generating Facility with the New York State Transmission System, Interconnection Customer shall operate the Small Generating Facility consistent with the provisions specified in Articles 1.8.3.1 and 1.8.3.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Small Generating Facilities.

1.8.3.1 Governor or Equivalent Controls. Whenever the Small Generating Facility is operated in parallel with the New York State Transmission System, Interconnection Customer shall operate the Small Generating Facility with its governor or equivalent controls in service and responsive to frequency. Interconnection Customer shall: (1) in coordination with NYISO, 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 Applicable Reliability Standard that provides for equivalent or more stringent parameters. Interconnection Customer shall be required to provide the status and settings of the governor and equivalent controls to NYISO and/or the Connecting Transmission Owner upon request. If Interconnection Customer needs to operate the Small Generating Facility with its governor or equivalent controls not in service, Interconnection Customer shall immediately notify NYISO and the Connecting Transmission Owner, 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. Interconnection Customer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Interconnection 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 New York State Transmission System.



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1.8.3.2 Timely and Sustained Response. Interconnection 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. Interconnection 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 Applicable Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

1.8.3.3 Exemptions. Small Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Articles 1.8.3, 1.8.3.1, and 1.8.3.2 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 requirements in accordance with the droop and deadband capability requirements specified in Article 1.8.3, but shall be otherwise exempt from the operating requirements in Articles 1.8.3, 1.8.3.1, 1.8.3.2, and 1.8.3.4 of this Agreement.

1.8.3.4 Electric Storage Resources. Interconnection Customer interconnecting an electric storage resource shall establish an operating range in Attachment 5 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 Articles 1.8.3, 1.8.3.1, 1.8.3.2, and 1.8.3.3 of this Agreement. Attachment 5 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 resources due to manufacturer specification; and (6) any other relevant factors agreed to by the NYISO, Connecting Transmission Owner, and Interconnection Customer. If the operating range is dynamic, then Attachment 5 must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.



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Interconnection Customer's electric storage resource is required to provide timely and sustained primary frequency response consistent with Article 1.8.3.2 of this Agreement when it is online and dispatched to inject electricity to the New York State Transmission System and/or receive electricity from the New York State Transmission System. This excludes circumstances when the electric storage resource is not dispatched to inject electricity to the New York State Transmission System and/or dispatched to receive electricity from the New York State Transmission System. If Interconnection 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. Interconnection 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 Capitalized Terms**

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement. Capitalized terms used herein that are not so defined shall have the meanings specified in Appendix 1 of Attachment Z, Section 25.1.2 of Attachment S, or Section 30.1 of Attachment X of the ISO OATT.



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### **Article 2 Inspection, Testing, Authorization, and Right of Access**

#### **2.1 Equipment Testing and Inspection**

2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the NYISO and the Connecting Transmission Owner of such activities no fewer than five 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. The Connecting Transmission Owner may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the NYISO and Connecting Transmission Owner a written test report when such testing and inspection is completed. The Small Generating Facility may not commence parallel operations if the NYISO, in consultation with the Connecting Transmission Owner, finds that the Small Generating Facility has not been installed as agreed upon or may not be operated in a safe and reliable manner.

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

#### **2.2 Authorization Required Prior to Parallel Operation**

2.2.1 The NYISO, in consultation with the Connecting Transmission Owner, shall use Reasonable Efforts to list applicable parallel Operating Requirements in Attachment 5 of this Agreement. Additionally, the NYISO, in consultation with the Connecting Transmission Owner, shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The NYISO and Connecting Transmission Owner shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the New York State Transmission System or the Distribution System without prior written authorization of the NYISO. The NYISO, in consultation with the Connecting Transmission Owner, will provide such authorization once the NYISO receives notification that the Interconnection Customer has complied



with all applicable parallel Operating Requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.



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### **2.3 Right of Access**

- 2.3.1 Upon reasonable notice, the NYISO and/or Connecting Transmission Owner may send a qualified person to the premises of the Interconnection 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, the Interconnection Customer shall notify the NYISO and Connecting Transmission Owner at least five 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, the NYISO and Connecting Transmission Owner each shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on them by this Agreement or if necessary to meet their legal obligation to provide service to their customers.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this article.



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### **Article 3 Effective Date, Term, Termination, and Disconnection**

#### **3.1 Effective Date**

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The NYISO and Connecting Transmission Owner shall promptly file, or cause to be filed, this Agreement with FERC upon execution, if required. If the Agreement is disputed and the Interconnection Customer requests that it be filed with FERC in an unexecuted form, the NYISO shall file, or cause to be filed, this Agreement and the NYISO shall identify the disputed language.

#### **3.2 Term of Agreement**

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of twenty years from the Effective Date and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 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, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the NYISO and Connecting Transmission Owner 20 Business Days written notice. The NYISO may terminate this Agreement after the Small Generating Facility is Retired.

3.3.2 Any Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the New York State Transmission System or the Distribution System, as applicable. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the nonterminating 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 any Party of its liabilities and obligations, owed or continuing at the time of the termination. The Interconnection Customer shall pay all amounts in excess of any deposit or other security without interest within 30 calendar days after receipt of the invoice for such amounts. If the deposit or other security exceeds the invoice, the Connecting Transmission Owner shall refund such excess within 30 calendar days of the

invoice without interest. If the Interconnection Customer disputes an amount to be paid the Interconnection Customer shall pay the disputed amount to the

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Connecting Transmission Owner or into an interest bearing escrow account, pending resolution of the dispute in accordance with Article 10 of this Agreement. To the extent the dispute is resolved in the Interconnection Customer's favor, that portion of the disputed amount will be returned to the Interconnection Customer with interest at rates applicable to refunds under the Commission's regulations.

To the extent the dispute is resolved in the Connecting Transmission Owner's favor, that portion of any escrowed funds and interest will be released to the Connecting Transmission Owner.

- 3.3.5 The limitations of liability, indemnification and confidentiality provisions of this Agreement 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 the NYISO or Connecting Transmission Owner, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New York State Transmission System or Distribution System, the Connecting Transmission Owner's Interconnection Facilities or the electric systems of others to which the New York State Transmission System or Distribution System is directly connected; or (3) that, in the case of the Interconnection 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 the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the NYISO or Connecting Transmission Owner may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The NYISO or Connecting Transmission Owner shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the NYISO and Connecting Transmission Owner promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the New York State Transmission System or Distribution 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 each Party's facilities and operations, its anticipated duration, and the necessary corrective action.

#### **3.4.2 Routine Maintenance, Construction, and Repair**

The NYISO or Connecting Transmission Owner may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small

Generating Facility from the New York State Transmission System or Distribution System when necessary for routine maintenance, construction, and repairs on the New York State

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Transmission System or Distribution System. The NYISO or the Connecting Transmission Owner shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The NYISO and Connecting Transmission Owner shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

### **3.4.3 Forced Outages**

During any forced outage, the NYISO or Connecting Transmission Owner may suspend interconnection service to the Interconnection Customer to effect immediate repairs on the New York State Transmission System or the Distribution System. The NYISO shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the NYISO shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

### **3.4.4 Adverse Operating Effects**

The NYISO or Connecting Transmission Owner shall notify the Interconnection 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 the New York State Transmission System, the Distribution System or Affected Systems, or if disconnection is otherwise required under Applicable Reliability Standards or the ISO OATT. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the NYISO or Connecting Transmission Owner may disconnect the Small Generating Facility. The NYISO or Connecting Transmission Owner shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

### **3.4.5 Modification of the Small Generating Facility**

The Interconnection Customer must receive written authorization from the NYISO and Connecting Transmission Owner before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the New York State Transmission System or the Distribution System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the prior written authorization of the NYISO and Connecting Transmission Owner, the Connecting Transmission Owner shall have the right to temporarily disconnect the Small Generating Facility. If disconnected, the Small Generating Facility will not be reconnected until the unauthorized modifications are authorized or removed.

### **3.4.6 Reconnection**

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the New York State Transmission System and Distribution



System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

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**Article 4 Cost Responsibility for Interconnection Facilities and Distribution Upgrades**

**4.1 Interconnection Facilities**

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The NYISO, in consultation with the Connecting Transmission Owner, 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 the Interconnection Customer, such other entities, the NYISO, and the Connecting Transmission Owner.

4.1.2 The Interconnection 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 the Connecting Transmission Owner's Interconnection Facilities, as set forth in Attachment 2 to this Agreement.

**4.2 Distribution Upgrades**

The Connecting Transmission Owner shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Connecting Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer. The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with owning, operating, maintaining, repairing, and replacing the Distribution Upgrades, as set forth in Attachment 6 to this Agreement.

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**Article 5 Cost Responsibility for System Upgrade Facilities and System Deliverability Upgrades**

**5.1 Applicability**

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires System Upgrade Facilities or System Deliverability Upgrades.

**5.2 System Upgrades**

The Connecting Transmission Owner shall procure, construct, install, and own the System Upgrade Facilities and System Deliverability Upgrades described in Attachment 6 of this Agreement. To the extent that design work is necessary in addition to that already accomplished in the Class Year Interconnection Facilities Study for the Interconnection Customer, the Connecting Transmission Owner shall perform or cause to be performed such work. If all the Parties agree, the Interconnection Customer may construct System Upgrade Facilities and System Deliverability Upgrades.

5.2.1 As described in Section 32.3.5.3 of the SGIP in Attachment Z of the ISO OATT, the responsibility of the Interconnection Customer for the cost of the System Upgrade Facilities and System Deliverability Upgrades described in Attachment 6 of this Agreement shall be determined in accordance with Attachment S of the ISO OATT, as required by Section 32.3.5.3.2 of Attachment Z. The Interconnection Customer shall be responsible for all System Upgrade Facility costs as required by Section 32.3.5.3.2 of Attachment Z or its share of any System Upgrade Facilities and System Deliverability Upgrades costs resulting from the final Attachment S process, as applicable, and Attachment 6 to this Agreement shall be revised accordingly.

5.2.2 Pending the outcome of the Attachment S cost allocation process, if applicable, the Interconnection Customer may elect to proceed with the interconnection of its Small Generating Facility in accordance with Section 32.3.5.3 of the SGIP.

**5.3 Special Provisions for Affected Systems**

For the repayment of amounts advanced to the Affected System Operator for System Upgrade Facilities or System Deliverability Upgrades, the Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment, but only if responsibility for the cost of such System Upgrade Facilities is not to be allocated in accordance with Attachment S of the ISO OATT. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.



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

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

- 6.1.1 The Connecting Transmission Owner shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by those Parties. The Interconnection Customer shall pay all invoice amounts within 30 calendar days after receipt of the invoice.
- 6.1.2 Within three months of completing the construction and installation of the Connecting Transmission Owner's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Connecting Transmission Owner shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Connecting Transmission Owner for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Connecting Transmission Owner shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Connecting Transmission Owner within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Connecting Transmission Owner shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.
- 6.1.3 If the Interconnection Customer disputes an amount to be paid, the Interconnection Customer shall pay the disputed amount to the Connecting Transmission Owner or into an interest bearing escrow account, pending resolution of the dispute in accordance with Article 10 of this Agreement. To the extent the dispute is resolved in the Interconnection Customer's favor, that portion of the disputed amount will be credited or returned to the Interconnection Customer with interest at rates applicable to refunds under the Commission's regulations. To the extent the dispute is resolved in the Connecting Transmission Owner's favor, that portion of any escrowed funds and interest will be released to the Connecting Transmission Owner.

#### **6.2 Milestones**

Subject to the provisions of the SGIP, 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. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure event, it shall immediately notify the other Parties of the reason(s) for not meeting the milestone and: (1) propose the earliest

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reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone



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shall not unreasonably withhold agreement to such an amendment unless: (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

### **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 the Connecting Transmission Owner's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Connecting Transmission Owner, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Connecting Transmission Owner 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 the Connecting Transmission Owner's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Connecting Transmission Owner under this Agreement during its term. The Connecting Transmission Owner may draw on any such security to the extent that the Interconnection Customer fails to make any payments due under this Agreement. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Connecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Connecting Transmission Owner and must specify a reasonable expiration date.
- 6.3.3 Notwithstanding the above, Security posted for System Upgrade Facilities for a Small Generating Facility required to enter the Class Year process, or cash or Security provided for System Deliverability Upgrades, shall meet the requirements for Security contained in Attachment S to the ISO OATT.





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

#### **7.1 Assignment**

This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. This Agreement may be assigned by any Party upon 15 Business Days prior written notice and opportunity to object by the other Parties; provided that:

- 7.1.1 A Party may assign this Agreement without the consent of the other Parties 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 the Interconnection Customer promptly notifies the NYISO and the Connecting Transmission Owner of any such assignment. A Party may assign this Agreement without the consent of the other Parties in connection with the sale, merger, restructuring, or transfer of a substantial portion of all of its assets, including the Interconnection Facilities it owns, so long as the assignee in such a transaction directly assumes all rights, duties and obligation arising under this Agreement.
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the NYISO or Connecting Transmission Owner, for collateral security purposes to aid in providing financing for the Small Generating Facility.
- 7.1.3 Any attempted assignment that violates this article 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 the Interconnection 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 Parties 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 any Party be liable to the other Parties for any indirect, special, consequential, or punitive damages.

#### **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 article 7.2.



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- 7.3.2 Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and hold harmless the other Parties (each an “Indemnified Party”) from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties (any and all of these a “Loss”), arising out of or resulting from: (i) the Indemnified Party’s performance under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the gross negligence or intentional wrongdoing by the Indemnified Party, or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of a Hazardous Substance.
- 7.3.3 If a Party is entitled to indemnification under this article as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such Indemnified Party 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 Party harmless under this article, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party’s actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an Indemnified Party 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 article may apply, the Indemnified Party 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, no 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 another Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.



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### **7.5 Force Majeure**

- 7.5.1 As used in this article, 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, 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.” For the purposes of this article, this definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section 32.10.1 of the ISO OATT.
- 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 Parties, 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 Parties 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 Breach and Default**

- 7.6.1 No Breach of this Agreement shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event or the result of an act or omission of the other Parties. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the Breaching Party. Except as provided in article 7.6.2, the Breaching Party shall have 60 calendar days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within 60 calendar days, the Breaching 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 Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.
- 7.6.2 If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, a Default shall exist and the non-defaulting Parties acting together shall thereafter have the right to terminate this Agreement, in accordance with article 3.3 hereof, by written notice to the defaulting Party at any time until cure occurs, and be relieved of any further

obligation hereunder and, whether or not those Parties terminate this Agreement,  
to recover from the defaulting Party all amounts due hereunder, plus all other

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damages and remedies to which they are entitled at law or in equity. The provisions of this article shall survive termination of this Agreement.

- 7.6.3 In cases where the Interconnection Customer has elected to proceed under Section 32.3.5.3 of the SGIP, if the Interconnection Request is withdrawn or deemed withdrawn pursuant to the SGIP during the term of this Agreement, this Agreement shall terminate.





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**Article 8 Insurance**

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. Such insurance coverage is specified in Attachment 7 to this Agreement. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in New York State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Connecting Transmission Owner, except that the Interconnection Customer shall show proof of insurance to the Connecting Transmission Owner no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient creditworthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The NYISO and Connecting Transmission Owner agree to maintain general liability insurance or self-insurance consistent with the existing commercial practice. Such insurance or self-insurance shall not exclude the liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify one another whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.



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### **Article 9 Confidentiality**

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated “Confidential.” For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such. Confidential Information shall include, without limitation, information designated as such by the NYISO Code of Conduct contained in Attachment F to the ISO OATT.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Parties as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, 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, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Each Party is prohibited from notifying the other Parties to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Parties to this Agreement when it is notified by FERC 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 CFR § 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.

9.4 Consistent with the provisions of this article 9, the Parties to this Agreement will cooperate in good faith to provide each other, Affected Systems, Affected System

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Operators, and state and federal regulators the information necessary to carry out the terms of the SGIP and this Agreement.



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**Article 10 Disputes**

- 10.1 The NYISO, Connecting Transmission Owner and Interconnection Customer agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, the Parties will first attempt to promptly resolve it on an informal basis. The NYISO will be available to the Interconnection Customer and Connecting Transmission Owner to help resolve any dispute that arises with respect to performance under this Agreement. If the Parties cannot promptly resolve the dispute on an informal basis, then any Party shall provide the other Parties with a written Notice of Dispute. Such notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the notice, any Party may contact FERC's Dispute Resolution Service ("DRS") for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. The result of this dispute resolution process will be binding only if the Parties agree in advance. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-third of any costs paid to neutral third-parties.
- 10.6 If any Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then any Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.





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### **Article 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 Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of any Connecting Transmission Owner with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds. Notwithstanding any other provisions of this Agreement, LIPA, NYPA and Consolidated Edison Company of New York, Inc. shall not be required to comply with any provisions of this Agreement that would result in the loss of tax-exempt status of any of their Tax-Exempt Bonds or impair their ability to issue future tax-exempt obligations. For purposes of this provision, Tax-Exempt Bonds shall include the obligations of the Long Island Power Authority, NYPA and Consolidated Edison Company of New York, Inc., the interest on which is not included in gross income under the Internal Revenue Code.
- 11.3     LIPA and NYPA do not waive their exemptions, pursuant to Section 201(f) of the FPA, from Commission jurisdiction with respect to the Commission's exercise of the FPA's general ratemaking authority.
- 11.4     Any payments due to the Connecting Transmission Owner under this Agreement shall be adjusted to include any tax liability incurred by the Connecting Transmission Owner with respect to the interconnection request which is the subject of this Agreement. Such adjustments shall be made in accordance with the provisions of Article 5.17 of the LGIA in Attachment X of the ISO OATT. Except where otherwise noted, all costs, deposits, financial obligations and the like specified in this Agreement shall be assumed not to reflect the impact of applicable taxes.



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### **Article 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 New York, 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 the Parties, or under article 12.12 of this Agreement.

#### **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. Notwithstanding the foregoing, any subcontractor of the Connecting Transmission Owner or NYISO assisting either of those Parties with the Interconnection Request covered by this Agreement shall be entitled to the benefits of indemnification provided for under Article 7.3 of this Agreement and the limitation of liability provided for in Article 7.2 of this Agreement.

#### **12.4    Waiver**

12.4.1 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.

12.4.2 Any waiver at any time by a 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 Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the NYISO. Any waiver of this Agreement shall, if requested, be provided in writing.

#### **12.5    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, any Party's compliance with its obligations under this Agreement.

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### **12.6 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.

### **12.7 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 any Party. No 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, another Party.

### **12.8 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.

### **12.9 Security Arrangements**

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects the NYISO, the Connecting Transmission Owner, Market Participants, and Interconnection Customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

### **12.10 Environmental Releases**

Each Party shall notify the other Parties, 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 Parties. 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 Parties copies of any publicly available reports filed with any governmental authorities addressing such events.

### **12.11 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,

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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 Parties for the performance of such subcontractor.

12.11.1 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 Parties to the extent provided for in Articles 7.2 and 7.3 above 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 the NYISO or Connecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection 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.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

### **12.12 Reservation of Rights**

Nothing in this Agreement shall alter the right of the NYISO or Connecting Transmission Owner to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder which rights are expressly reserved herein, and the existing rights of the Interconnection Customer to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations are also expressly reserved herein; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.





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**Article 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 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:

If to the Interconnection Customer:

Hecate Energy Greene 1 LLC  
Attention: Nick Bullinger, Chief Operating Officer  
621 West Randolph Street  
Chicago, IL 60661  
Phone: 312-722-5900  
Email: nbullinger@hecateenergy.com; cc: notices@hecateenergy.com

If to the Connecting Transmission Owner:

Before Commercial Operation of the Small Generating Facility

Central Hudson Gas & Electric Corporation  
Attn: John J. Borchert, Senior Director of Energy Policy and Transmission  
Development  
284 South Avenue  
Poughkeepsie, NY 12601  
Phone: (845) 486-5327  
Fax: (845) 486-5697  
Email: jborchert@cenhud.com

After Commercial Operation of the Small Generating Facility:

Central Hudson Gas & Electric Corporation  
Attn: Manager, System Operations  
284 South Avenue  
Poughkeepsie, NY 12601  
Phone: (845) 486-5440  
Fax: (845) 486-5736

If to the NYISO:

Before Commercial Operation of the Small Generating Facility

New York Independent System Operator, Inc.

Attention: Vice President, System and Resource Planning  
Address: 10 Krey Boulevard

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City: Rensselaer State: NY Zip: 12144  
Phone: (518) 356-6000

After Commercial Operation:

New York Independent System Operator, Inc.  
Attention: Vice President, Operations  
Address: 10 Krey Boulevard  
City: Rensselaer State: NY Zip: 12144  
Phone: (518) 356-6000

**13.2 Billing and Payment**

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

Interconnection Customer:

Hecate Energy Greene 1 LLC  
Attention: Accounting Department  
621 West Randolph Street  
Chicago, IL 60661  
Phone: 312-722-5900  
Email: hefinance@hecateenergy.com

Connecting Transmission Owner:

Central Hudson Gas & Electric Corporation  
Attn: Accounts Payable  
284 South Avenue  
Poughkeepsie, NY 12601  
Phone: (845) 486-5670  
Fax: (845) 486-5335  
Email: AP@cenhud.com

**13.3 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 the Interconnection Customer:

Hecate Energy Greene 1 LLC  
Attention: Nick Bullinger, Chief Operating Officer  
621 West Randolph Street

Chicago, IL 60661  
Phone: 312-722-5900

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Email: nbullinger@hecateenergy.com; cc: notices@hecateenergy.com If

to the Connecting Transmission Owner:

Before commercial operation of the Small Generating Facility:

Central Hudson Gas & Electric Corporation  
Attn: John J. Borchert, Senior Director of Energy Policy and Transmission  
Development  
284 South Avenue  
Poughkeepsie, NY 12601  
Phone: (845) 486-5327  
Email: jborchert@cenhud.com

After commercial operation of the Small Generating Facility:

Central Hudson Gas & Electric Corporation  
Attn: Manager, System Operations  
284 South Avenue  
Poughkeepsie, NY 12601  
Phone: (845) 486-5440  
Fax: (845) 486-5736

If to the NYISO:

New York Independent System Operator, Inc.  
Attention: Vice President, Operations  
Address: 10 Krey Boulevard  
City: Rensselaer State: NY Zip: 12144  
Phone: (518) 356-6000  
E-mail: interconnectionsupport@nyiso.com

**13.4 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.

Interconnection Customer's Operating Representative:

Hecate Energy Greene 1 LLC  
Attention: Philip Mooney, VP Engineering and Development  
621 West Randolph Street  
Chicago, IL 60661

Phone: 315-598-0690

Email: pmooney@hecateenergy.com; cc: notices@hecateenergy.com

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Connecting Transmission Owner's Operating Representative:

Connecting Transmission Owner:

Central Hudson Gas & Electric Corporation  
Attn: Manager, System Operations  
284 South Avenue  
Poughkeepsie, NY 12601  
Phone: (845) 486-5440  
Fax: (845) 486-5736

NYISO's Operating Representative:

New York Independent System Operator, Inc.  
Attention: Vice President, Operations  
Address: 10 Krey Boulevard  
City: Rensselaer State: NY Zip: 12144  
Phone: (518) 356-6000  
E-mail: interconnectionsupport@nyiso.com

**13.5 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.





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**Article 14     Signatures**

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

For the New York Independent System Operator, Inc.

By:

Name:

Title:

Date:

For Central Hudson Gas & Electric Corporation

By:

Name:

Title:

Date:

For Hecate Energy Greene 1 LLC

By:

Name:

Title:

Date:

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**Attachment 1**

**Glossary of Terms**

**Affected System** - An electric system other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Operator** - Affected System Operator shall mean the operator of any Affected System.

**Affected Transmission Owner** -The New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that: (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades or System Upgrade Facilities are installed pursuant to Attachment Z and Attachment S to the ISO OATT.

**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, including but not limited to Environmental Law.

**Applicable Reliability Standards** - The criteria, requirements and guidelines of the North American Electric Reliability Council, the Northeast Power Coordinating Council, the New York State Reliability Council and related and successor organizations, or the Transmission District to which the Interconnection Customer's Small Generating Facility is directly interconnected, as those criteria, requirements and guidelines are amended and modified and in effect from time to time; provided that no Party shall waive its right to challenge the applicability of or validity of any criterion, requirement or guideline as applied to it in the context of Attachment Z to the ISO OATT and this Agreement. For the purposes of this Agreement, this definition of Applicable Reliability Standards shall supersede the definition of Applicable Reliability Standards set out in Attachment X to the ISO OATT.

**Base Case** - The base case power flow, short circuit, and stability data bases used for the Interconnection Studies by NYISO, Connecting Transmission Owner or Interconnection Customer; described in Section 32.2.3 of the Large Facility Interconnection Procedures.

**Breach** - The failure of a Party to perform or observe any material term or condition of this Agreement.

**Business Day** - Monday through Friday, excluding federal holidays.

**Capacity Resource Interconnection Service** -The service provided by NYISO to

**Interconnection Customers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with Attachment S to the ISO OATT;**

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such service being one of the eligibility requirements for participation as a NYISO Installed Capacity Supplier.

**Commercial Operation** shall mean the status of the Small Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation, notice of which must be provided to the NYISO in the form of Attachment 9 to this Agreement.

**Commercial Operation Date** of a unit shall mean the date on which the Large Generating Facility commences Commercial Operation as agreed to by the Parties, notice of which must be provided to the NYISO in the form of Attachment 9 to this Agreement.

**Connecting Transmission Owner** - The New York public utility or authority (or its designated agent) that: (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Small Generator Interconnection Agreement.

**Default** - The failure of a Party in Breach of this Agreement to cure such Breach under the Small Generator Interconnection Agreement.

**Distribution System** - The Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the NYISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT under FERC Order Nos. 2003 and/or 2006. For the purpose of this Agreement, the term Distribution System shall not include LIPA's distribution facilities.

**Distribution Upgrades** - The additions, modifications, and upgrades to the Connecting Transmission Owner'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 the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities or System Upgrade Facilities or System Deliverability Upgrades.

**Energy Resource Interconnection Service** - The service provided by NYISO to interconnect the Interconnection Customer's Small Generating Facility to the New York State Transmission System or Distribution System in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Small Generating Facility, pursuant to the terms of the ISO OATT.

**Force Majeure** - Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, 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. For the purposes of this Agreement, this

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definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section 32.2.11 of the NYISO Open Access Transmission Tariff.

**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 Interconnection Customer, NYISO, Affected Transmission Owner, Connecting Transmission Owner or any Affiliate thereof.

**Initial Synchronization Date** shall mean the date upon which the Small Generating Facility is initially synchronized and upon which Trial Operation begins, notice of which must be provided to the NYISO in the form of Attachment 9.

**In-Service Date** shall mean the date upon which the Developer reasonably expects it will be ready to begin use of the Connecting Transmission Owner's Interconnection Facilities to obtain back feed power.

**Interconnection Customer** - Any entity, including the Transmission Owner or any of the affiliates or subsidiaries, that proposes to interconnect its Small Generating Facility with the New York State Transmission System or the Distribution System.

**Interconnection Facilities** - The Connecting Transmission Owner's Interconnection Facilities and the Interconnection 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 the New York State Transmission System or the Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or System Upgrade Facilities.

**Interconnection Request** - The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the New York State Transmission System or the Distribution



System. For the purposes of this Agreement, this definition of Interconnection Request shall supersede the definition of Interconnection Request set out in Attachment X to the ISO OATT.

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**Interconnection Study** - Any study required to be performed under Sections 32.2 or 32.3 of the SGIP.

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

**New York State Transmission System** - The entire New York State electric transmission system, which includes: (i) the Transmission Facilities under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

**NYISO Deliverability Interconnection Standard** - The standard that must be met, unless otherwise provided for by Attachment S to the ISO OATT, by (i) any generation facility larger than 2MW in order for that facility to obtain CRIS; (ii) any Class Year Transmission Project proposing to interconnect to the New York State Transmission System and receive Unforced Capacity Delivery Rights; (iii) any entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 25.9.5 of Attachment S to the ISO OATT. To meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in accordance with the rules in Attachment S to the ISO OATT, fund or commit to fund any System Deliverability Upgrades identified for its project in the Class Year Deliverability Study.

**NYISO Minimum Interconnection Standard** - The reliability standard that must be met by any generation facility or Class Year Transmission Project that is subject to NYISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or the NYISO's Small Generator Interconnection Procedures in this Attachment Z, that is proposing to connect to the New York State Transmission System or Distribution System, to obtain ERIS. The Minimum Interconnection Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System or to the Distribution System. The Minimum Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

**Operating Requirements** - Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, or the Connecting Transmission Owner's requirements, including those set forth in the Small Generator Interconnection Agreement. Operating Requirements shall include Applicable Reliability Standards.

**Party or Parties** - The NYISO, Connecting Transmission Owner, Interconnection Customer or any combination of the above.

**Point of Interconnection** - The point where the Interconnection Facilities connect with the New York State Transmission System or the Distribution System.

**Reasonable Efforts** - With respect to an action required to be attempted or taken by a Party under this 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.

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**Small Generating Facility** - The Interconnection Customer's facility, no larger than 20 MW for the production and/or storage for later injection of electricity identified in the Interconnection Request if proposing to interconnect to the New York State Transmission System or Distribution System, but shall not include (i) facilities proposing to simply receive power from the New York State Transmission System or the Distribution System; (ii) facilities proposing to interconnect to the New York State Transmission System or the Distribution System made solely for the purpose of generation with no wholesale sale for resale nor to net metering; (iii) facilities proposing to the New York State Transmission System or the Distribution System made solely for the purpose of net metering; (iv) facilities proposing to interconnect to LIPA's distribution facilities; and (v) the Interconnection Customer's Interconnection Facilities. A facility will be treated as a single Small Generating Facility if all units within the facility are behind a single facility meter, even if such units are different technology types.

**System Deliverability Upgrades** - The least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard for Capacity Resource Interconnection Service.

**System Upgrade Facilities** - The least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements to make the modifications to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnection projects, System Upgrade Facilities are the modification or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Tariff** - The NYISO's Open Access Transmission Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

**Trial Operation** shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Small Generating Facility prior to Commercial Operation.

**Upgrades** - The required additions and modifications to the Connecting Transmission Owner's portion of the New York State Transmission System or the Distribution System at or beyond the Point of Interconnection. Upgrades may be System Upgrade Facilities or System Deliverability Upgrades Distribution Upgrades. Upgrades do not include Interconnection Facilities.

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## Attachment 2

### Detailed Scope of Work, Including 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 the Interconnection Customer, or the Connecting Transmission Owner. The NYISO, in consultation with the Connecting Transmission Owner, 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.

#### A. PROJECT DESCRIPTION

The Interconnection Customer is constructing a 20 MW photovoltaic solar power plant that will be located in Greene County, NY (“Small Generating Facility”). The Small Generating Facility has a reactive power capability corresponding to a power factor of 0.95 lagging to 0.95 leading. The Small Generating Facility will consist of a collection system comprised of:

- eight (8) photovoltaic solar arrays;
- eight (8) TMEIC PVH-L2500GR inverters; and
- eight (8) 0.60-34.5 kV delta-wye-grounded (Dyn1) step-up transformers.

The Point of Interconnection (“POI”) for the Small Generating Facility is the Connecting Transmission Owner’s 69 kV line between its North Catskill and Coxsackie Substation, approximately 1.8 miles from the Coxsackie Substation and 6.8 miles from the North Catskill Substation near poles #71570 and #71571, established through a new switchyard built by the Connecting Transmission Owner (“Flats Road Substation”). The Point of Change of Ownership (“PCO”) is at the Interconnection Customer side of a new group-operated air-break switch in a new breaker bay built as part of the Flats Road Substation.

#### B. INTERCONNECTION CUSTOMER’S INTERCONNECTION FACILITIES

As depicted on the one-line diagram in Attachment 3, the Interconnection Customer’s Interconnection Facilities (“ICIF”) consist of the following:

##### *Greene County Energy 1 Collector Substation*

- one (1) 34.5 - 69 kV three-winding main step-up transformer (buried tertiary);
- one (1) 69 kV group-operated air break disconnect switch;

- one (1) 34.5 kV disconnect switch;

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- one (1) 34.5 kV circuit breaker;
- interconnection line to the Point of Change of Ownership; and
- protection relay package and communication equipment.

**C. CONNECTING TRANSMISSION OWNER’S INTERCONNECTION FACILITIES**

As depicted on the one-line diagram in Attachment 3, the Connecting Transmission Owner’s Interconnection Facilities (“CTOIF”) consist of the following:

- one (1) 69 kV circuit breaker;
- two (2) 69 kV motor operated disconnect switches;
- revenue metering including revenue grade instrument transformers;
- the following CTOIF protection will be required:
  - two (2) 69 kV line microprocessor relay packages for protection of the 69 kV feeder from the Greene County Energy 1 Collector Station to Connecting Transmission Owner’s new Flats Road Substation; and
  - direct transfer trip (“DTT”) to the Small Generating Facility via fiber optic cable (optical ground wire or fiber in conduit) to be owned by Interconnection Customer.

**D. SCOPE OF WORK**

**1. Interconnection Customer’s Scope of Work and Responsibilities**

Interconnection Customer shall design, install, commission, and operate the Interconnection Customer’s Interconnection Facilities.

**2. Connecting Transmission Owner’s Scope of Work and Responsibilities**

Connecting Transmission Owner shall design, install, commission, and operate the Connecting Transmission Owner’s Interconnection Facilities.

**E. ESTIMATED COSTS OF CONNECTING TRANSMISSION OWNER’S INTERCONNECTION FACILITIES**

<u>Description</u>	<u>Estimated Costs</u>
Connecting Transmission Owner’s Interconnection Facilities	\$1,118,000



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Connecting Transmission Owner's Review and Acceptance of Interconnection Customer's Interconnection Facilities	\$3,500
<b>Total</b>	<b>\$1,121,500</b>

Cost estimates are presented in 2019 dollars, are based on current system conditions and are subject to the following exclusions:

- property and right-of-way acquisition;
- property, income, and use taxes;
- future operation and maintenance costs;
- legal fees;
- additional costs due to adverse field conditions such as rock, water, matting, road construction, weather, and Interconnection Customer electrical equipment obstructions;
- site grading beyond normal clearing, rough grading and topsoil removal;
- site work (*i.e.*, landscaping, access roads, clearing, etc.);
- costs associated with permitting and licensing including unique permit requirements that materially impact the design;
- telecommunications;
- ground grid analyses, and/or modifications;
- preparation, inspection or construction necessary to meet storm water compliance requirements;
- extended construction hours to minimize outage time or Connecting Transmission Owner's public duty to serve;
- the cost of any temporary construction service, or any required permits;
- distribution station service;
- review and acceptance of any Interconnection Customer designs, specifications, construction, etc. associated with Stand Alone System Upgrade Facilities;
- additional requirements due to lack of available space in the remote stations to accommodate any System Upgrade Facilities; and

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- any increase in material costs due to changes in commodity costs will be in addition to the estimate (*i.e.*, present day commodity costs were used for the estimate).

**F. O&M EXPENSES FOR INTERCONNECTION FACILITES**

The Interconnecting Customer shall be responsible for operation and maintenance (“O&M”) expenses, property taxes, and insurance costs associated with the Connecting Transmission Owner’s Interconnection Facilities in accordance with Article 4.1 of the Agreement.

Such payment will be predicated on the O&M, Property Tax, and Property Insurance rates calculated using data included in the Connecting Transmission Owner’s most recent annual report to the Federal Energy Regulatory Commission or such other sources as the parties may agree upon. Such rates shall be subject to annual modification effective July 1 of each calendar year. The O&M expenses will be based on the final actual installation costs.

**O&M**

The Interconnection Customer shall pay for O&M expenses each month during the term of this Agreement an amount equal to 1/12 of the product of 2.86% and the actual total cost of the Connecting Transmission Owner’s Interconnection Facilities.

This cost is calculated as follows:

Average Electric Transmission Plant in Service -	\$396,203,666
Total Transmission O&M Expense -	\$ 11,312,130
O&M as a % of Gross Plant -	$\$11,312,130 / \$396,203,666 = 2.86\%$

Estimated Monthly O&M calculation:

$$\begin{aligned} & 1/12 \times \text{O\&M rate} \times \text{Total CTOIF} \\ & 1/12 \times 0.0286 \times \$1,118,000 \text{ (to be adjusted by final actual costs)} \end{aligned}$$

**Estimated Monthly O&M payment = \$2,660.03**

**Property Tax**

The Interconnection Customer shall pay for property taxes each month during the term of this Agreement an amount equal to 1/12 of the product of 2.69% and the actual total cost of the Connecting Transmission Owner’s Interconnection Facilities.

This cost is calculated as follows:

Average Electric Plant in Service -	\$1,488,140,443
Total Property Tax Expense -	\$39,973,906
CTOIF	1,325,000

Estimated Property Tax Rate -

2.69%

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Estimated Monthly Property Tax calculation:

$$\begin{aligned} & 1/12 \times \text{Property Tax Rate} \times \text{Total CTOIF} \\ & 1/12 \times 0.0269 \times \$1,118,000 \text{ (to be adjusted by final actual costs)} \end{aligned}$$

**Estimated Monthly Property Tax payment = \$2,502.61**

**Property Insurance**

The Interconnection Customer shall pay for property insurance each month during the term of this Agreement an amount equal to 1/12 of the product of 0.18% and the actual total cost of the Connecting Transmission Owner's Interconnection Facilities.

This cost is calculated as follows:

Average Electric Station & Structures Plant in Service -	\$341,716,752
Total Insurance Expense -	\$ 630,532
Property Insurance as a % of Gross Plant	$\$630,532 / \$341,716,752 = 0.18\%$

Estimated Monthly Property Insurance calculation:

$$\begin{aligned} & 1/12 \times \text{Property Insurance Rate} \times \text{Substation CTOIF} \\ & 1/12 \times 0.0018 \times \$1,118,000 \text{ (to be adjusted by final actual costs)} \end{aligned}$$

**Estimated Monthly Property Insurance payment = \$171.91**

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**Attachment 3**

**One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities,  
Metering Equipment, and Upgrades**

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**Attachment 4**

**Milestones**

In-Service Date: October 2021

Critical milestones and responsibility as agreed to by the Parties:

	<b>MILESTONE</b>	<b>DATE</b>	<b>RESPONSIBLE PARTY</b>
1.	Execute interconnection agreement	September 2020	Connecting Transmission Owner/Interconnection Customer
2.	Interconnection Customer to provide an acceptable form of easement for System Upgrade Facilities and Connecting Transmission Owner's Interconnection Facilities real estate to Connecting Transmission Owner	September 2020	Connecting Transmission Owner/Interconnection Customer
3.	Provide initial prepayment/security	September 2020	Interconnection Customer
4.	System Upgrade Facilities permitting	September 2020 - October 2020	Connecting Transmission Owner
5.	Begin design effort for System Upgrade Facilities	September 2020	Connecting Transmission Owner
6.	Begin System Upgrade Facilities equipment procurement	September 2020	Connecting Transmission Owner
7.	Submit detailed one-line and three-line diagrams for Connecting Transmission Owner review, comment, and approval	September 2020	Interconnection Customer
8.	Project Article 10 application deemed compliant	September 2020	Interconnection Customer
9.	Approval of detailed one-line and three-line diagrams	September 2020	Connecting Transmission Owner

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10.	Submit smart inverter settings, including analysis showing appropriateness of Volt-VAr settings, for approval	October 2020	Connecting Transmission Owner/Interconnection Customer
11.	Connecting Transmission Owner's Interconnection Facilities (69 kV tap) design	September 2020- November 2020	Connecting Transmission Owner
12.	Begin System Upgrade Facilities construction	October 2020	Connecting Transmission Owner
13.	Real estate tree clearing for System Upgrade Facilities	October 2020 - December 2020	Connecting Transmission Owner
14.	Complete area coordination study	December 2020	Connecting Transmission Owner
15.	Part 102C assembly, field work, filing	November 2020	Connecting Transmission Owner
16.	Article 10 certificate issued for the Small Generating Facility	March 2021	Interconnection Customer
17.	Start procurement for Small Generating Facility	March 2021	Interconnection Customer
18.	Start construction of Small Generating Facility	April 2021	Interconnection Customer
19.	Part 102C approval	August 2021	Connecting Transmission Owner
20.	Begin Connecting Transmission Owner's Interconnection Facilities construction	August 2021- September 2021	Connecting Transmission Owner
21.	Complete construction of Connecting Transmission Owner's Interconnection Facilities and System Upgrade Facilities	September 2021	Connecting Transmission Owner
22.	Initial Synchronization Date	September 2021	Connecting Transmission Owner/Interconnection Customer
23.	In-Service Date	October 2021	Interconnection Customer

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24. Commercial Operation Date      November 2021      Interconnection Customer

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## Attachment 5

### **Additional Operating Requirements for the New York State Transmission System, the Distribution System and Affected Systems Needed to Support the Interconnection Customer's Needs**

The NYISO, in consultation with the Connecting Transmission Owner, shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the New York State Transmission System or the Distribution System.

Interconnection Customer shall adhere to requirements contained in Connecting Transmission Owner's Interconnection Requirements for Distributed Energy Resources Connected in Parallel with the Central Hudson Electric Delivery System, December 2019 to the extent not inconsistent with the terms of this Agreement, the ISO OATT, or applicable NYISO Procedures.

#### **A. CAPACITY RESOURCE INTERCONNECTION SERVICE REQUIREMENTS**

The Interconnection Customer entered Class Year 2019 to seek to obtain Capacity Resource Interconnection Service for the Small Generating Facility. This Agreement was executed prior to the completion of the Class Year Study for Class Year 2019. If any System Deliverability Upgrades for the Small Generating Facility are identified in a Class Year Study, the Parties shall amend this Agreement to reflect such facilities, pursuant to Article 12.2 of this Agreement, if and after the Interconnection Customer has accepted its Project Cost Allocation for the System Deliverability Upgrade(s) and posted the associated security or payments.

The Interconnection Customer may not supply Unforced Capacity to the New York Control Area from the Small Generating Facility until it has complied with the deliverability requirements pursuant to Attachment S of the ISO OATT, including acceptance of any cost allocation for SDUs and the posting of associated security or payments.

#### **B. ADDITIONAL OPERATING REQUIREMENTS**

Interconnection Customer must comply with the Connecting Transmission Owner's operating instructions and requirements, including the following requirements, to the extent not inconsistent with the terms of this Agreement, the ISO OATT, or applicable NYISO procedures.

##### **1. 69 kV NC Line Outages**

Following a planned or unplanned outage of the 69 kV NC line between North Catskill and the Flats Road Substation, the Flats Road Substation may be supplied from Connecting Transmission Owner's Coxsackie Substation via closure of the normally open breaker at Westerlo. During these conditions (*i.e.*, supply from alternate feed), the Small Generating Facility must remain off-line with the 69 kV circuit breaker in the Flats Road Substation, between the Point of Interconnection and Point of Change of Ownership. Upon restoration of the normal transmission supply; Interconnection Customer may not commence generation until receiving permission from Connecting Transmission Owner's System Operations.



**2. Communications for Protective Relaying & Telemetry**

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Communications associated with telemetry and DTT will be via an Interconnection Customer-owned fiber optic channel between the Flats Road Substation and the Small Generating Facility. During outages of the DTT channel, transmitter and/or receiver, Interconnection Customer must cease generating as directed by Connecting Transmission Owner's System Operations.

**3. Generation Schedule and Synchronization**

Connecting Transmission Owner's System Operations will utilize the generation forecast produced by NYISO. Interconnection Customer shall provide expected status (*e.g.*, in-service or maintenance outage) to Connecting Transmission Owner System Operations on a weekly basis for the following week via email.

**4. Switching, Tagging, and Grounding**

Connecting Transmission Owner shall be responsible for, and its switching, tagging, and grounding rules shall apply to, all switching, tagging, and grounding on Connecting Transmission Owner's side of the Point of Change of Ownership. Interconnection Customer shall be responsible for, and its switching, tagging, and grounding rules shall apply to, all switching, tagging, and grounding on Interconnection Customer's side of the Point of Change of Ownership, except in such cases that Connecting Transmission Owner must perform maintenance or repairs between the Point of Change of Ownership and the breaker supplying the Small Generating Facility. In these cases, Interconnection Customer shall perform switching on the 34.5 kV disconnect switch and provide Connecting Transmission Owner access to allow for application and removal of Connecting Transmission Owner tags on the 34.5 kV disconnect switch.

**5. Remote Terminal Unit**

The Interconnection Customer shall own and maintain a remote terminal unit ("RTU"). Connecting Transmission Owner will provide communications via an Interconnection Customer owned fiber optic cable between the Flats Road Substation and the Small Generating Facility. The Interconnection Customer will provide the following real-time telemetry and control via Interconnection Customer's RTU:

<b>Channel</b>	<b>Channel Type</b>
Plant gross MW at 34.5 kV	Analog Input
Plant gross MVar at 34.5 kV	Analog Input
Desired MW	Analog Output **
MW Deviation Analog Output **	Analog Output **
MW Raise / Lower	Digital Output **
69 kV net MW (in/out)	Analog Input

69 kV net MVA<sub>r</sub> (in/out)

Analog Input

69 kV MWh<sub>r</sub> OUT

Digital Pulse Input

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	(Accumulator)
69 kV MWHr IN	Digital Pulse Input (Accumulator)
34.5 kV disconnect switch status	Digital Input
34.5 kV main breaker status	Digital Input / Output *
69 kV voltage	Analog Input
34.5 kV bus voltage	Analog Input
DTT - receive	Digital Input
DTT - failure (channel and/or equipment)	Digital Input
Test trip control status	Digital Input / Output *
RTU local / remote	Digital Input
* Connecting Transmission Owner requires control of these devices ** If dispatched by NYISO (see notes)	

**NOTES**

1. The Desired MW signal originates from the NYISO. This Desired MW is the six second Security Constrained Dispatch (SCD) value. Connecting Transmission Owner's EMS will repeat this value and forward it to the plant.
2. The Deviation from Desired MW is calculated by Connecting Transmission Owner's EMS as the difference between the Desired MW received from the NYISO and the actual MW output received from the plant.
3. The MW Raise / Lower is a variable pulse width signal that is calculated by Connecting Transmission Owner's EMS AGC, based on the Deviation from Desired MW value.
4. In the event that the plant owner wishes to receive the six second SCD value (Desired MW) directly from the NYISO, the control telemetry detailed above will still be required to support Backup Dispatch. Backup Dispatch will be coordinated through Connecting Transmission Owner.

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## **Attachment 6**

### **Connecting Transmission Owner's Description of its Upgrades and Best Estimate of Upgrade Costs**

The NYISO, in consultation with the Connecting Transmission Owner, 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. The Connecting Transmission Owner shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

The cost estimate for System Upgrade Facilities and System Deliverability Upgrades shall be taken from the ISO OATT Attachment S cost allocation process or applicable Interconnection Study, as required by Section 32.3.5.3.2 of Attachment Z. The cost estimate for Distribution Upgrades shall include the costs of Distribution Upgrades that are reasonably allocable to the Interconnection Customer at the time the estimate is made, and the costs of any Distribution Upgrades not yet constructed that were assumed in the Interconnection Studies for the Interconnection Customer but are, at the time of the estimate, an obligation of an entity other than the Interconnection Customer.

The cost estimates for Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades are estimates. The Interconnection Customer is ultimately responsible for the actual cost of the Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades needed for its Small Generating Facility, as that is determined under Attachments S, X, and Z of the ISO OATT.

#### **A. DISTRIBUTION UPGRADES**

None.

#### **B. SYSTEM UPGRADE FACILITIES ("SUF") - STAND ALONE SUFs**

None.

#### **C. SYSTEM UPGRADE FACILITIES ("SUF") - OTHER SUFs**

The Small Generating Facility will interconnect to Connecting Transmission Owner's transmission system via the Flats Road Substation located on Connecting Transmission Owner's 69 kV line, approximately 1.8 miles from its Cocksackie Substation and 6.8 miles from its North Catskill Substation. The System Upgrade Facilities will consist of the following:

- one (1) 69 kV circuit breaker;
- four (4) 69 kV motor operated disconnect switches;

- two (2) sets of coupling capacitor voltage transformers (6 CCVTs);

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- two (2) single phase 39.8 kV - 120/240 V station service transformers;
- one energy management system remote terminal unit (“EMS-RTU”); and
- the following SUF protection will be required:
  - two (2) zone distance microprocessor relay packages for the 69 kV Flats Road Substation-Coxsackie Line; and
  - two (2) zone distance microprocessor relay packages for the 69 kV Flats Road Substation-North Catskill Line.

The Connecting Transmission Owner will perform, at Interconnection Customer’s expense, an area protection coordination study.

**D. SYSTEM DELIVERABILITY UPGRADES**

The System Deliverability Upgrades required for the Small Generating Facility, if any, will be identified in the Class Year Study for Class Year 2019.

**E. COST ESTIMATES RELATED TO DISTRIBUTION UPGRADES, SYSTEM UPGRADE FACILITIES, AND SYSTEM DELIVERABILITY UPGRADES**

<u>Description</u>	<u>Estimated Costs</u>
System Upgrade Facilities	\$2,131,050
Loop Tap	\$780,000
Area Coordination Study	\$16,000
<b>Total</b>	<b>\$2,927,050</b>

Cost estimates are presented in 2019 dollars, are based on current system conditions and are subject to the following exclusions:

- property and right-of-way acquisition;
- property, income, and use taxes;
- future operation and maintenance costs;
- legal fees;
- additional costs due to adverse field conditions such as rock, water, matting, road construction, weather, and Interconnection Customer electrical equipment obstructions;
- site grading beyond normal clearing, rough grading and topsoil removal;



- site work (*i.e.*, landscaping, access roads, clearing, etc.);

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- costs associated with permitting and licensing including unique permit requirements that materially impact the design;
- telecommunications;
- ground grid analyses, and/or modifications;
- preparation, inspection or construction necessary to meet storm water compliance requirements;
- extended construction hours to minimize outage time or Connecting Transmission Owner's public duty to serve;
- the cost of any temporary construction service, or any required permits;
- distribution station service;
- review and acceptance of any Interconnection Customer designs, specifications, construction, etc. associated with Stand Alone System Upgrade Facilities;
- additional requirements due to lack of available space in the remote stations to accommodate any System Upgrade Facilities; and
- any increase in material costs due to changes in commodity costs will be in addition to the estimate (*i.e.*, present day commodity costs were used for the estimate).

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**Attachment 7**

**Insurance Coverage**

Interconnection Customer shall, at its own expense, maintain in force throughout the period of this Agreement, the following minimum insurance coverage, with insurers authorized to do business in the State of New York:

Commercial General Liability (“CGL”) Insurance including but not limited to, premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available using Insurance Services Office, Inc. Commercial General Liability Coverage (“ISO CG”) Form CG 00 01 04 13 or a form equivalent to or better than CG 00 01 04 13, with minimum limits of two million dollars (\$2,000,000) per occurrence and two million dollars (\$2,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

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**Attachment 8**

**Initial Synchronization Date**

**[Date]**

New York Independent System Operator, Inc.  
Attn: Vice President, Operations  
10 Krey Boulevard  
Rensselaer, NY 12144

Central Hudson Gas & Electric Corporation  
Attn: Director, System Operations  
284 South Avenue  
Poughkeepsie, NY 12601-4879

Re: Greene County 1 Small Generating Facility

Dear \_\_\_\_\_ :

On **[Date]** **[Interconnection Customer]** initially synchronized the Small Generating Facility **[specify units, if applicable]**. This letter confirms that **[Interconnection Customer]**'s Initial Synchronization Date was **[specify]**.

Thank you.

**[Signature]**

**[Interconnection Customer Representative]**

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SERVICE AGREEMENT NO. 2547

**Attachment 9**

**Commercial Operation Date**

**[Date]**

New York Independent System Operator, Inc.  
Attn: Vice President, Operations  
10 Krey Boulevard  
Rensselaer, NY 12144

Central Hudson Gas & Electric Corporation  
Attn: Director, System Operations  
284 South Avenue  
Poughkeepsie, NY 12601-4879

Re: Greene County 1 Small Generating Facility

Dear \_\_\_\_\_:

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. \_\_\_\_\_. This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of the Small Generating Facility **[specify units, as applicable]**, effective as of **[Date plus one day]**.

Thank you.

**[Signature]**

**[Interconnection Customer Representative]**



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**SERVICE AGREEMENT NO. 2648**

**SERVICE AGREEMENT NO. 2648**

**STANDARD SMALL GENERATOR  
INTERCONNECTION AGREEMENT**

**BETWEEN THE**

**NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

**AND**

**NEW YORK POWER AUTHORITY**

**Dated as of August 27, 2021**

**(North Country Energy Storage)**

**SERVICE AGREEMENT NO. 2648**

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Attachment 1 Glossary of Terms

Attachment 2 Detailed Scope of Work, Including Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment

Attachment 3

One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

Attachment 4 Milestones

Attachment 5 Additional Operating Requirements for the New York State Transmission System, the Distribution System and Affected Systems Needed to Support NYPA’s Needs

Attachment 6 NYPA's Description of its Upgrades and Best Estimate of Upgrade Costs

Attachment 7 Initial Synchronization Date

## **SERVICE AGREEMENT NO. 2648**

This Standard Small Generator Interconnection Agreement (“Agreement” or “SGIA”) is made and entered into this 27th day of August, 2021, by and between the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (“NYISO”) and New York Power Authority, a municipal instrumentality organized and existing under the laws of the State of New York (“NYPA”), each hereinafter sometimes referred to individually as “Party” or referred to collectively as the “Parties.”

In consideration of the mutual covenants set forth herein, the Parties agree as follows:





## **SERVICE AGREEMENT NO. 2648**

### **Article 1 Scope and Limitations of Agreement**

#### **1.1 Applicability**

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 Purpose**

This Agreement governs the terms and conditions under which NYPA's Small Generating Facility will interconnect with, and operate in parallel with, the New York State Transmission System or the Distribution System.

#### **1.3 Scope of Interconnection Service**

1.3.1 The NYISO will provide Energy Resource Interconnection Service to NYPA at the Point of Interconnection.

1.3.2 This Agreement does not constitute an agreement to purchase or deliver power. The purchase or delivery of power and other services that NYPA may require will be covered under separate agreements, if any, or applicable provisions of NYISO's tariffs. NYPA will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity in accordance with the applicable provisions of the ISO OATT. The execution of this Agreement does not constitute a request for, nor agreement to, provide Energy, any Ancillary Services or Installed Capacity under the NYISO Services Tariff. If NYPA wishes to supply or purchase Energy, Installed Capacity or Ancillary Services, then NYPA will make application to do so in accordance with the NYISO Services Tariff.

#### **1.4 Limitations**

Nothing in this Agreement is intended to affect any other agreement by and between the NYISO and NYPA, except as otherwise expressly provided herein.

#### **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 NYPA shall construct, interconnect, operate and maintain the Small Generating Facility and construct, operate, and maintain the Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.



## **SERVICE AGREEMENT NO. 2648**

- 1.5.3 NYPA shall construct, operate, and maintain the Upgrades covered by this Agreement in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 NYPA 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. NYPA 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 any Affected Systems.
- 1.5.5 NYPA shall operate, maintain, repair, and inspect, and shall be fully responsible for the safe installation, maintenance, repair and condition of the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. NYPA shall provide Interconnection Facilities that adequately protect the electric system, its personnel, and other persons from damage and injury. NYPA's responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be described in the Attachments to this Agreement.
- 1.5.6 The NYISO shall coordinate with all Affected Systems to support the interconnection. NYPA shall cooperate with the NYISO in these efforts.
- 1.5.7 NYPA shall ensure "frequency ride through" capability and "voltage ride through" capability of its Small Generating Facility. NYPA shall enable these capabilities such that its Small Generating Facility shall not disconnect automatically or instantaneously from its system or equipment 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 NYPA's automatic load-shed program. NYPA 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 NYPA's system or equipment 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 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 NYPA's system or equipment 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

## **SERVICE AGREEMENT NO. 2648**

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 NYPA’s system or equipment 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.

### **1.6 Parallel Operation Obligations**

Once the Small Generating Facility has been authorized to commence parallel operation, NYPA shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to: (1) the rules and procedures concerning the operation of generation set forth in the NYISO tariffs or ISO Procedures or NYPA’s tariff; (2) any requirements consistent with Good Utility Practice or that are necessary to ensure the safe and reliable operation of the Transmission System or Distribution System; and (3) the Operating Requirements set forth in Attachment 5 of this Agreement.

### **1.7 Metering**

NYPA shall be responsible 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. NYPA’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. NYPA 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 the NYISO or NYPA has established different requirements that apply to all similarly situated generators in the New York Control Area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice.

1.8.1.2 Non-Synchronous Generation. NYPA shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the NYISO or NYPA has established a different power factor range that applies to all similarly situated non-synchronous generators in the control area or Transmission District (as applicable) on a comparable basis, in accordance with Good Utility Practice. 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

## SERVICE AGREEMENT NO. 2648

any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnecting non-synchronous generators that have not yet executed a Facilities Study Agreement as of September 21, 2016.

- 1.8.2 The NYISO is required to pay NYPA for reactive power, or voltage support service, that NYPA provides from the Small Generating Facility in accordance with Rate Schedule 2 of the NYISO Services Tariff.
- 1.8.3 Primary Frequency Response. NYPA 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. NYPA 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 Applicable 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 Applicable 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 Applicable Reliability Standard providing for an equivalent or more stringent parameter. NYPA shall notify NYISO that the primary frequency response capability of the Small Generating Facility has been tested and confirmed during commissioning. Once NYPA has synchronized the Small Generating Facility with the New York State Transmission System, NYPA shall operate the Small Generating Facility consistent with the provisions specified in Articles 1.8.3.1 and 1.8.3.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Small Generating Facilities.

1.8.3.1 Governor or Equivalent Controls. Whenever the Small Generating Facility is operated in parallel with the New York State Transmission System, NYPA shall operate the Small Generating Facility with its governor or equivalent



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controls in service and responsive to frequency. NYPA shall: (1) in coordination with NYISO, 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 Applicable Reliability Standard that provides for equivalent or more stringent parameters. NYPA shall be required to provide the status and settings of the governor and equivalent controls to NYISO upon request. If NYPA needs to operate the Small Generating Facility with its governor or equivalent controls not in service, NYPA shall immediately notify NYISO and provide 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. NYPA shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. NYPA 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 New York State Transmission System.

1.8.3.2 Timely and Sustained Response. NYPA 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. NYPA 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 Applicable Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

1.8.3.3 Exemptions. Small Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Articles 1.8.3, 1.8.3.1, and 1.8.3.2 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 requirements in accordance with the droop and deadband capability requirements specified in Article 1.8.3, but shall be otherwise exempt from the operating requirements in Articles 1.8.3, 1.8.3.1, 1.8.3.2, and 1.8.3.4 of this Agreement.



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1.8.3.4 Electric Storage Resources. NYPA shall establish an operating range in Attachment 5 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 Articles 1.8.3, 1.8.3.1, 1.8.3.2, and 1.8.3.3 of this Agreement. Attachment 5 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 resources due to manufacturer specification; and (6) any other relevant factors agreed to between the NYISO and NYPA. If the operating range is dynamic, then Attachment 5 must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

NYPA's electric storage resource is required to provide timely and sustained primary frequency response consistent with Article 1.8.3.2 of this Agreement when it is online and dispatched to inject electricity to the New York State Transmission System and/or receive electricity from the New York State Transmission System. This excludes circumstances when the electric storage resource is not dispatched to inject electricity to the New York State Transmission System and/or dispatched to receive electricity from the New York State Transmission System. If NYPA'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. NYPA'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 Capitalized Terms**

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement. Capitalized terms used herein that are not so defined shall have the meanings specified in Appendix 1 of Attachment Z, Section 25.1.2 of Attachment S, or Section 30.1 of Attachment X of the ISO OATT.



## **SERVICE AGREEMENT NO. 2648**

### **Article 2 Inspection, Testing, Authorization, and Right of Access**

#### **2.1 Equipment Testing and Inspection**

2.1.1 NYPA shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. NYPA shall notify the NYISO of such activities no fewer than five 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. NYPA shall provide the NYISO a written test report when such testing and inspection is completed. The Small Generating Facility may not commence parallel operations if the NYISO finds that the Small Generating Facility has not been installed as agreed upon or may not be operated in a safe and reliable manner.

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

#### **2.2 Authorization Required Prior to Parallel Operation**

2.2.1 The NYISO, in consultation with NYPA, shall use Reasonable Efforts to list applicable parallel Operating Requirements in Attachment 5 of this Agreement. Additionally, the NYISO shall notify NYPA of any changes to these requirements as soon as they are known. The NYISO shall make Reasonable Efforts to cooperate with NYPA in meeting requirements necessary for NYPA to commence parallel operations by the in-service date.

2.2.2 NYPA shall not operate its Small Generating Facility in parallel with the New York State Transmission System or the Distribution System without prior written authorization of the NYISO. The NYISO will provide such authorization once the NYISO receives notification that NYPA has complied with all applicable parallel Operating Requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

#### **2.3 Right of Access**

2.3.1 Upon reasonable notice, the NYISO may send a qualified person to the premises of the Small Generating Facility 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, NYPA shall notify the NYISO at

least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

## **SERVICE AGREEMENT NO. 2648**

- 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, the NYISO shall have access to the Small Generating Facility for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its other legal obligations.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this article.





## **SERVICE AGREEMENT NO. 2648**

### **Article 3 Effective Date, Term, Termination, and Disconnection**

#### **3.1 Effective Date**

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The NYISO and NYPA shall promptly file, or cause to be filed, this Agreement with FERC upon execution, if required. If the Agreement is disputed and NYPA requests that it be filed with FERC in an unexecuted form, the NYISO shall file, or cause to be filed, this Agreement and the NYISO shall identify the disputed language.

#### **3.2 Term of Agreement**

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of twenty-five (25) years from the Effective Date and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 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, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

3.3.1 NYPA may terminate this Agreement at any time by giving the NYISO 20 Business Days written notice. The NYISO may terminate this Agreement after the Small Generating Facility is Retired.

3.3.2 Any Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the New York State Transmission System or the Distribution System, as applicable. All costs required to effectuate such disconnection shall be borne by NYPA, 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 any Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.5 The limitations of liability, indemnification and confidentiality provisions of this Agreement 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.

## **SERVICE AGREEMENT NO. 2648**

### **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 the NYISO, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New York State Transmission System or Distribution System, or the electric systems of others to which the New York State Transmission System or Distribution System is directly connected; or (3) that, in the case of NYPA, 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 the Interconnection Facilities. Under Emergency Conditions, the NYISO or NYPA may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The NYISO shall notify NYPA promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect NYPA’s operation of the Small Generating Facility. NYPA shall notify the NYISO promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the New York State Transmission System or Distribution 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 each Party’s facilities and operations, its anticipated duration, and the necessary corrective action.

### **3.4.2 Routine Maintenance, Construction, and Repair**

The NYISO may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the New York State Transmission System or Distribution System when necessary for routine maintenance, construction, and repairs on the New York State Transmission System or Distribution System. The NYISO shall provide NYPA five Business Days’ notice prior to such interruption. The NYISO and NYPA shall use Reasonable Efforts to coordinate such reduction or temporary disconnection.

### **3.4.3 Forced Outages**

During any forced outage, the NYISO may suspend interconnection service to the Small Generating Facility to effect immediate repairs on the New York State Transmission System or the Distribution System. The NYISO shall use Reasonable Efforts to provide NYPA with prior notice. If prior notice is not given, the NYISO shall, upon request, provide NYPA written documentation after the fact explaining the circumstances of the disconnection.

### **3.4.4 Adverse Operating Effects**

The NYISO shall notify NYPA 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 the New York State Transmission System, the Distribution

System or Affected Systems, or if disconnection is otherwise required under Applicable Reliability Standards or the ISO OATT. Supporting documentation used to reach the decision to

## **SERVICE AGREEMENT NO. 2648**

disconnect shall be provided to NYPA upon request. If, after notice, NYPA fails to remedy the adverse operating effect within a reasonable time, the NYISO may disconnect the Small Generating Facility. The NYISO shall provide NYPA with five Business Days notice of such disconnection, unless the provisions of article 3.4.1 apply.

### **3.4.5 Modification of the Small Generating Facility**

NYPA must receive written authorization from the NYISO before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the New York State Transmission System or the Distribution System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If NYPA makes such modification without the prior written authorization of the NYISO, the NYISO shall have the right to temporarily disconnect the Small Generating Facility. If disconnected, the Small Generating Facility will not be reconnected until the unauthorized modifications are authorized or removed.

### **3.4.6 Reconnection**

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the New York State Transmission System and Distribution System to their normal operating state as soon as reasonably practicable following a temporary disconnection.



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

#### **4.1 Interconnection Facilities**

4.1.1 NYPA shall be responsible for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The NYISO shall provide a best estimate cost, including overheads, for the purchase and construction of the 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 NYPA, such other entities, and the NYISO.

4.1.2 NYPA shall be responsible for all expenses, including overheads, associated with owning, operating, maintaining, repairing, and replacing the Interconnection Facilities, as set forth in Attachment 2 to this Agreement.

#### **4.2 Distribution Upgrades**

NYPA shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. NYPA shall be responsible for the expenses, including overheads, associated with owning, operating, maintaining, repairing, and replacing the Distribution Upgrades, as set forth in Attachment 6 to this Agreement.





## **SERVICE AGREEMENT NO. 2648**

### **Article 5 Cost Responsibility for System Upgrade Facilities and System Deliverability Upgrades**

#### **5.1 Applicability**

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires System Upgrade Facilities or System Deliverability Upgrades.

#### **5.2 System Upgrades**

NYPA shall procure, construct, install, and own the System Upgrade Facilities and System Deliverability Upgrades described in Attachment 6 of this Agreement. To the extent that design work is necessary in addition to that already accomplished in the Class Year Interconnection Facilities Study for the Small Generating Facility, NYPA shall perform or cause to be performed such work.

5.2.1 As described in Section 32.3.5.3 of the SGIP in Attachment Z of the ISO OATT, the responsibility of NYPA for the cost of the System Upgrade Facilities and System Deliverability Upgrades described in Attachment 6 of this Agreement shall be determined in accordance with Attachment S of the ISO OATT, as required by Section 32.3.5.3.2 of Attachment Z. NYPA shall be responsible for all System Upgrade Facility costs as required by Section 32.3.5.3.2 of Attachment Z or its share of any System Upgrade Facilities and System Deliverability Upgrades costs resulting from the final Attachment S process, as applicable, and Attachment 6 to this Agreement shall be revised accordingly.

5.2.2 Pending the outcome of the Attachment S cost allocation process, if applicable, NYPA may elect to proceed with the interconnection of its Small Generating Facility in accordance with Section 32.3.5.3 of the SGIP.

#### **5.3 Special Provisions for Affected Systems**

For the repayment of amounts advanced to the Affected System Operator for System Upgrade Facilities or System Deliverability Upgrades, NYPA and Affected System Operator shall enter into an agreement that provides for such repayment, but only if responsibility for the cost of such System Upgrade Facilities is not to be allocated in accordance with Attachment S of the ISO OATT. The agreement shall specify the terms governing payments to be made by NYPA to the Affected System Operator as well as the repayment by the Affected System Operator.



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

#### **6.1 Reserved.**

#### **6.2 Milestones**

Subject to the provisions of the SGIP, 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. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and: (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless: (1) it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

#### **6.3 Reserved.**



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

#### **7.1 Assignment**

This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. This Agreement may be assigned by any Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 A 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 the assigning Party promptly notifies the other Party of such assignment. A Party may assign this Agreement without the consent of the other Party in connection with the sale, merger, restructuring, or transfer of a substantial portion of all of its assets, including the Interconnection Facilities it owns, so long as the assignee in such a transaction directly assumes all rights, duties and obligation arising under this Agreement.
- 7.1.2 NYPA shall have the right to assign this Agreement, without the consent of the NYISO, for collateral security purposes to aid in providing financing for the Small Generating Facility.
- 7.1.3 Any attempted assignment that violates this article 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 the assigning Party. 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 any Party be liable to the other Party for any indirect, special, consequential, or punitive damages.

#### **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 article 7.2.

7.3.2 Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and hold harmless the other Party (each an “ Indemnified Party”) from, any and all damages, losses, claims, including claims and actions relating to injury to or death

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of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties (any and all of these a “Loss”), arising out of or resulting from: (i) the Indemnified Party’s performance under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the gross negligence or intentional wrongdoing by the Indemnified Party, or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of a Hazardous Substance.

- 7.3.3 If a Party is entitled to indemnification under this article as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such Indemnified Party 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 Party harmless under this article, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party’s actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an Indemnified Party 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 article may apply, the Indemnified Party 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, no 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 another 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 article, 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, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian



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authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing." For the purposes of this article, this definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section 32.10.1 of the ISO OATT.

- 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 Breach and Default**

- 7.6.1 No Breach of this Agreement shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event or the result of an act or omission of the other Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the Breaching Party. Except as provided in article 7.6.2, the Breaching Party shall have 60 calendar days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within 60 calendar days, the Breaching 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 Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.
- 7.6.2 If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, a Default shall exist and the non-defaulting Party shall thereafter have the right to terminate this Agreement, in accordance with article 3.3 hereof, by written notice to the defaulting Party at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not the non-defaulting Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this article shall survive termination of this Agreement.
- 7.6.3 In the event that NYPA elects to proceed under Section 32.3.5.3 of the SGIP, if

the Interconnection Request is withdrawn or deemed withdrawn pursuant to the SGIP during the term of this Agreement, this Agreement shall terminate.

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### **Article 8 Insurance**

- 8.1 NYPA shall, at its own expense, maintain in force throughout the period of this Agreement insurance coverages for the Small Generating Facility in types and amounts consistent with its existing commercial practice for the generating facilities that it owns and operates and Good Utility Practice. Such insurance does not limit or qualify the liabilities and obligations assumed by NYPA under this Agreement. NYPA may self-insure this insurance obligation.
- 8.2 The NYISO agrees to maintain general liability insurance or self-insurance consistent with existing commercial practice. Such insurance or self-insurance shall not exclude the liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify one another whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.



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### **Article 9 Confidentiality**

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated “Confidential.” For purposes of this Agreement all design, operating specifications, and metering data provided by NYPA concerning the Small Generating Facility shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such. Confidential Information shall include, without limitation, information designated as such by the NYISO Code of Conduct contained in Attachment F to the ISO OATT.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, 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, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Each Party is prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC 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 CFR § 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.



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- 9.4 Consistent with the provisions of this article 9, the Parties to this Agreement will cooperate in good faith to provide each other, Affected Systems, Affected System Operators, and state and federal regulators the information necessary to carry out the terms of the SGIP and this Agreement.





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### **Article 10 Disputes**

- 10.1 The NYISO and NYPA agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, the Parties will first attempt to promptly resolve it on an informal basis. If the Parties cannot promptly resolve the dispute on an informal basis, then any Party shall provide the other Party with a written Notice of Dispute. Such notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the notice, any Party may contact FERC's Dispute Resolution Service ("DRS") for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. The result of this dispute resolution process will be binding only if the Parties agree in advance. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If any Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then any Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.



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### **Article 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 Party to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of NYPA with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds. Notwithstanding any other provisions of this Agreement, NYPA shall not be required to comply with any provisions of this Agreement that would result in the loss of tax-exempt status of any of their Tax-Exempt Bonds or impair its ability to issue future tax-exempt obligations. For purposes of this provision, Tax-Exempt Bonds shall include the obligations of NYPA, the interest on which is not included in gross income under the Internal Revenue Code.
  
- 11.3     NYPA does not waive its exemption, pursuant to Section 201(f) of the FPA, from Commission jurisdiction with respect to the Commission's exercise of the FPA's general ratemaking authority.
  
- 11.4     Except where otherwise noted, all costs, deposits, financial obligations and the like specified in this Agreement shall be assumed not to reflect the impact of applicable taxes.



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### **Article 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 New York, 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 the Parties, or under article 12.12 of this Agreement.

#### **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. Notwithstanding the foregoing, any subcontractor of NYPA or NYISO assisting either of those Parties with the Interconnection Request covered by this Agreement shall be entitled to the benefits of indemnification provided for under Article 7.3 of this Agreement and the limitation of liability provided for in Article 7.2 of this Agreement.

#### **12.4 Waiver**

12.4.1 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.

12.4.2 Any waiver at any time by a 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 NYPA shall not constitute a waiver of NYPA's legal rights to obtain an interconnection from the NYISO. Any waiver of this Agreement shall, if requested, be provided in writing.

#### **12.5 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, any Party's compliance with its obligations under this Agreement.

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### **12.6 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.

### **12.7 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 any Party. No 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, another Party.

### **12.8 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.

### **12.9 Security Arrangements**

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects the NYISO and NYPA to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

### **12.10 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.

### **12.11 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



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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.

- 12.11.1 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 to the extent provided for in Articles 7.2 and 7.3 above 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 the NYISO be liable for the actions or inactions of NYPA or its subcontractors with respect to obligations of NYPA 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.
- 12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

### **12.12 Reservation of Rights**

Nothing in this Agreement shall alter the right of the NYISO or NYPA to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder which rights are expressly reserved herein; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.



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### **Article 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 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:

If to NYPA :

New York Power Authority  
Attn: Sr Vice President Power Supply  
Address: Blenheim Gilboa Project  
Valenti Road  
City: Gilboa State: NY Zip: 12076  
Phone: (518) 287-6301

If to the NYISO:

Before Commercial Operation of the Small Generating Facility

New York Independent System Operator, Inc.  
Attention: Vice President, System and Resource Planning  
Address: 10 Krey Boulevard  
City: Rensselaer State: NY Zip: 12144  
Phone: (518) 356-6000

After Commercial Operation:

New York Independent System Operator, Inc.  
Attention: Vice President, Operations  
Address: 10 Krey Boulevard  
City: Rensselaer State: NY Zip: 12144  
Phone: (518) 356-6000

#### **13.2 Reserved.**

#### **13.3 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 NYPA:

New York Power Authority

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Attn: Sr Vice President Power Supply  
Address: Blenheim Gilboa Project  
Valenti Road  
City: Gilboa State: NY Zip: 12076  
Phone: (518) 287-6301  
Email: Brian.Saez@nypa.gov

If to the NYISO:

New York Independent System Operator, Inc.  
Attention: Vice President, Operations  
Address: 10 Krey Boulevard  
City: Rensselaer State: NY Zip: 12144  
Phone: (518) 356-6000  
E-mail: interconnectionsupport@nyiso.com

### **13.4 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.

NYPA's Operating Representative:

New York Power Authority  
Attn: Sr Vice President Power Supply  
Address: Blenheim Gilboa Project  
Valenti Road  
City: Gilboa State: NY Zip: 12076  
Phone: (518) 287-6301

NYISO's Operating Representative:

New York Independent System Operator, Inc.  
Attention: Vice President, Operations  
Address: 10 Krey Boulevard  
City: Rensselaer State: NY Zip: 12144  
Phone: (518) 356-6000  
E-mail: interconnectionsupport@nyiso.com

### **13.5 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.



**SERVICE AGREEMENT NO. 2648**

**Article 14 Signatures**

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

For the New York Independent System Operator, Inc.

By: \_\_\_\_\_

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

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

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

For New York Power Authority

By: \_\_\_\_\_

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

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

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





## SERVICE AGREEMENT NO. 2648

### Attachment 1

#### Glossary of Terms

**Affected System** - An electric system other than the transmission system owned, controlled or operated by NYPA that may be affected by the proposed interconnection.

**Affected System Operator** - Affected System Operator shall mean the operator of any Affected System.

**Affected Transmission Owner** -The New York public utility or authority (or its designated agent) other than NYPA that: (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades or System Upgrade Facilities are installed pursuant to Attachment Z and Attachment S to the ISO OATT.

**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, including but not limited to Environmental Law.

**Applicable Reliability Standards** - The criteria, requirements and guidelines of the North American Electric Reliability Council, the Northeast Power Coordinating Council, the New York State Reliability Council and related and successor organizations, or the Transmission District to which the Small Generating Facility is directly interconnected, as those criteria, requirements and guidelines are amended and modified and in effect from time to time; provided that no Party shall waive its right to challenge the applicability of or validity of any criterion, requirement or guideline as applied to it in the context of Attachment Z to the ISO OATT and this Agreement. For the purposes of this Agreement, this definition of Applicable Reliability Standards shall supersede the definition of Applicable Reliability Standards set out in Attachment X to the ISO OATT.

**Base Case** - The base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Parties; described in Section 30.2.3 of the Large Facility Interconnection Procedures.

**Breach** - The failure of a Party to perform or observe any material term or condition of this Agreement.

**Business Day** - Monday through Friday, excluding federal holidays.

**Capacity Resource Interconnection Service** -The service provided by NYISO to Interconnection Customers that satisfy the NYISO Deliverability Interconnection Standard or that are otherwise eligible to receive CRIS in accordance with Attachment S to the ISO OATT; such

service being one of the eligibility requirements for participation as a NYISO Installed Capacity Supplier.

## **SERVICE AGREEMENT NO. 2648**

**Commercial Operation** shall mean the status of the Small Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation, notice of which must be provided to the NYISO in the form of Attachment 8 to this Agreement.

**Commercial Operation Date** of a unit shall mean the date on which the Large Generating Facility commences Commercial Operation as agreed to by the Parties, notice of which must be provided to the NYISO in the form of Attachment 8 to this Agreement.

**Connecting Transmission Owner** - The New York public utility or authority (or its designated agent) that: (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Small Generator Interconnection Agreement. For purposes of this Agreement, NYPA is the Connecting Transmission Owner.

**Default** - The failure of a Party in Breach of this Agreement to cure such Breach under the Small Generator Interconnection Agreement.

**Distribution System** - The Transmission Owner's facilities and equipment used to distribute electricity that are subject to FERC jurisdiction, and are subject to the NYISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or Small Generator Interconnection Procedures in Attachment Z to the ISO OATT under FERC Order Nos. 2003 and/or 2006. For the purpose of this Agreement, the term Distribution System shall not include LIPA's distribution facilities.

**Distribution Upgrades** - The additions, modifications, and upgrades to the Connecting Transmission Owner'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 the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities or System Upgrade Facilities or System Deliverability Upgrades.

**Energy Resource Interconnection Service** - The service provided by NYISO to interconnect the Interconnection Customer's Small Generating Facility to the New York State Transmission System or Distribution System in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Small Generating Facility, pursuant to the terms of the ISO OATT.

**Force Majeure** - Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, 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. For the purposes of this Agreement, this definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section

32.2.11 of the NYISO Open Access Transmission Tariff.

## **SERVICE AGREEMENT NO. 2648**

**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 NYPA, NYISO, Affected Transmission Owner, or any Affiliate thereof.

**Initial Synchronization Date** shall mean the date upon which the Small Generating Facility is initially synchronized and upon which Trial Operation begins, notice of which must be provided to the NYISO in the form of Attachment 7.

**In-Service Date** shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Interconnection Facilities to obtain back feed power.

**Interconnection Customer** - Any entity, including the Transmission Owner or any of the affiliates or subsidiaries, that proposes to interconnect its Small Generating Facility with the New York State Transmission System or the Distribution System. For purposes of this Agreement, NYPA is the Interconnection Customer.

**Interconnection Facilities** - 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 the New York State Transmission System or the Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or System Upgrade Facilities.

**Interconnection Request** - The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to materially increase the capacity of, or make a material modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the New York State Transmission System or the Distribution System. For the purposes of this Agreement, this definition of Interconnection Request shall supersede the definition of Interconnection Request set out in Attachment X to the ISO OATT.

**Interconnection Study** - Any study required to be performed under Sections 32.2 or 32.3 of the SGIP.

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

## **SERVICE AGREEMENT NO. 2648**

**New York State Transmission System** - The entire New York State electric transmission system, which includes: (i) the Transmission Facilities under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

**NYISO Deliverability Interconnection Standard** - The standard that must be met, unless otherwise provided for by Attachment S to the ISO OATT, by (i) any generation facility larger than 2MW in order for that facility to obtain CRIS; (ii) any Class Year Transmission Project proposing to interconnect to the New York State Transmission System and receive Unforced Capacity Delivery Rights; (iii) any entity requesting External CRIS Rights, and (iv) any entity requesting a CRIS transfer pursuant to Section 25.9.5 of Attachment S to the ISO OATT. To meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in accordance with the rules in Attachment S to the ISO OATT, fund or commit to fund any System Deliverability Upgrades identified for its project in the Class Year Deliverability Study.

**NYISO Minimum Interconnection Standard** - The reliability standard that must be met by any generation facility or Class Year Transmission Project that is subject to NYISO's Large Facility Interconnection Procedures in Attachment X to the ISO OATT or the NYISO's Small Generator Interconnection Procedures in this Attachment Z, that is proposing to connect to the New York State Transmission System or Distribution System, to obtain ERIS. The Minimum Interconnection Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System or to the Distribution System. The Minimum Interconnection Standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

**Operating Requirements** - Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, or NYPA's requirements, including those set forth in the Small Generator Interconnection Agreement. Operating Requirements shall include Applicable Reliability Standards.

**Party or Parties** - The NYISO, NYPA or both the NYISO and NYPA.

**Point of Interconnection** - The point where the Interconnection Facilities connect with the New York State Transmission System or the Distribution System.

**Reasonable Efforts** - With respect to an action required to be attempted or taken by a Party under this 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** - The Interconnection Customer's facility, no larger than 20 MW for the production and/or storage for later injection of electricity identified in the Interconnection Request if proposing to interconnect to the New York State Transmission System or Distribution System, but shall not include (i) facilities proposing to simply receive power from the New York State Transmission System or the Distribution System; (ii) facilities proposing to interconnect to the New York State Transmission System or the Distribution System made solely for the purpose

of generation with no wholesale sale for resale nor to net metering; (iii) facilities proposing to the New York State Transmission System or the Distribution System made solely for the purpose of



## **SERVICE AGREEMENT NO. 2648**

net metering; (iv) facilities proposing to interconnect to LIPA's distribution facilities; and (v) the Interconnection Customer's Interconnection Facilities. A facility will be treated as a single Small Generating Facility if all units within the facility are behind a single facility meter, even if such units are different technology types.

**System Deliverability Upgrades** - The least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard for Capacity Resource Interconnection Service.

**System Upgrade Facilities** - The least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements to make the modifications to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the case of proposed interconnection projects, System Upgrade Facilities are the modification or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Tariff** - The NYISO's Open Access Transmission Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

**Trial Operation** shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Small Generating Facility prior to Commercial Operation.

**Upgrades** - The required additions and modifications to NYPA's portion of the New York State Transmission System or the Distribution System at or beyond the Point of Interconnection. Upgrades may be System Upgrade Facilities or System Deliverability Upgrades Distribution Upgrades. Upgrades do not include Interconnection Facilities.



## **SERVICE AGREEMENT NO. 2648**

### **Attachment 2**

#### **Detailed Scope of Work, Including 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 NYPA, as applicable. The NYISO, in consultation with NYPA, will provide a best estimate itemized cost, including overheads, of the 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.

#### **A. PROJECT DESCRIPTION**

The Small Generating Facility is a 20 MW energy storage facility located in the town of Burke in Franklin County, NY. The Small Generating Facility consists of ten (10) 2.475 MVA inverters. Power from each inverter will be stepped up to 13.8 kV through a 13.8/0.434 kV generator step up (“GSU”) transformer for each inverter.

The 13.8 kV collection system will bring the combined power output to one (1) 115/13.8 kV transformer which is connected to NYPA’s Willis 115 kV Substation.

As depicted in Figure 1 in Attachment 3, the Point of Interconnection (“POI”) for the Small Generating Facility will be at NYPA’s Willis 115 kV Substation.

#### **B. INTERCONNECTION FACILITIES**

As depicted in Figure 1 in Attachment 3, the Interconnection Facilities will consist of the following:

- one (1) 115 kV, 3000 A circuit breaker;
- three (3) 115 kV, 2000 A manually operated disconnect switches;
- two (2) 115 kV, 2000 A grounded motor operated disconnect switches;
- three (3) three-phase 120 kV surge arresters;
- one (1) underground 115 kV cable;
- one (1) capacitor-coupled voltage transformer (CCVT);
- one (1) 115kV/13.8kV 25MVA transformer;
- one (1) 13.8kV/ 208V 1,500KVA station service transformer;
- current and potential transformer (CT/PT) units for revenue metering;
- control and protective equipment;
- relay settings;
- support structures; and
- foundations.



**SERVICE AGREEMENT NO. 2648**

**C. SCOPE OF WORK AND RESPONSIBILITIES**

NYPA will design, procure, and construct the Interconnection Facilities in accordance with its applicable technical requirements. All Interconnection Facilities are owned by NYPA.

**D. COST ESTIMATES FOR INTERCONNECTION FACILITIES**

<u>Description</u>	<u>Estimated Costs</u>
Interconnection Facilities	\$4,800,000.00
<b>Total</b>	<b>\$4,800,000.00</b>

**E. O&M EXPENSES FOR INTERCONNECTION FACILITIES**

NYPA shall be responsible for the Operating and Maintenance (“O&M”) Expenses associated with the Interconnection Facilities, as provided in Section 4.1 of this Agreement.

2-2


**SERVICE AGREEMENT NO. 2648**

**Attachment 3**

**Figure 1**

**One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades**

**[CONTAINS CEII - THIS PAGE REMOVED FROM PUBLIC VERSION]**





**SERVICE AGREEMENT NO. 2648**

**Attachment 4**

**Milestones**

In-Service Date: 03/22/2022

Critical milestones and responsibility as agreed to by the Parties:

	<b>Milestone</b>	<b>Date</b>	<b>Responsible Party</b>
1.	Engineering Design Complete	10/18/2021	NYPA
2.	Construction Complete	02/18/2022	NYPA
3.	Initial Synchronization Date	03/05/2022	NYPA
4.	Commercial Operation Date	03/22/2022	NYPA
5.	In-Service Date	03/22/2022	NYPA

4-1

## **SERVICE AGREEMENT NO. 2648**

### **Attachment 5**

#### **Additional Operating Requirements for the New York State Transmission System, the Distribution System and Affected Systems Needed to Support NYPA's Needs**

The NYISO shall also provide requirements that must be met by the Small Generating Facility prior to initiating parallel operation with the New York State Transmission System or the Distribution System.

NYPA must comply with all applicable NYISO tariffs and Procedures, as amended from time to time.

#### **1. Small Generating Facility's Primary Frequency Response Operating Range**

Pursuant to Article 1.8.3.4 of this Agreement, NYPA must provide primary frequency response consistent with Articles 1.8.3, 1.8.3.1, 1.8.3.2, and 1.8.3.3 of this Agreement when its operating range is between:

Minimum State of Charge: 10%; and  
Maximum State of Charge: 90%.

The operating range shall be static.



## **SERVICE AGREEMENT NO. 2648**

### **Attachment 6**

#### **NYPA's Description of its Upgrades and Best Estimate of Upgrade Costs**

The NYISO, in consultation with NYPA, 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. NYPA shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

The cost estimate for System Upgrade Facilities and System Deliverability Upgrades shall be taken from the ISO OATT Attachment S cost allocation process or applicable Interconnection Study, as required by Section 32.3.5.3.2 of Attachment Z. The cost estimate for Distribution Upgrades shall include the costs of Distribution Upgrades that are reasonably allocable to NYPA at the time the estimate is made, and the costs of any Distribution Upgrades not yet constructed that were assumed in the Interconnection Studies for NYPA but are, at the time of the estimate, an obligation of an entity other than NYPA.

The cost estimates for Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades are estimates. NYPA is ultimately responsible for the actual cost of the Distribution Upgrades, System Upgrade Facilities, and System Deliverability Upgrades needed for its Small Generating Facility, as that is determined under Attachments S, X, and Z of the ISO OATT.

#### **A. DISTRIBUTION UPGRADES**

None

#### **B. SYSTEM UPGRADE FACILITIES**

The Small Generating Facility will interconnect at NYPA's Willis 115 kV Substation via existing 115KV breaker #1208 and a new breaker #1214 in a ring bus configuration. As depicted in Figure 1 in Attachment 3, the System Upgrade Facilities will consist of the following major equipment:

- One (1) 115 kV, 3000 A circuit breaker;
- Relay protection and
- Two (2) 115 kV, 2000 A manually operated disconnect switches.



**SERVICE AGREEMENT NO. 2648**

**C. COST ESTIMATES RELATED TO DISTRIBUTION UPGRADES AND SYSTEM UPGRADE FACILITIES**

<u>Description</u>	<u>Estimated Costs</u>
System Upgrade Facilities	\$1,700,000.00
<b>Total</b>	<b>\$1,700,000.00</b>

6-2




**SERVICE AGREEMENT NO. 2648**

**Attachment 7**

**Initial Synchronization Date**

**[Date]**

New York Independent System Operator, Inc.  
Attn: Vice President, Operations  
10 Krey Boulevard  
Rensselaer, NY 12144

Re: Small Generating Facility

Dear \_\_\_\_\_ :

On **[Date]** **[NYPA]** initially synchronized the Small Generating Facility **[specify units, if applicable]**. This letter confirms that **[NYPA]**'s Initial Synchronization Date was **[specify]**.

Thank you.

**[Signature]**

**[NYPA Representative]**

7-1

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**SERVICE AGREEMENT NO. 2648**

**Attachment 8**

**Commercial Operation Date**

**[Date]**

New York Independent System Operator, Inc.  
Attn: Vice President, Operations  
10 Krey Boulevard  
Rensselaer, NY 12144

Re: \_\_\_\_\_ Small Generating Facility

Dear \_\_\_\_\_:

On **[Date]** **[NYPA]** has completed Trial Operation of Unit No. \_\_\_\_\_. This letter confirms that **[NYPA]** commenced Commercial Operation of the Small Generating Facility **[specify units, as applicable]**, effective as of **[Date plus one day]**.

Thank you.

**[Signature]**

**[NYPA Representative]**



**STANDARD SMALL GENERATOR  
INTERCONNECTION AGREEMENT (SGIA)**

**AMONG THE**

**NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.**

**AND**

**NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID**

**AND**

**ERIE WIND, LLC**

**AND**

**NIAGARA WIND POWER, LLC**

**Dated as of November 1, 2010**

**(for the Steel Winds II Facility)**

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## **STANDARD SMALL GENERATOR INTERCONNECTION AGREEMENT**

This Interconnection Agreement (“Agreement”) is made and entered into this 1<sup>st</sup> day of November, 2010, by and among the New York Independent System Operator, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (“NYISO”) and Niagara Mohawk Power Corporation d/b/a National Grid a corporation existing under the laws of the State of New York (“Connecting Transmission Owner”), Erie Wind, LLC, a limited liability company organized and existing under the laws of the State of Delaware (“Interconnection Customer”), and Niagara Wind Power, LLC, a limited liability company organized and existing under the laws of the State of Delaware (“Niagara Wind Power”) each hereinafter sometimes referred to individually as “Party” or referred to collectively as the “Parties.”

### **NYISO Information**

Attention: VP, System and Resource Planning  
Address: 10 Krey Boulevard  
City: Rensselaer State:NY Zip: 12144 Phone: (518) 356-6000 Fax: (518) 356-6118

### **Connecting Transmission Owner Information**

Connecting Transmission Owner: Niagara Mohawk Power Corporation, d/b/a National Grid

Attention: Director, Transmission Commercial Services  
Address: 300 Erie Boulevard West  
City: Syracuse State:NY Zip: 13202  
Phone: (781) 907-2422 Fax: (781) 907-5707

### **Interconnection Customer Information**

Interconnection Customer: Erie Wind, LLC  
Attention: Legal Department  
Address: 179 Lincoln Street, Suite 500  
City: Boston State:MA Zip: 02111  
Phone: (617) 960-2888 Fax: (617) 960-2889

### **Niagara Wind Power Information**

Niagara Wind Power, LLC

Attention: Legal Department  
Address: 179 Lincoln Street, Suite 500  
City: Boston State: MA Zip: 02111  
Phone: (617) 960-2888 Fax: (617) 960-2889

Interconnection Customer Application No: \_\_

WHEREAS, Erie Wind, LLC, will own and construct a 15 MW wind generation plant (“Small Generating Facility” or “Steel Winds II”) as described in Attachment 2;

WHEREAS, Niagara Wind Power, LLC owns a separate 20 MW wind generation plant (“Steel Winds I wind generation plant”) and has previously executed an Original Interconnection Agreement between Niagara Mohawk Power Corporation, d/b/a National Grid and Steel Winds, LLC (“Original Steel Winds I IA”), as filed with and accepted by the Federal Energy Regulatory Commission (“FERC” or the “Commission”), to address the interconnection of the Steel Winds I wind generation plant;

WHEREAS, Niagara Wind Power, LLC currently interconnects its Steel Winds I wind generation plant to the Connecting Transmission Owner’s Transmission System through facilities located at an Existing Collection Station as described in the Original Steel Winds I IA;

WHEREAS, the certain modifications to the facilities located at the Existing Collection Station that are described in Attachment 2 to this Agreement are necessary to effectuate the interconnection of the Interconnection Customer’s Steel Winds II wind generation plant and are included in the definition of “Jointly Owned Interconnection Facilities” set forth in Attachment 1 of this Agreement;

WHEREAS, both Niagara Wind Power, LLC and Erie Wind, LLC will have an undivided ownership interest in the Jointly Owned Interconnection Facilities described in Attachment 2 to this Agreement that will be constructed and installed at the Existing Collection Station to enable the interconnection of both the Steel Winds I and the Steel Winds II wind generation plants to the Connecting Transmission Owner’s Transmission System;

WHEREAS, the Original Steel Winds I IA is being revised to reflect this undivided ownership interest in the Jointly Owned Interconnection Facilities and to add Erie Wind, LLC as a party to that interconnection agreement (the “Amended Steel Winds I IA”);

WHEREAS, Erie Wind, LLC will have a sole ownership interest in certain additional Interconnection Facilities described in Attachment 2 to this Agreement that will be constructed and installed to enable the interconnection of the Steel Winds II wind generation plant to the Connecting Transmission Owner’s Transmission System;

WHEREAS both Niagara Wind Power, LLC and Erie Wind, LLC have agreed to install certain Jointly Owned Interconnection Facilities necessary for compliance with the operating requirements of the Interim Constrained Operation Period, as such Interconnection Facilities are defined in Attachment 2 to this Agreement;

WHEREAS, both Niagara Wind Power, LLC and Erie Wind, LLC have agreed that the delivered output of the combined Steel Winds I and the Steel Winds II wind generation plants will not exceed 10 MW on each of the Lines 149 and 150 during the Interim Constrained Operation Period prior to the System Upgrade Facilities and Connecting Transmission Owner Interconnection Facilities being in service;

WHEREAS, Niagara Wind Power, LLC and Erie Wind, LLC both have agreed to have Niagara Wind Power, LLC be the Operational Contact and billing contact among the Parties under the two Interconnection Agreements for the Steel Winds I and Steel Wind II facilities; and

WHEREAS, Niagara Wind Power, LLC and Erie Wind, LLC have entered into a separate ownership agreement over the Jointly Owned Interconnection Facilities, such agreement shall govern the responsibilities of these two entities with regard to their ownership of these facilities, but in no way limits either party's responsibilities under this Agreement or the Amended Steel Winds I IA and any subsequent amendments thereto.

NOW THEREFORE, In consideration of the mutual covenants set forth herein, the Parties agree as follows:

## **Article 1 Scope and Limitations of Agreement**

### **1.1 Applicability**

This Small Generator Interconnection Agreement ("SGIA") 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 Purpose**

This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the New York State Transmission System or the Distribution System. This Agreement also governs certain terms and conditions related to the Jointly Owned Interconnection Facilities.

### **1.3 Scope of Interconnection Service**

1.3.1 NYISO will provide Energy Resource Interconnection Service to Interconnection Customer at the Point of Interconnection.

1.3.2 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any, or applicable provisions of NYISO's or Connecting Transmission Owner's tariffs. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity in accordance with the applicable provisions of the NYISO OATT and Connecting Transmission Owner's tariff. The execution of this Agreement does not constitute a request for, nor agreement to, provide energy, any Ancillary Services or Installed Capacity under the NYISO Services Tariff or any Connecting Transmission Owner's tariff. If Interconnection Customer wishes to supply or purchase energy, Installed Capacity or Ancillary Services, then

Interconnection Customer will make application to do so in accordance with the NYISO Services Tariff or Connecting Transmission Owner's tariff.

#### **1.4 Limitations**

Nothing in this Agreement is intended to affect any other agreement by and among the NYISO, Connecting Transmission Owner, Niagara Wind Power, and the Interconnection Customer, except as otherwise expressly provided herein.

#### **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 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain the Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice. The Interconnection Customer and Niagara Wind Power shall construct, operate, and maintain the Jointly Owned 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 The Connecting Transmission Owner shall construct, operate, and maintain its Interconnection Facilities and Upgrades covered by this Agreement in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection Customer and Niagara Wind Power agree to construct their 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. The Interconnection 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 the Connecting Transmission Owner or Affected Systems.
- 1.5.5 The Connecting Transmission Owner, the Interconnection Customer, and Niagara Wind Power 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 of those Parties 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. The Connecting Transmission Owner, the Interconnection Customer, and Niagara Wind Power, as appropriate, shall

provide Interconnection Facilities and Jointly Owned Interconnection Facilities that adequately protect the Connecting Transmission Owner's electric system, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities and Jointly Owned Interconnection Facilities shall be delineated in the Attachments to this Agreement.

- 1.5.6 The NYISO shall coordinate with all Affected Systems to support the interconnection. The Connecting Transmission Owner shall cooperate with the NYISO in these efforts.
- 1.5.7 Interconnection Customer authorizes the Connecting Transmission Owner to contact Niagara Wind Power as the "Operational Contact" for the Interconnection Customer on issues related to the Small Generating Facility, the Interconnection Facilities, and the Jointly Owned Interconnection Facilities. This arrangement does not in any way excuse Interconnection Customer from any obligations applicable to it under this Agreement.

## **1.6 Parallel Operation Obligations**

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer and Niagara Wind Power shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility and the Jointly Owned Interconnection Facilities in the applicable control area, including, but not limited to; (1) the rules and procedures concerning the operation of generation set forth in the NYISO tariffs or ISO Procedures or the Connecting Transmission Owner's tariff; (2) any requirements consistent with Good Utility Practice or that are necessary to ensure the safe and reliable operation of the Transmission System or Distribution System; and (3) the Operating Requirements set forth in Attachment 5 of this Agreement.

## **1.7 Metering**

The Interconnection Customer shall be responsible for the Connecting Transmission Owner'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. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

## **1.8 Reactive Power**

- 1.8.1 The Interconnection 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 established by the Connecting Transmission Owner on a comparable basis, until NYISO has established different requirements that apply to all similarly situated generators in the New York Control Area on a comparable basis.

- 1.8.2 The NYISO is required to pay the Interconnection Customer for reactive power, or voltage support service, that the Interconnection Customer provides from the Small Generating Facility in accordance with Rate Schedule 2 of the NYISO Services Tariff.

## **1.9 Interim Constrained Operation Period**

The Interim Constrained Operating Period will begin upon the Initial Synchronization Date of the Interconnection Customer's Small Generating Facility and will terminate upon the earlier of (a) December 31, 2011 or (b) ten (10) business days after the System Upgrade Facilities and Interconnection Facilities are In Service. During the Interim Constrained Operation Period, the Interconnection Customer and Niagara Wind shall ensure that the delivered output of the combined Steel Winds I and Steel Winds II Small Generating Facilities does not exceed 10 MW on each of the Lines 149 and 150. In accordance with Good Utility Practice, the Interconnection Customer and Niagara Wind Power, LLC shall comply with all Operating Requirements deemed necessary for the Interim Constrained Operations Period.

## **1.10 Capitalized Terms**

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement. Capitalized terms used herein that are not so defined shall have the meanings specified in Section 32.1.0 or Attachment S or Attachment X of the NYISO OATT.

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

### **2.1 Equipment Testing and Inspection**

- 2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer and Niagara Wind Power shall test and inspect its Jointly Owned Interconnection Facilities prior to interconnection. The Interconnection Customer and Niagara Wind Power shall notify the NYISO and the Connecting Transmission Owner of such activities no fewer than five 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. The Connecting Transmission Owner may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer and Niagara Wind Power shall provide the NYISO and Connecting Transmission Owner a written test report when such testing and inspection is completed. The Small Generating Facility may not commence parallel operations if the NYISO, in consultation with the Connecting Transmission Owner, finds that the Small Generating Facility, Interconnection Facilities, or Jointly Owned Interconnection Facilities have not been installed as agreed upon or may not be operated in a safe and reliable manner.

- 2.1.2 The NYISO and Connecting Transmission Owner shall each provide the Interconnection Customer written acknowledgment that it has received the written test report of the Interconnection Customer and Niagara Wind Power. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the NYISO or Connecting Transmission Owner of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or Niagara Wind Power or the quality of power produced by the Small Generating Facility.

## **2.2 Authorization Required Prior to Parallel Operation**

- 2.2.1 The NYISO, in consultation with the Connecting Transmission Owner, shall use Reasonable Efforts to list applicable parallel Operating Requirements in Attachment 5 of this Agreement. Additionally, the NYISO, in consultation with the Connecting Transmission Owner, shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The NYISO and Connecting Transmission Owner shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the New York State Transmission System or the Distribution System without prior written authorization of the NYISO. The NYISO, in consultation with the Connecting Transmission Owner, will provide such authorization once the NYISO receives notification that the Interconnection Customer and Niagara Wind Power have complied with all applicable parallel Operating Requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

## **2.3 Right of Access**

- 2.3.1 Upon reasonable notice, the NYISO and/or Connecting Transmission Owner may send a qualified person to the premises of the Interconnection Customer and Niagara Wind Power at or immediately before the time the Interconnection Facilities or Jointly Owned Interconnection Facilities are energized and immediately prior to the time the Small Generating Facility first produces energy to inspect the Interconnection Customer's Interconnection Facilities and the Jointly Owned Interconnection Facilities, 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, the Interconnection Customer and Niagara Wind Power shall notify the NYISO and Connecting Transmission Owner at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility, Interconnection Facilities, or Jointly Owned Interconnection Facilities.

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, the NYISO and Connecting Transmission Owner each shall have access to premises of the Interconnection Customer and Niagara Wind Power for any reasonable purpose in connection with the performance of the obligations imposed on them by this Agreement or if necessary to meet their legal obligation to provide service to their customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

### **Article 3 Effective Date, Term, Termination, and Disconnection**

#### **3.1 Effective Date**

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The NYISO and Connecting Transmission Owner shall promptly file, or cause to be filed, this Agreement with FERC upon execution, if required. If the Agreement is disputed and the Interconnection Customer or Niagara Wind Power request that it be filed with FERC in an unexecuted form, the NYISO shall file, or cause to be filed, this Agreement and the NYISO shall identify the disputed language.

#### **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 the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 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, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the other Parties 20 Business Days written notice.

3.3.2 Any Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Jointly Owned Interconnection Facilities. 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 any Party of its liabilities and obligations, owed or continuing at the time of the termination. The Interconnection Customer or Niagara Wind Power shall pay all amounts in excess of any deposit or other security without interest within 30 calendar days after receipt of the invoice for such amounts. If the deposit or other security exceeds the invoice, the Connecting Transmission Owner shall refund such excess within 30 calendar days of the invoice without interest. If the Interconnection Customer or Niagara Wind Power disputes an amount to be paid the Interconnection Customer or Niagara Wind Power shall pay the disputed amount to the Connecting Transmission Owner or into an interest bearing escrow account, pending resolution of the dispute in accordance with Article 10 of this Agreement. To the extent the dispute is resolved in the favor of the Interconnection Customer or Niagara Wind Power, that portion of the disputed amount will be returned to the Interconnection Customer or Niagara Wind Power with interest at rates applicable to refunds under the Commission's regulations. To the extent the dispute is resolved in the Connecting Transmission Owner's favor, that portion of any escrowed funds and interest will be released to the Connecting Transmission Owner.
- 3.3.5 The limitations of liability, indemnification and confidentiality provisions of this Agreement shall survive termination or expiration of this Agreement.
- 3.3.6 Termination of this Interconnection Agreement should not affect the Amended Steel Winds I IA, provided that the Connecting Transmission Owner reserves the right to file at the FERC to modify the Amended Steel Winds I IA to reflect such termination or related changes in circumstances.

### **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 the NYISO or Connecting Transmission Owner, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the New York State Transmission System or Distribution System, the Connecting Transmission Owner's Interconnection Facilities or the electric systems of others to which the New York State Transmission System or Distribution System is directly connected; or (3) that, in the case of the Interconnection Customer or Niagara Wind Power, 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 the Interconnection Customer's Interconnection Facilities or the Jointly Owned Interconnection Facilities. Under Emergency Conditions, the NYISO or Connecting Transmission Owner may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility or the Jointly Owned Interconnection Facilities from the New York State Transmission System or Distribution System. The NYISO or Connecting Transmission Owner shall notify Niagara Wind Power, as the Operational Contact for the Interconnection Customer, promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. Niagara Wind Power, as the Operational Contact for the Interconnection Customer, shall notify the NYISO and Connecting Transmission Owner promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the New York State Transmission System or Distribution 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 each Party's facilities and operations, its anticipated duration, and the necessary corrective action.

#### 3.4.2 Routine Maintenance, Construction, and Repair

The NYISO or Connecting Transmission Owner may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility, the Interconnection Facilities, or the Jointly Owned Interconnection Facilities from the New York State Transmission System or Distribution System when necessary for routine maintenance, construction, and repairs on the New York State Transmission System or Distribution System. NYISO or the Connecting Transmission Owner shall provide Niagara Wind Power, as the Operational Contact for the Interconnection Customer with five Business Days notice prior to such interruption. The NYISO and Connecting Transmission Owner shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with Niagara Wind Power as the Operational Contact for the Interconnection Customer.

#### 3.4.3 Forced Outages

During any forced outage, the NYISO or Connecting Transmission Owner may suspend interconnection service to the Interconnection Customer to effect immediate repairs on the New York State Transmission System or the Distribution System. The NYISO shall use Reasonable Efforts to provide Niagara Wind Power, as the Operational Contact for the Interconnection Customer with prior notice. If prior notice is not given, the NYISO shall, upon request, provide Niagara Wind Power, as the Operational Contact for the Interconnection Customer, written documentation after the fact explaining the circumstances of the disconnection.

#### 3.4.4 Adverse Operating Effects

The NYISO or Connecting Transmission Owner shall notify Niagara Wind Power, as the Operational Contact for the Interconnection 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 the New York State Transmission System, the Distribution System or Affected Systems, or if disconnection is otherwise required under Applicable Reliability Standards or the NYISO OATT. Supporting documentation used to reach the decision to disconnect shall be provided to Niagara Wind Power, as the Operational Contact for the Interconnection Customer, upon request. If, after notice, the Interconnection Customer or Niagara Wind Power fails to remedy the adverse operating effect within a reasonable time, the NYISO or Connecting Transmission Owner may disconnect the Small Generating Facility, the Interconnection Facilities, or the Jointly Owned Interconnection Facilities. The NYISO or Connecting Transmission Owner shall provide Niagara Wind Power, as the Operational Contact for the Interconnection Customer, with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

#### 3.4.5 Modification of the Small Generating Facility, the Interconnection Facilities, or the Jointly Owned Interconnection Facilities

The Interconnection Customer or Niagara Wind Power as applicable must receive written authorization from the NYISO and Connecting Transmission Owner before making any change to the Small Generating Facility, the Interconnection Facilities, or the Jointly Owned Interconnection Facilities, that may have a material impact on the safety or reliability of the New York State Transmission System or the Distribution System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer or Niagara Wind Power makes such modification without the prior written authorization of the NYISO and Connecting Transmission Owner, the Connecting Transmission Owner shall have the right to temporarily disconnect the Small Generating Facility, the Interconnection Facilities, or the Jointly Owned Interconnection Facilities. If disconnected, the Small Generating Facility, the Interconnection Facilities, or the Jointly Owned Interconnection Facilities will not be reconnected until the unauthorized modifications are authorized or removed.

#### 3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, Jointly Owned Interconnection Facilities, and the New York State Transmission System and Distribution System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

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

### **4.1 Interconnection Facilities**

- 4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Interconnection Customer and Niagara Wind Power shall be jointly and severally liable for the cost of the modifications to the Jointly Owned Interconnection Facilities itemized in Attachment 2 of this Agreement. The NYISO, in consultation with the Connecting Transmission Owner, shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and the modifications to the Jointly Owned Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities and the Jointly Owned Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, Niagara Wind Power, such other entities, the NYISO, and the Connecting Transmission Owner.
- 4.1.2 The Interconnection Customer and Niagara Wind Power, LLC shall be jointly responsible for their share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities and the Jointly Owned Interconnection Facilities and (2) operating, maintaining, repairing, and replacing the Connecting Transmission Owner's Interconnection Facilities, as set forth in Attachment 2 to this Agreement.

### **4.2 Distribution Upgrades**

The Connecting Transmission Owner shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Connecting Transmission Owner, the Interconnection Customer, and/or Niagara Wind Power agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer or Niagara Wind Power. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer and/or Niagara Wind Power. The Interconnection Customer and Niagara Wind Power shall be responsible for their share of all reasonable expenses, including overheads, associated with owning, operating, maintaining, repairing, and replacing the Distribution Upgrades, as set forth in Attachment 6 to this Agreement.

## **Article 5. Cost Responsibility for System Upgrade Facilities and System Deliverability Upgrades**

### **5.1 Applicability**

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires System Upgrade Facilities or System Deliverability Upgrades.

### **5.2 System Upgrades**

The Connecting Transmission Owner shall procure, construct, install, and own the System Upgrade Facilities and System Deliverability Upgrades described in Attachment 6 of this Agreement. To the extent that design work is necessary in addition to that already accomplished in the Class Year facilities study for the Interconnection Customer, the Connecting Transmission Owner shall perform or cause to be performed such work. If all the Parties agree, the Interconnection Customer or Niagara Wind Power may construct System Upgrade Facilities and System Deliverability Upgrades that are located on land owned by the Interconnection Customer or Niagara Wind Power.

- 5.2.1 As described in Section 32.3.5.3 of the SGIP in Attachment Z of the NYISO OATT, the responsibility of the Interconnection Customer for the cost of the System Upgrade Facilities and System Deliverability Upgrades described in Attachment 6 of this Agreement shall be determined in accordance with Attachment S of the NYISO OATT. The Interconnection Customer shall be responsible for its share of any such costs resulting from the final Attachment S process, and Attachment 6 to this Agreement shall be revised accordingly.
- 5.2.2 Pending the outcome of the Attachment S cost allocation process, the Interconnection Customer may elect to proceed with the interconnection of its Small Generating Facility in accordance with Section 32.3.5.3 of the SGIP.

### **5.3 Special Provisions for Affected Systems**

For the repayment of amounts advanced to Affected System Operator for System Upgrade Facilities or System Deliverability Upgrades, the Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment, but only if responsibility for the cost of such System Upgrade Facilities is not to be allocated in accordance with Attachment S of the NYISO OATT. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by Affected System Operator.

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

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

- 6.1.1 The Connecting Transmission Owner shall bill the Interconnection Customer through Niagara Wind Power, the Operational Contact designated under this Agreement, for the design, engineering, construction, and procurement costs of

the Interconnection Facilities, Upgrades and required modifications to the Jointly Owned Interconnection Facilities and Niagara Wind Power's Sole Use Interconnection Facilities contemplated by this Agreement on a monthly basis, or as otherwise agreed by those Parties. The Interconnection Customer shall pay all invoice amounts within 30 calendar days after receipt of the invoice. This billing arrangement does not in any way excuse Niagara Wind Power from any responsibility for costs pursuant to this Agreement. With respect to amounts owed to Connecting Transmission Owner by Interconnection Customer pursuant to this Agreement, Interconnection Customer authorizes the Connecting Transmission Owner to submit invoices to the Operational Contact for such amounts. The Interconnection Customer and Niagara Wind Power shall remain jointly and severally liable for all amounts owed to the Connecting Transmission Owner under this Agreement for services and equipment provided related to the Jointly Owned Interconnection Facilities.

- 6.1.2 Within three months of completing the construction and installation of the Connecting Transmission Owner's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Connecting Transmission Owner shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Connecting Transmission Owner for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Connecting Transmission Owner shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Connecting Transmission Owner within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Connecting Transmission Owner shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.
- 6.1.3 If the Interconnection Customer or Niagara Wind Power disputes an amount to be paid, the Interconnection Customer or Niagara Wind Power shall pay the disputed amount to the Connecting Transmission Owner or into an interest bearing escrow account, pending resolution of the dispute in accordance with Article 10 of this Agreement. To the extent the dispute is resolved in the favor of the Interconnection Customer or Niagara Wind Power, that portion of the disputed amount will be credited or returned to the Interconnection Customer or Niagara Wind Power with interest at rates applicable to refunds under the Commission's regulations. To the extent the dispute is resolved in the Connecting Transmission Owner's favor, that portion of any escrowed funds and interest will be released to the Connecting Transmission Owner.

## 6.2 Milestones

Subject to the provisions of the SGIP, 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. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure event, it shall immediately notify the other Parties of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (1) attainment of the same milestone has previously been delayed, or (2) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

## 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 the Connecting Transmission Owner's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Connecting Transmission Owner, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Connecting Transmission Owner 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 the Connecting Transmission Owner's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Connecting Transmission Owner under this Agreement during its term. The Connecting Transmission Owner may draw on any such security to the extent that the Interconnection Customer fails to make any payments due under this Agreement. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Connecting Transmission Owner, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Connecting Transmission Owner and must specify a reasonable expiration date.
- 6.3.3 Security posted for System Upgrade Facilities, or cash or Security provided for System Deliverability Upgrades, shall meet the requirements for Security contained in Attachment S to the NYISO OATT.

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

### **7.1 Assignment**

This Agreement, and each and every term and condition hereof, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. This Agreement may be assigned by any Party upon 15 Business Days prior written notice and opportunity to object by the other Parties; provided that:

- 7.1.1 A Party may assign this Agreement without the consent of the other Parties 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 the Interconnection Customer and Niagara Wind Power are required to promptly notify the other Parties of any such assignment. A Party may assign this Agreement without the consent of the other Parties in connection with the sale, merger, restructuring, or transfer of a substantial portion of all of its assets, including the Interconnection Facilities or Jointly Owned Interconnection Facilities it owns, so long as the assignee in such a transaction directly assumes all rights, duties and obligation arising under this Agreement.
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the other Parties, for collateral security purposes to aid in providing financing for the Small Generating Facility.
- 7.1.3 Any attempted assignment that violates this article 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 the Interconnection 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 Parties 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 any Party be liable to the other Parties for any indirect, special, consequential, or punitive damages.

### **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 article 7.2.



- 7.3.2 Each Party (the “Indemnifying Party”) shall at all times indemnify, defend, and hold harmless the other Parties (each an “ Indemnified Party”) from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, the alleged violation of any Environmental Law, or the release or threatened release of any Hazardous Substance, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties (any and all of these a “Loss”), arising out of or resulting from (i) the Indemnified Party’s performance under this Agreement on behalf of the Indemnifying Party, except in cases where the Indemnifying Party can demonstrate that the Loss of the Indemnified Party was caused by the gross negligence or intentional wrongdoing by the Indemnified Party or (ii) the violation by the Indemnifying Party of any Environmental Law or the release by the Indemnifying Party of a Hazardous Substance.
- 7.3.3 If a Party is entitled to indemnification under this article as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such Indemnified Party 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 Party harmless under this article, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party’s actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an Indemnified Party 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 article may apply, the Indemnified Party 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, no 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 another 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 article, 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, 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.” For the purposes of this article, this definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section 32.10.1 of the NYISO OATT.
- 7.5.2 If an event of Force Majeure 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 Parties, 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 Parties 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 Breach and Default**

- 7.6.1 No Breach of this Agreement shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure event or the result of an act or omission of the other Parties, provided that a Breach of this Agreement by the Interconnection Customer or Niagara Wind Power shall not be excused by the act or omission of the other. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the Breaching Party. Except as provided in article 7.6.2, the Breaching Party shall have 60 calendar days from receipt of the Breach notice within which to cure such Breach; provided however, if such Breach is not capable of cure within 60 calendar days, the Breaching 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 Breach notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.
- 7.6.2 If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, a Default shall exist and the non-defaulting Parties acting together shall thereafter have the right to terminate this Agreement, in accordance with article 3.3 hereof, by written notice to the Defaulting Party at any time until cure occurs, and be relieved of

any further obligation hereunder and, whether or not those Parties terminate this Agreement, to recover from the Defaulting Party all amounts due hereunder, plus all other damages and remedies to which they are entitled at law or in equity. The provisions of this article shall survive termination of this Agreement.

- 7.6.3 In cases where the Interconnection Customer has elected to proceed under Section 32.3.5.3 of the SGIP, if the Interconnection Request is withdrawn or deemed withdrawn pursuant to the SGIP during the term of this Agreement, this Agreement shall terminate.

#### 7.7 Liability of Interconnection Customer and Niagara Wind Power.

Notwithstanding any other provisions in this Agreement, the Interconnection Customer and Niagara Wind Power shall be jointly and severally liable for all obligations and responsibilities applicable to either of them under this Agreement related to the Jointly Owned Interconnection Facilities. The Interconnection Customer and Niagara Wind Power are not jointly or severally liable under this Agreement to the Connecting Transmission Owner or NYISO for any obligation or responsibility associated with the Small Generating Facility or for electricity commodity purchases from Connected Transmission Owner.

### **Article 8. Insurance**

- 8.1 The Interconnection Customer and Niagara Wind Power shall, at their own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. Such insurance coverage is specified in Attachment 7 to this Agreement. The Interconnection Customer and Niagara Wind Power shall obtain additional insurance only if necessary as a function of owning and operating a generating facility or interconnection facilities. Such insurance shall be obtained from an insurance provider authorized to do business in New York State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Connecting Transmission Owner, except that the Interconnection Customer and Niagara Wind Power shall show proof of insurance to the Connecting Transmission Owner no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient creditworthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The NYISO and Connecting Transmission Owner agree to maintain general liability insurance or self-insurance consistent with the existing commercial practice. Such insurance or self-insurance shall not exclude the liabilities undertaken pursuant to this Agreement.

- 8.3 The Parties further agree to notify one another whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

## **Article 9. Confidentiality**

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such. Confidential Information shall include, without limitation, information designated as such by the NYISO Code of Conduct contained in Attachment F to the NYISO OATT.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Parties as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, 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, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Each Party is prohibited from notifying the other Parties to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Parties to this Agreement when it is notified by FERC 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 CFR § 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.

- 9.4 Consistent with the provisions of this article 9, the Parties to this Agreement will cooperate in good faith to provide each other, Affected Systems, Affected System Operators, and state and federal regulators the information necessary to carry out the terms of the SGIP and this Agreement.

#### **Article 10. Disputes**

- 10.1 The NYISO, Connecting Transmission Owner, Interconnection Customer, and Niagara Wind Power agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, the Parties will first attempt to promptly resolve it on an informal basis. The NYISO will be available to the Interconnection Customer, Niagara Wind Power, and Connecting Transmission Owner to help resolve any dispute that arises with respect to performance under this Agreement. If the Parties cannot promptly resolve the dispute on an informal basis, then any Party shall provide the other Parties with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, any Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. The result of this dispute resolution process will be binding only if the Parties agree in advance. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-third of any costs paid to neutral third-parties.
- 10.6 If any Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then any Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

#### **Article 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 Parties to maintain the other Parties' tax status. Nothing in this Agreement is intended to adversely affect the tax status of any Party including the status of NYISO, or the status of any Connecting Transmission Owner with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds. Notwithstanding any other provisions of this Agreement, LIPA, NYPA and Consolidated Edison Company of New York, Inc. shall not be required to comply with any provisions of this Agreement that would result in the loss of tax-exempt status of any of their Tax-

Exempt Bonds or impair their ability to issue future tax-exempt obligations. For purposes of this provision, Tax-Exempt Bonds shall include the obligations of the Long Island Power Authority, NYPA and Consolidated Edison Company of New York, Inc., the interest on which is not included in gross income under the Internal Revenue Code.

- 11.3 LIPA and NYPA do not waive their exemptions, pursuant to Section 201(f) of the FPA, from Commission jurisdiction with respect to the Commission's exercise of the FPA's general ratemaking authority.
- 11.4 Any payments due to the Connecting Transmission Owner under this Agreement shall be adjusted to include any tax liability incurred by the Connecting Transmission Owner with respect to the interconnection request which is the subject of this Agreement. Such adjustments shall be made in accordance with the provisions of Article 5.17 of the LGIA in Attachment X of the NYISO OATT. Except where otherwise noted, all costs, deposits, financial obligations and the like specified in this Agreement shall be assumed not to reflect the impact of applicable taxes.

## **Article 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 New York, 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 the Parties, or under article 12.12 of this Agreement.

### **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. Notwithstanding the foregoing, any subcontractor of the Connecting Transmission Owner or NYISO assisting either of those Parties with the Interconnection Request covered by this Agreement shall be entitled to the benefits of indemnification provided for under Article 7.3 of this Agreement and the limitation of liability provided for in Article 7.2 of this Agreement.

## **12.4 Waiver**

- 12.4.1 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.
- 12.4.2 Any waiver at any time by a 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 Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the NYISO. Any waiver of this Agreement shall, if requested, be provided in writing.

## **12.5 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, any Party's compliance with its obligations under this Agreement.

## **12.6 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.

## **12.7 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 any Party. Except as expressly provided for in this Agreement, no 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, another Party.

## **12.8 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.

## **12.9 Security Arrangements**

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects the NYISO, the Connecting Transmission Owner, Market Participants, and interconnection customers interconnected to electric systems (including Niagara Wind Power) to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

## **12.10 Environmental Releases**

Each Party shall notify the other Parties, 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, the Jointly Owned Interconnection Facilities, or the Interconnection Facilities, each of which may reasonably be expected to affect the other Parties. 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 Parties copies of any publicly available reports filed with any governmental authorities addressing such events.

## **12.11 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 Parties for the performance of such subcontractor.

12.11.1 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 Parties to the extent provided for in Sections 32.7.2 and 32.7.3 above 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 the NYISO or Connecting Transmission Owner be liable for the actions or inactions of the Interconnection Customer or Niagara Wind Power or their subcontractors with respect to obligations of the Interconnection Customer or Niagara Wind Power 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.



12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

## **12.12 Reservation of Rights**

Nothing in this Agreement shall alter the right of the NYISO or Connecting Transmission Owner to make unilateral filings with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under Section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder which rights are expressly reserved herein, and the existing rights of the Interconnection Customer or Niagara Wind Power to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations are also expressly reserved herein; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

## **Article 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:

If to the Interconnection Customer:

Erie Wind, LLC  
c/o First Wind Energy

Attention: Legal Department  
Address: 179 Lincoln Street, Suite 500  
City: Boston State: MA Zip: 02111  
Phone: (617) 960-2888 Fax: (617) 960-2889

If to Niagara Wind Power:

Niagara Wind Power, LLC  
c/o First Wind Energy

Attention: Legal Department  
Address: 179 Lincoln Street, Suite 500  
City: Boston State: MA Zip: 02111  
Phone: (617) 960-2888 Fax: (617) 960-2889

If to the Connecting Transmission Owner:

Niagara Mohawk Power Corporation, d/b/a National Grid

Attention: Director, Transmission Commercial Services  
Address: 300 Erie Boulevard West  
City: Syracuse State: NY Zip: 13202  
Phone: (781) 907-2422 Fax: (781) 907-5707

If to the NYISO:

Attention: VP, System and Resource Planning  
Address: 10 Krey Boulevard  
City: Rensselaer State: NY Zip: 12144 Phone: (518) 356-6000 Fax: (518)

356-6118

### 13.2 Billing and Payment

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

If to the Interconnection Customer:

Erie Wind, LLC  
c/o First Wind Energy

Attention: Legal Department  
Address: 179 Lincoln Street, Suite 500  
City: Boston State: MA Zip: 02111  
Phone: (617) 960-2888 Fax: (617) 960-2889

If to Niagara Wind Power:

Niagara Wind Power, LLC  
c/o First Wind Energy

Attention: Legal Department  
Address: 179 Lincoln Street, Suite 500  
City: Boston State: MA Zip: 02111  
Phone: (617) 960-2888 Fax: (617) 960-2889

If to the Connecting Transmission Owner:

Niagara Mohawk Power Corporation, d/b/a National Grid

Attention: Transmission Billing  
Address: West Wing, 2nd Floor,  
40 Sylvan Rd  
City: Waltham State: MA Zip: 02451  
Phone: (781) 907-2221 Fax: (781) 907-5707

### 13.3 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, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Erie Wind, LLC  
c/o First Wind Energy

Attention: Legal Department

Address: 179 Lincoln Street, Suite 500

City: Boston State: MA Zip: 02111

Phone: (617) 960-2888 Fax: (617) 960-2889

If to Niagara Wind Power:

Niagara Wind Power, LLC  
c/o First Wind Energy

Attention: Legal Department

Address: 179 Lincoln Street, Suite 500

City: Boston State: MA Zip: 02111

Phone: (617) 960-2888 Fax: (617) 960-2889

Email: general.counsel@firstwind.com

If to the Connecting Transmission Owner:

Niagara Mohawk Power Corporation, d/b/a National Grid

Attention: Transmission Account Manager

Address: 300 Erie Boulevard West

City: Syracuse State: NY Zip: 13202

Phone: (315) 428-5047 Fax: (315) 428-5114

If to the NYISO:

Attention: VP, System and Resource Planning

Address: 10 Krey Boulevard

City: Rensselaer State: NY Zip: 12144 Phone: (518) 356-6000 Fax: (518)

356-6118

### **13.4 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.

Interconnection Customer's Operating Representative: Niagara Wind Power, LLC

Interconnection Customer: Erie Wind, LLC

Attention: Data Analysis Control Center ("DACC")

Address:  
City: State: Zip:  
Phone: (951) 294-5613 Fax:  
NYISO Dedicated: (951) 296-5282  
Email: DControlCenter@firstwind.com

Transmission Provider's Operating Representative:  
Niagara Mohawk Power Corporation, d/b/a National Grid  
Attention: Transmission Account Manager  
Address: 300 Erie Boulevard West  
City: Syracuse State: NY Zip: 13202  
Phone: (315) 428-5047 Fax: (315) 428-5114

NYISO's Operating Representative:

Attention: Vice President, Operations  
  
Address: 3890 Carman Road  
City: Schenectady State: NY Zip: 12303  
Phone: (518) 356-6000 Fax: (518) 356-6118

### **13.5 Changes to the Notice Information**

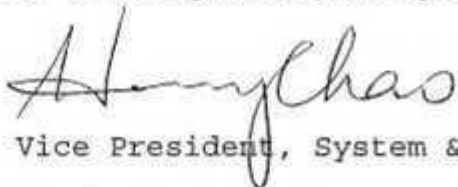
Any Party may change this information by giving five Business Days written notice prior to the effective date of the change.

## Article 14. Signatures

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

For the New York Independent System Operator, Inc.

Name:

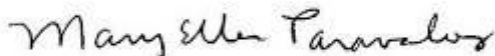


Title: Vice President, System & Resource Planning

Date: October 29, 2010

For the Connecting Transmission Owner: Niagara Mohawk Power Corporation d/b/a National Grid

Name:

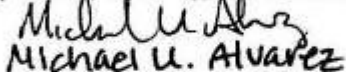


Title: Vice President  
Transmission Regulation & Commercial

Date: NOV 01 2010

For the Interconnection Customer: Erie Wind, LLC  
By: First Wind New York Holdings, LLC, its Member

Name:

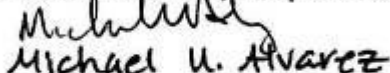


Title: Vice President

Date: 10/29/2010

For Niagara Wind Power, LLC  
By: New York Wind II, LLC, its Member

Name:



Title: Vice President

Date: 10/29/2010

## **Glossary of Terms**

**Affected System** – An electric system other than the transmission system owned, controlled or operated by the Connecting Transmission Owner that may be affected by the proposed interconnection.

**Affected System Operator** – Affected System Operator shall mean the operator of any Affected System.

**Affected Transmission Owner** -- The New York public utility or authority (or its designated agent) other than the Connecting Transmission Owner that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, and (ii) owns, leases or otherwise possesses an interest in a portion of the New York State Transmission System where System Deliverability Upgrades or System Upgrade Facilities are installed pursuant to Attachment Z and Attachment S to the NYISO OATT.

**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, including but not limited to Environmental Law.

**Applicable Reliability Standards** – The criteria, requirements and guidelines of the North American Electric Reliability Council, the Northeast Power Coordinating Council, the New York State Reliability Council and related and successor organizations, or the Transmission District to which the Interconnection Customer's Small Generating Facility is directly interconnected, as those criteria, requirements and guidelines are amended and modified and in effect from time to time; provided that no Party shall waive its right to challenge the applicability of or validity of any criterion, requirement or guideline as applied to it in the context of Attachment Z to the NYISO OATT and this Agreement. For the purposes of this Agreement, this definition of Applicable Reliability Standards shall supersede the definition of Applicable Reliability Standards set out in Attachment X to the NYISO OATT.

**Base Case** -- The base case power flow, short circuit, and stability data bases used for the Interconnection Studies by NYISO, Connecting Transmission Owner or Interconnection Customer; described in Section 32.2.3 of the Large Facility Interconnection Procedures.

**Breach** - The failure of a Party to perform or observe any material term or condition of this Agreement.

**Business Day** – Monday through Friday, excluding federal holidays.

**Capacity Resource Interconnection Service** -- The service provided by NYISO to interconnect the Interconnection Customer's Small Generating Facility to the New York State Transmission System or Distribution System in accordance with the NYISO Deliverability Interconnection Standard, to enable the New York State Transmission System to deliver electric capacity from the Small Generating Facility, pursuant to the terms of the NYISO OATT.

**Connecting Transmission Owner** – The New York public utility or authority (or its designated agent) that (i) owns facilities used for the transmission of Energy in interstate commerce and provides Transmission Service under the Tariff, (ii) owns, leases or otherwise possesses an interest in the portion of the New York State Transmission System or Distribution System at the Point of Interconnection, and (iii) is a Party to the Standard Small Generator Interconnection Agreement.

**Deliverability Interconnection Standard** – The standard that must be met by any Small Generating Facility larger than 2MW proposing to interconnect to the New York State Transmission System or Distribution System and to become a qualified Installed Capacity Supplier, and must be met by any merchant transmission project proposing to interconnect to the New York State Transmission System and receive Unforced Capacity Delivery Rights. To meet the NYISO Deliverability Interconnection Standard, the Interconnection Customer must, in accordance with the rules in Attachment S to the NYISO OATT, fund or commit to fund the System Deliverability Upgrades identified for its project in the Class Year Deliverability Study.

**Default** – The failure of a Party in Breach of this Agreement to cure such Breach under the Small Generator Interconnection Agreement.

**Distribution System** – The Transmission Provider’s facilities and equipment used to distribute electricity that are not under the operational control of the NYISO, and are subject to the SGIP under FERC Order No. 2006. For the purpose of this Agreement, the term Distribution System shall not include LIPA’s distribution facilities.

**Distribution Upgrades** – The additions, modifications, and upgrades to the Connecting Transmission Owner’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 the Interconnection Customer’s wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities or System Upgrade Facilities or System Deliverability Upgrades.

**Energy Resource Interconnection Service** – The service provided by NYISO to interconnect the Interconnection Customer’s Small Generating Facility to the New York State Transmission System or Distribution System in accordance with the NYISO Minimum Interconnection Standard, to enable the New York State Transmission System to receive Energy and Ancillary Services from the Small Generating Facility, pursuant to the terms of the NYISO OATT.

**Existing Collection Station** - As defined in Attachment 2.

**Final Interconnection** - Interconnection of the Small Generating Facility upon completion of installation, testing and commissioning of the System Upgrade Facilities and Interconnection Facilities, and termination of the Interim Constrained Operation Period.

**Force Majeure** – Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, 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. For the purposes of this Agreement, this definition of Force Majeure shall supersede the definitions of Force Majeure set out in Section 2.11 of the NYISO Open Access Transmission Tariff.

**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 Interconnection Customer, Niagara Wind Power, LLC, NYISO, Affected Transmission Owner, Connecting Transmission Owner or any Affiliate thereof.

**Interconnection Customer** – Erie Wind, LLC, which proposes to interconnect its Small Generating Facility (Steel Winds II) with the New York State Transmission System.

**Interconnection Facilities** – The Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities, as specified in Attachment 2. Collectively, Interconnection Facilities and Jointly Owned 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 the New York State Transmission System or the Distribution System. Interconnection Facilities shall not include Distribution Upgrades or System Upgrade Facilities.

**Interconnection Request** – The Interconnection Customer's request, in accordance with the Tariff, 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 the New York State Transmission System or the Distribution System. For the purposes of this Agreement, this definition of Interconnection Request shall supersede the definition of Interconnection Request set out in Attachment X to the NYISO OATT.

**Interconnection Study** – Any study required to be performed under Sections 32.2 or 32.3 of the SGIP.

**Interim Constrained Operation** - Operation of the Interconnection Customer Small Generating Facility (Steel Winds II) and Niagara Wind Power, LLC existing wind facility (Steel



Winds I) during the Interim Constrained Operation Period such that the combined export of the Steel Winds I and Steel Winds II facilities is limited to a maximum of 10 MW on each of the Connecting Transmission Owner's Lines 149 and 150.

**Interim Constrained Operation Period** – The Interim Constrained Operating Period will begin upon the Initial Synchronization Date of the Interconnection Customer's Small Generating Facility. Interim Constrained Operations will terminate upon the earlier of (a) December 31, 2011 or (b) ten (10) business days after the System Upgrade Facilities and Interconnection Facilities are In Service.

**Jointly Owned Interconnection Facilities** – The interconnection-related facilities jointly owned by Interconnection Customer and Niagara Wind Power, LLC as specified in Attachment 2. Collectively, Interconnection Facilities and Jointly Owned 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 the New York State Transmission System or the Distribution 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.

**Minimum Interconnection Standard** – The reliability standard that must be met by any Small Generating Facility proposing to connect to the New York State Transmission System or Distribution System. The Standard is designed to ensure reliable access by the proposed project to the New York State Transmission System. The Standard does not impose any deliverability test or deliverability requirement on the proposed interconnection.

**New York State Transmission System** – New York State Transmission System shall mean the entire New York State electric transmission system, which includes (i) the Transmission Facilities under ISO Operational Control; (ii) the Transmission Facilities Requiring ISO Notification; and (iii) all remaining transmission facilities within the New York Control Area.

**Operating Requirements** – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, or the Connecting Transmission Owner's requirements, including those set forth in the Small Generator Interconnection Agreement. Operating Requirements shall include Applicable Reliability Standards.

**Operational Contact** – Shall have the meaning set forth in Section 1.5.7 of this Agreement.

**Party or Parties** – The NYISO, Connecting Transmission Owner, Interconnection Customer, Niagara Wind Power, LLC, or any combination of the above.

**Point of Interconnection** – The point where the Jointly Owned Interconnection Facilities connect with the New York State Transmission System or the Distribution System.

**Reasonable Efforts** – With respect to an action required to be attempted or taken by a Party under this 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** – The Interconnection Customer’s device no larger than 20 MW for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer’s Interconnection Facilities or the Jointly Owned Interconnection Facilities.

**System Deliverability Upgrades** – The least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications or additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Deliverability Interconnection Standard for Capacity Resource Interconnection Service.

**System Upgrade Facilities** – The least costly configuration of commercially available components of electrical equipment that can be used, consistent with good utility practice and Applicable Reliability Requirements to make the modifications to the existing transmission system that are required to maintain system reliability due to: (i) changes in the system, including such changes as load growth and changes in load pattern, to be addressed in the form of generic generation or transmission projects; and (ii) proposed interconnections. In the additions to the existing New York State Transmission System that are required for the proposed project to connect reliably to the system in a manner that meets the NYISO Minimum Interconnection Standard.

**Tariff** – The NYISO’s Open Access Transmission Tariff, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

**Upgrades** – The required additions and modifications to the Connecting Transmission Owner’s portion of the New York State Transmission System or the Distribution System at or beyond the Point of Interconnection. Upgrades may be System Upgrade Facilities or System Deliverability Upgrades Distribution Upgrades. Upgrades do not include Interconnection Facilities or Jointly Owned Interconnection Facilities.

**Detailed Scope of Work, Including**

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

Equipment, including the Small Generating Facility, Interconnection Facilities, Jointly Owned Interconnection Facilities and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, Niagara Wind Power or the Connecting Transmission Owner. The NYISO, in consultation with the Connecting Transmission Owner, 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.

**A. PROJECT DESCRIPTION**

Plant

Address: 1951 Hamburg Turnpike  
Lackawanna, NY 14218

The Interconnection Customer is constructing the Small Generating Facility, a 15 MW wind generation facility in the towns of Lackawanna and Hamburg, New York (Steel Winds II). The Small Generating Facility will interconnect to the Connecting Transmission Owner's existing Bethlehem Steel 115 kV buses on the Gardenville 149 and 150 Lines using the existing 115 kV service lateral connection and the Plant Step Up ("PSU") Transformer Station ("Existing Collection Station") for the existing Steel Winds I facility, which is owned by Niagara Wind Power LLC. The Steel Winds I and Steel Winds II facilities will be separately owned by Niagara Wind Power LLC and Erie Wind LLC, respectively, and the Existing Collection Station will be a jointly owned PSU Transformer Station consisting of Interconnection Facilities for both projects ("Jointly Owned Interconnection Facilities").

The Small Generating Facility is to consist of six (6) Clipper Liberty 2.5 MW wind turbines operating at 0.690 kV with output stepped up to 13.8 kV through individual pad mount 2.5 MVA transformers. A single 13.8 kV feeder will bring the combined power output of the 6 units to the Existing Collection Station where it will connect to the 13.8kV, side, Bus A section, of the transformer TB 11A1101, along with the existing Steel Winds I Collection Ckt 1 (7A), further stepped up to 115 kV via the 25/33/41.6 MVA 115/13.8Y kV (11.2% impedance) and 25/33/41.6 MVA 115/13.8Y kV (11.3% impedance) transformers (TB 11A1101 and TB 11A1102, respectively), and then brought to the Bethlehem Steel 115 kV bus on the Gardenville 149 and 150 lines. The Existing Collection Station is also used to provide service to Mittal Steel, a load customer of the Connecting Transmission Owner.

The Clipper turbines will have sufficient reactive power to maintain a static or fixed Power Factor within the required range of +0.95 to -0.95 at Pmax. The reactive power capability of the turbines at rated output of 2.5MVA is 820 kVAR. No additional reactive equipment within the Small Generating Facility or the Existing Collection Station has been deemed necessary. No

additional reactive equipment within the Small Generating Facility or the Existing Collection Station has been deemed necessary.

The Point of Interconnection (“POI”) for the Small Generating Facility will be defined as the Bethlehem Steel 115 kV Bus on the Gardenville 149 and 150 Lines.

The Interconnection Customer will interconnect the Small Generating Facility in two stages: an Interim Constrained Operation Interconnection (“ICOI”) and the Final Interconnection (“FI”). The ICOI will be in effect for the Interim Constrained Operation Period and will limit the export of the combined output of the existing Steel Winds I Facility and the Small Generating Facility (Steel Winds II) on each of the 149 and 150 lines until all required System Upgrade Facilities and Interconnection Facilities are in service.

## **B. INTERCONNECTION CUSTOMER’S INTERCONNECTION FACILITIES**

The Interconnection Customer shall design and construct the Interconnection Customer’s Interconnection Facilities and Jointly Owned Interconnection Facilities in accordance with the applicable requirements of Connecting Transmission Owner, as set out in National Grid Electric System Bulletin 756, dated May 2007, to the extent not inconsistent with the terms of this Agreement or the NYISO OATT, and in accordance with the Connecting Transmission Owner’s project specific electrical requirements, to the extent not inconsistent with the terms of this Agreement or the NYISO OATT.

As depicted in Attachment 3, Figure 1, for the Interim Constrained Operation Interconnection (“ICOI”), the Interconnection Customer Interconnection Facilities and the Jointly Owned Interconnection Facilities consist of:

- Equipment in Switchgear cubicle 8A, which constitute Interconnection Facilities that are for the sole use of the Interconnection Customer’s Small Generating Facility (Steel Winds II), including, but not limited to:
  - One (1) 13.8 kV, 1200 A feeder breaker with 29 kA interrupting capability;
  - Three (3) 12 kV station class surge arresters;
  - Four (4) sets of single phase, 1200:5 CTs;
  - One (1) set of single phase, 3000:5 CTs;
- New Jointly Owned Interconnection Facilities that are for the joint use of Niagara Wind Power’s existing Steel Winds I facility and the Small Generating Facility (Steel Winds II), including:
  - Two (2) reverse power relays will be installed by the Developer on the low side of the transformer for limiting the export on each of the Lines 149 and 150 to 10MW or less.
- The Existing Collection Station, which constitutes the remainder of the Jointly Owned Interconnection Facilities for the ICOI that are for the joint use of Niagara Wind Power’s existing Steel Winds I facility and the Small Generating Facility (Steel Winds II), including:
  - One (1) 13.8 kV, 2500 A bus tie breaker with 29 kA interrupting capability;

- Relaying;
- One (1) 3Ph, 75 kVA 13800/480-277V station service transformer;
- Six (6) 115 kV surge arresters;
- Two (2) 25/33/41.6 MVA OA/FA/FA, 115/13.8Y kV GRD Wye/7970V (two winding) transformers;
- Two (2) 13.8 kV, 2500 A breakers with 29 kA interrupting capability;
- Two (2) 115 kV, 1200A, 550 kV BIL oil circuit breakers with 22 kA interrupting capability;
- Two (2) 115 kV, 1200A motor operated, oil circuit breaker disconnect switches;
- Two (2) 115 kV, 1200 A, motor operated line disconnect switches; and
- Two (2) 115 kV, 1200 A, motor operated tie disconnect switches.

As depicted in Attachment 3, Figure 2, for the Final Interconnection, the Interconnection Customer Interconnection Facilities shall consist of the sole use Interconnection Facilities and the joint use Jointly Owned Interconnection Facilities identified above for the ICOI and the following equipment:

- New Jointly Owned Interconnection Facilities that are for the joint use of Niagara Wind Power's existing Steel Winds I facility and the Small Generating Facility (Steel Winds II), including:
  - One (1) RFL-9745 receiver
  - One (1) RFL IMUX 2000
  - Associated switchboard equipment

The Interconnection Customer and Connecting Transmission Owner will coordinate the procurement of the RFL equipment and phone circuits.

### **C. CONNECTING TRANSMISSION OWNER INTERCONNECTION FACILITIES**

There are no Connecting Transmission Owner Interconnection Facilities required for the Interim Constrained Operation Interconnection.

For the Final Interconnection, the Connecting Transmission Owner Interconnection Facilities include:

- i. Interconnection Facilities for the Small Generating Facility (Steel Winds II) (Sole Use Facilities)
  - One (1) revenue meter;
  - Three (3) single phase metering Potential Transformers (PTs);
  - Three (3) single phase metering Current Transformers (CTs);
  - One (1) EMS RTU; and
  - miscellaneous materials and equipment associated w/ the installation of the metering and RTU.

The Connecting Transmission Owner will supply, install, and test and commission all revenue metering equipment. The CTs and PTs will be installed outdoors in the Existing Collection Station on the 13.8kV structure. The Interconnection Customer will provide and install insulated mounting surfaces for all the units.

The RTU will be supplied by the Connecting Transmission Owner. The Interconnection Customer will mount the RTU and wire AC and DC power to it in accordance with National Grid’s Electric Service Bulletin 756. The Connecting Transmission Owner will test and commission the RTU.

ii. Steel Winds I Interconnection Facilities Modifications (Sole Use Facilities)

Due to the addition of the Small Generating Facility (Steel Winds II) and at the Interconnection Customer’s expense, the revenue metering for the Steel Winds I project will be revised. The Interconnection Facilities associated with the modifications include:

- Two (2) revenue meters;
- Six (6) single phase metering Potential Transformers (PTs);
- Six (6) single phase metering Current Transformers (CTs); and
- Associated materials and equipment for installation of the metering.

The Connecting Transmission Owner will supply, install, and test and commission all revenue metering equipment. The CTs and PTs will be installed outdoors in the Existing Collection Station on the 13.8kV structure. The Interconnection Customer will provide and install insulated mounting surfaces for all the units.

**D. ESTIMATED COSTS OF INTERCONNECTION FACILITIES**

<b>Interconnection Customer Interconnection Facilities (ICIF)</b>	
Engineering review and compliance verification of the ICIFs and JOIFs, including all required drawing and equipment spec reviews, relay settings, construction and testing assistance by engineers, as applicable.	<b>\$59,000</b>
<b>Connecting Transmission Owner Interconnection Facilities</b>	
Engineering, design, installation and testing for revenue metering and RTU.	<b>\$205,000</b>

All estimated costs include a +/- 25% contingency

Security to be Posted:

Interconnection Customer will provide security to the Connecting Transmission Owner in the amount of \$205,000 pursuant to Section 6.3 of the Interconnection Agreement for Connecting Transmission Owner's Interconnection Facilities, which is in addition to the security in the amount of \$484,500 previously posted by the Interconnection Customer for System Upgrade Facilities pursuant to Attachment S of the NYISO OATT.

**E. O&M EXPENSES FOR INTERCONNECTION FACILITIES**

In accordance with Article 4.1 of this SGIA, the Interconnection Customer shall be responsible for all reasonable expenses associated with the operation, maintenance, repair and replacement of the Connecting Transmission Owner's Attachment Facilities ("O&M Expenses").

The Interconnection Customer shall have the option to pay such O&M Expenses either under the procedure described in Option 1 or in Option 2 below.

a) Option 1: Fixed On-Going Charge Payment:

The Connecting Transmission Owner will invoice and Interconnection Customer shall pay an annual payment to the Connecting Transmission Owner equal to the product of the Gross Plant Investment associated with the Connecting Transmission Owner Attachment Facility and the Annual Transmission Ongoing Charge Factor, for the term of this Interconnection Agreement.

All payments due to be made by the Interconnection Customer shall be made within thirty (30) days after receiving an invoice from the Connecting Transmission Owner.

The Project's Gross Connecting Transmission Owner's Attachment Facilities Plant Investment cost shall be established in writing by the Connecting Transmission Owner no later than 90 days following commercial operation.

The Annual Transmission On-Going Charge Factor shall be calculated annually each July based on the Company's most recent FERC Form 1 data and will equal the sum of the Revenue Requirement Components as identified in O&M Attachment 1 divided by the Total Gross Plant of the Connecting Transmission Owner. Total Gross Plant shall equal the sum of Item Nos. A (1)(a)(b)(c) in O&M Attachment 1.

b) Option 2: Annual Actual O&M Expenses

The Interconnection Customer shall pay for all actual O&M Expenses incurred by the Connecting Transmission Owner, which expenses shall be billed by the Connecting Transmission Owner quarterly as accumulated during the quarter for which they were incurred.

All payments due to be made by the Interconnection Customer shall be made within thirty (30) days after receiving an invoice from the Connecting Transmission Owner, which invoice shall be issued after the end of each quarter for the most recent quarter.

c) Selection by Interconnection Customer

The Interconnection Customer shall select which option for paying such O&M Expenses by providing written notice to the Connecting Transmission Owner within thirty (30) days after the Gross Connecting Transmission Owner's Attachment Facilities Plant Investment cost and the most recent Annual Transmission Ongoing Charge Factor have been provided to the Interconnection Customer. If the Interconnection Customer fails to provide timely notice to the Connecting Transmission Owner of the option selected, the Interconnection Customer will be deemed to have selected Option 2: Annual Actual O&M Expenses.



## O&M ATTACHMENT 1

Capitalized terms used in this calculation will have the following definitions:

### Allocation Factors

(1) General Plant Allocation Factor shall equal Electric General Plant divided by the sum of Electric General Plant plus gas general plant as reported in the Annual Report filed with the New York State Public Service Commission.

(2) Gross Transmission Plant Allocation Factor shall equal the total investment in Transmission Plant in Service divided by the sum of the total Transmission Plant in Service plus the total Distribution Plant in Service, excluding Intangible Plant, General Plant and Common Plant.

(3) Transmission Wages and Salaries Allocation Factor shall equal the ratio of Connecting Transmission Owner Transmission-related direct electric wages and salaries including any direct wages or salaries charged to Connecting Transmission Owner by a National Grid Affiliate to Connecting Transmission Owner's total electric direct wages and salaries including any wages charged to Connecting Transmission Owner by a National Grid Affiliate excluding any electric administrative and general wages and salaries.

### Ratebase and Expense items

Administrative and General Expense shall equal electric expenses as recorded in FERC Account Nos. 920-935.

Amortization of Investment Tax Credits shall equal electric credits as recorded in FERC Account No. 411.4.

Distribution Plant in Service shall equal the gross plant balance as recorded in FERC Account Nos. 360 – 374.

Electric Common Plant shall equal the balance of Common Plant recorded in FERC Account Nos. 389-399 multiplied by the General Plant Allocation Factor.

General Plant shall equal electric gross general plant balance recorded in FERC Account Nos. 389-399.

Materials and Supplies shall equal electric materials and supplies balance as recorded in FERC Account No. 154.

Payroll Taxes shall equal those electric payroll tax expenses as recorded in FERC Account Nos. 408.100, 408.110 and 408.130.

Prepayments shall equal electric prepayment balance as recorded in FERC Account No. 165.

Real Estate Tax Expenses shall equal electric transmission-related real estate tax expense as recorded in FERC Account No. 408.140 and 408.180.

Transmission Operation and Maintenance Expense shall equal electric expenses as recorded in FERC Account Nos. 560, 562-573.

Transmission Plant in Service shall equal the gross plant balance as recorded in FERC Account Nos. 350-359.

Transmission Revenue Credits shall equal the revenue reported in Account 456.

Transmission Related Bad Debt Expense shall equal Bad Debt Expense as reported in Account 904 related to transmission billing.

Wholesale Metering Cost shall equal any costs associated with any Revenue or Remote Terminal Unit (RTU) meters and associated equipment located at an internal or external tie at voltages equal to or greater than 23V. The cost shall be determined by multiplying the number of wholesale meters in FERC Account No. 370.3 by the average cost of the meters plus the average costs of installation.

In the event that the above-referenced FERC accounts are renumbered, renamed, or otherwise modified, the above sections shall be deemed amended to incorporate such renumbered, renamed, modified or additional accounts.

#### Revenue Requirement Components

The Revenue Requirement Components shall be the sum of Connecting Transmission Owner's (A) Return and Associated Income Taxes, (B) Transmission Related Real Estate Tax Expense, (C) Transmission Related Amortization of Investment Tax Credits, (D) Transmission Related Payroll Tax Expense (E) Transmission Operation and Maintenance Expense, (F) Transmission Related Administrative and General Expenses, less (G) Revenue Credits, plus (H) Bad Debt Expense.

A.Return and Associated Income Taxes shall equal the product of the Transmission Investment Base as identified in A(1) below and the Cost of Capital Rate.

1. Transmission Investment Base shall be defined as

Transmission Related General Plant plus Transmission Related Common Plant plus Transmission Related Regulatory Assets plus Transmission Related Prepayments plus Transmission Related Materials and Supplies plus Transmission Related Cash Working Capital.

- (a) Transmission Plant in Service shall equal the balance of Total investment in Transmission Plant plus Wholesale Metering Cost.
- (b) Transmission Related General Plant shall equal the balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
- (c) Transmission Related Common Plant shall equal Electric Common Plant multiplied by the Gross Transmission Plant Allocation Factor and multiplied by the Transmission Wages and Salaries Allocation Factor.
- (d) Transmission Related Regulatory Assets shall equal balances in FERC Account Nos. 182.3 and 254 for state and federal regulatory assets and liabilities related to FAS109, and excess AFUDC multiplied by the Gross Transmission Plant Allocation Factor
- (e) Transmission Related Prepayments shall equal the electric balance of Prepayments multiplied by the Gross Transmission Plant Allocation Factor.
- (f) Transmission Related Materials and Supplies shall equal the balance of Materials and Supplies assigned to Transmission added to the remainder of Material and Supplies not directly assigned to either Transmission or Distribution multiplied by the Gross Transmission Plant Allocation Factor.
- (g) Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of the Transmission Operation and Maintenance Expense (less FERC Account 565: Transmission of Electricity by Others) and Transmission-Related Administrative and General Expense.

## 2. Cost of Capital Rate

The Cost of Capital Rate shall equal the proposed Weighted Costs of Capital plus Federal Income Taxes and State Income Taxes.

- (a) The Weighted Costs of Capital will be calculated for the Transmission Investment Base using Connecting Transmission Owner's actual capital structure and will equal the sum of (i), (ii), and (iii) below:
  - (i) the long-term debt component, which equals the product of the actual weighted average embedded cost to maturity of Connecting Transmission Owner's long-term debt then outstanding and the actual long-term debt capitalization ratio.

- (ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of Connecting Transmission Owner's preferred stock then outstanding and the actual preferred stock capitalization ratio;
- (iii) the return on equity component, shall be the product of the allowed ROE of 11.9% plus a 50 basis point adder (per FERC Order 697 and 697A) and Connecting Transmission Owner's actual common equity capitalization ratio.

(b) Federal Income Tax shall equal

$$A \times \text{Federal Income Tax Rate} \\ (1 - \text{Federal Income Tax Rate})$$

where A is the sum of the preferred stock component and the return on equity component, each as determined in Sections 2.(a)(ii) and for the ROE set forth in 2.(a)(iii) above

(c) State Income Tax shall equal

$$(A + \text{Federal Income Tax}) \times \text{State Income Tax Rate} \\ (1 - \text{State Income Tax Rate})$$

Where A is the sum of the preferred stock component and the return on equity component as determined in A.2.(a)(ii) and A.2.(a)(iii) above and Federal income Tax is determined in 2.(b) above.

B. Transmission Related Real Estate Tax Expense shall equal the Real Estate Tax Expenses multiplied by the Gross Plant Allocation Factor.

C. Transmission Related Amortization of Investment Tax Credits shall equal the electric Amortization of Investment Tax Credits multiplied by the Gross Transmission Plant Allocation Factor.

D. Transmission Related Payroll Tax Expense shall equal Payroll Taxes multiplied by the Transmission Wages and Salaries Allocation Factor.

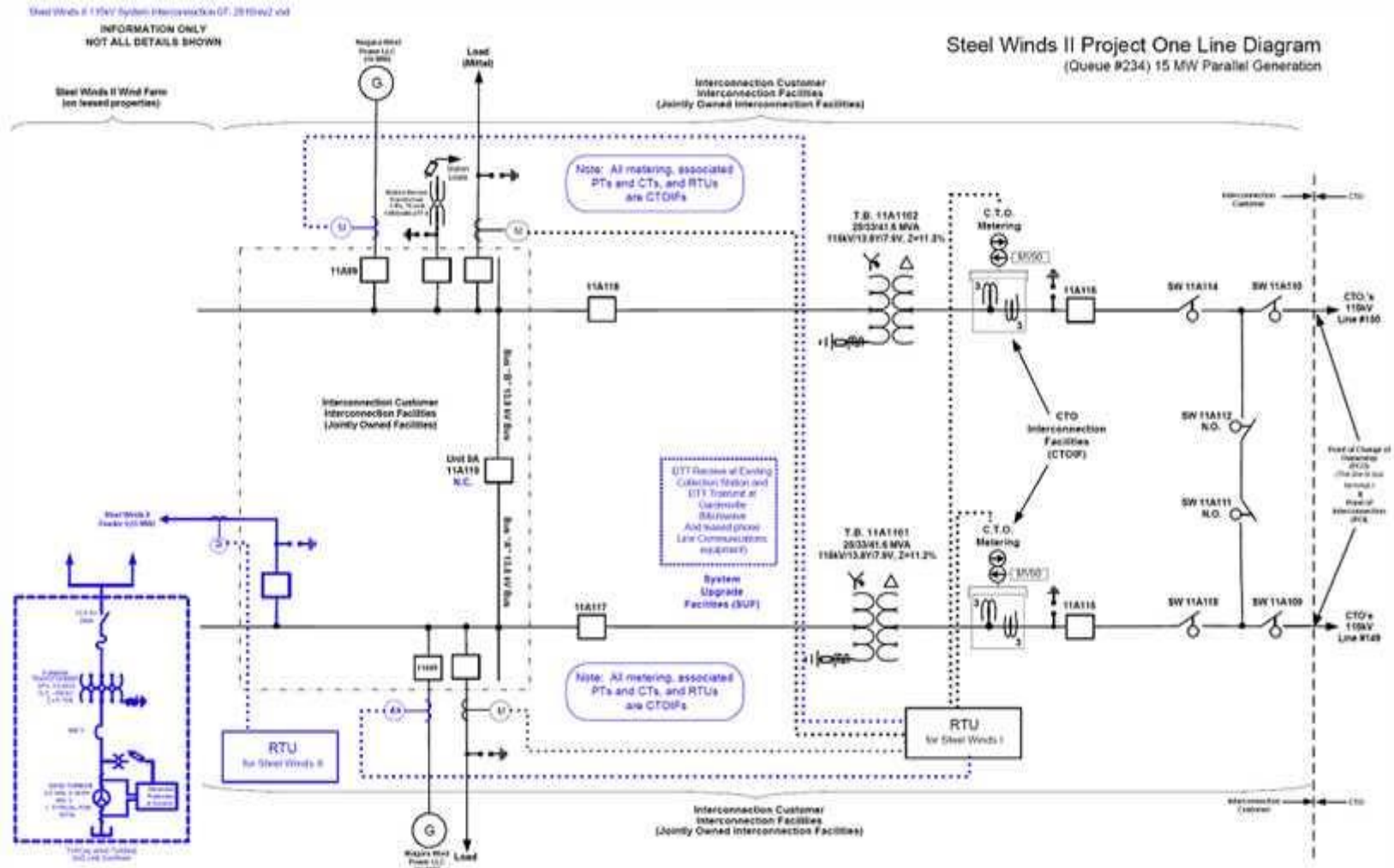
E. Transmission Operation and Maintenance Expense shall equal the Transmission Operation and Maintenance Expense as previously defined.

F. Transmission Related Administrative and General Expenses shall equal the sum of the electric Administrative and General Expenses multiplied by the Transmission Wages and Salaries Allocation Factor.

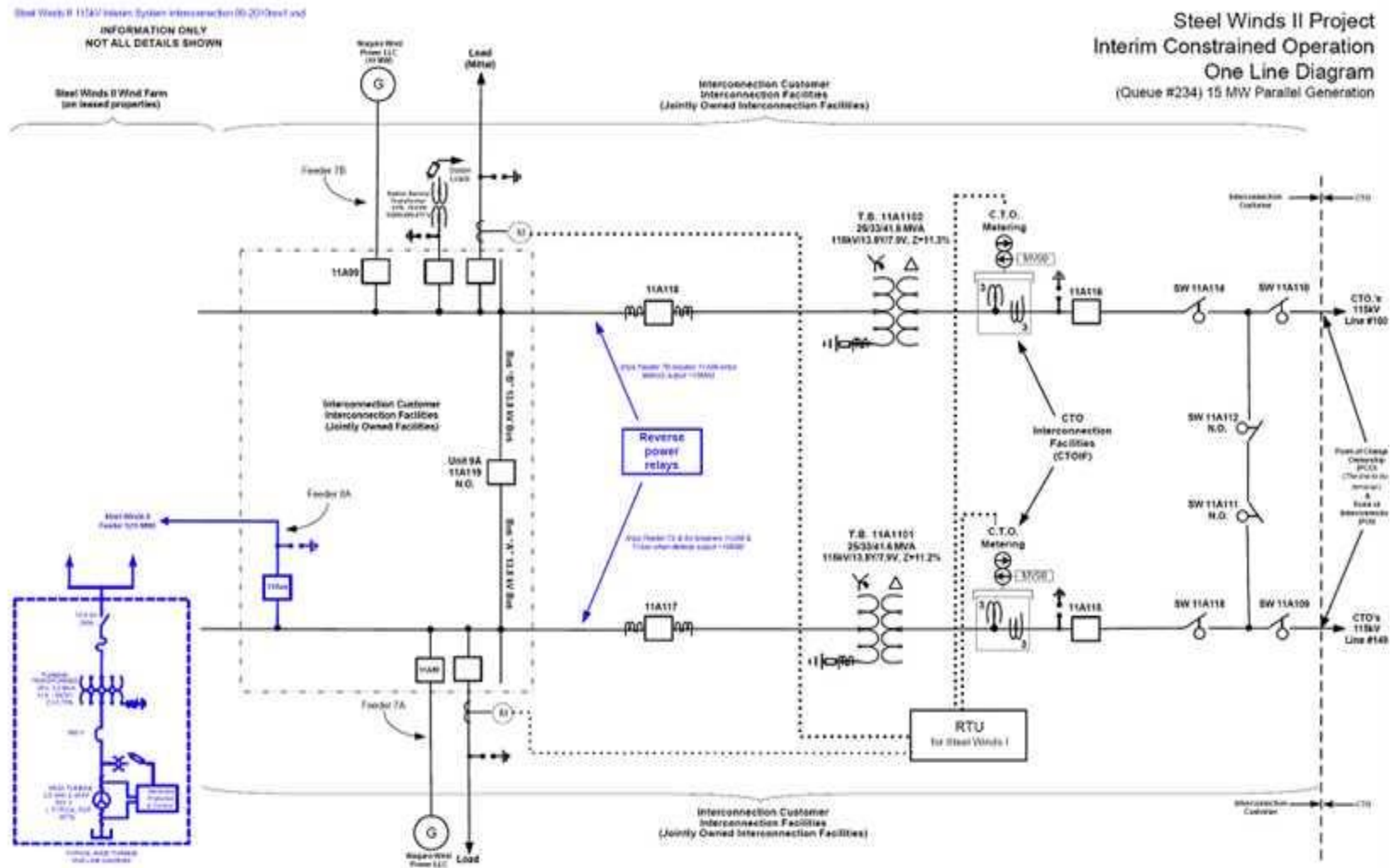
G. Revenue Credits shall equal all Transmission revenue recorded in FERC Account 456.

H. Transmission Related Bad Debt Expense shall equal Transmission Related Bad Debt Expense as previously defined.

**Figure 1: Interim Constrained Operation Interconnection One-line Diagram  
 Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades**



**Figure 2: One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades**



**Attachment 4**

**Milestones**

In-Service Date:        March 2011 (Interim Constrained Operation Interconnection)  
    August 2011 (Final Interconnection)

Critical milestones and responsibility as agreed to by the Parties:

<u>Task</u>	<u>Milestone</u>	<u>Date</u>	<u>Responsible</u>
	Issue written authorization to proceed with engineering, design and procurement	11/1/2010	Developer

**INTERIM CONSTRAINED OPERATION INTERCONNECTION (“ICOI”)**

<u>Task</u>	<u>Milestone</u>	<u>Date</u>	<u>Responsible</u>
1.	Provide detailed electrical design submittal for Interim Constrained Operation Interconnection (“ICOI”)	11/15/2010	Interconnection Customer
2.	Provide security pursuant to Section 11.5 of the Interconnection Agreement	11/2010	Interconnection Customer
3.	Review ICOI design and issue comments	12/2010	Transmission Owner
4.	Submit IFC for ICOI	01/2010	Interconnection Customer
5.	Review IFC for	01/2010	Transmission Owner



	ICOI and issue acceptance an/or comments		
6.	Start Construction of generation facilities (road and site work, turbines, collection system)	10/2010	Interconnection Customer
7.	Start Construction of Interconnection Facilities	12/2010	Interconnection Customer
8.	Complete Construction of Interconnection Facilities for ICOI	1/2011	Interconnection Customer
9.	Complete Construction of generation facilities	3/2011	Interconnection Customer
10.	Field verification	3/2011	Transmission Owner
11.	Testing and Commissioning	3/2011	Interconnection Customer/Transmission Owner
12.	Initial Synchronization	3/2011	Interconnection Customer/Transmission Owner
13.	Commercial Operation	3/2011	Interconnection Customer

**FINAL INTERCONNECTION W/ DTT (“FI”)**

<b><u>Task</u></b>	<b><u>Milestone</u></b>	<b><u>Date</u></b>	<b><u>Responsible</u></b>
1.	Provide detailed electrical design submittal for Final	12/2010	Interconnection Customer

Interconnection ("FI")			
2.	Review FI design and issue comments	1/2011	Transmission Owner
3.	Submit IFC for FI	2/2011	Interconnection Customer
4.	Review IFC for FI and issue acceptance an/or comments	2/2011	Transmission Owner
5.	Issue Microwave spec	10/2010	Transmission Owner
6.	Submit GPR data sheet to TO for telecom ckt	10/2010	Interconnection Customer
7.	Order telecom ckt	11/2010	Transmission Owner
8.	Provide contractor scope for microwave	12/2010	Interconnection Customer
9.	Review, comment and/or accept scope for microwave	12/2010	Transmission Owner
10.	Release PO to contractor	1/2011	Interconnection Customer
11.	Complete microwave design and issue to contractor	2/2011	Interconnection Customer & Transmission Owner
12.	Contractor IFC received, reviewed and accepted	3/2011	Interconnection Customer & Transmission Owner

13.	Microwave installation completed	4/2011	Contractor
14.	Telecom ckt installation completed	4/2011	Verizon
15.	Start Engineering & procurement for SUFs	1/2011	Transmission Owner
16.	Complete Engineering and procurement of SUFs	4/2011	Transmission Owner
17.	Start construction of SUFs	6/2011	Transmission Owner
18.	Complete construction of Interconnection Facilities for FI	7/2011	Interconnection Customer
19.	Complete Construction of SUFs	8/2011	Transmission Owner
20.	Functional testing and field verification of ICIFs	8/2011	Interconnection Customer
21.	In Service	8/2011	Transmission Owner/Interconnection Customer/NYISO
22.	Interconnection Customer testing	9/2011	Interconnection Customer
23.	Commercial Operation	9/2011	Interconnection Customer
24.	As BUILTs for ICIFs submitted to Transmission Owner	12/2011	Interconnection Customer

- |     |                                      |         |                    |
|-----|--------------------------------------|---------|--------------------|
| 25. | As Built drawings completed for SUFs | 12/2011 | Transmission Owner |
| 26. | Project Closeout and final invoicing | 2/2012  | Transmission Owner |

Agreed to by:

For the NYISO *A. Singh* Date 10/29/2010  
For the Connecting Transmission Owner \_\_\_\_\_ Date \_\_\_\_\_  
Interconnection Customer \_\_\_\_\_ Date \_\_\_\_\_

Agreed to by:

For the NYISO \_\_\_\_\_ Date \_\_\_\_\_  
For the Connecting Transmission Owner \_\_\_\_\_ Date \_\_\_\_\_  
Interconnection Customer *M. U. Shy* Date 10/29/2010

Agreed to by:

For the NYISO \_\_\_\_\_ Date \_\_\_\_\_  
For the Connecting Transmission Owner *Mary Ellen Penabaz* Date NOV 05 2010  
Interconnection Customer \_\_\_\_\_ Date \_\_\_\_\_

## Attachment 5

### **Additional Operating Requirements for the New York State Transmission System, the Distribution System and Affected Systems Needed to Support the Interconnection Customer's Needs**

The NYISO, in consultation with the Connecting Transmission Owner, shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the New York State Transmission System or the Distribution System.

The Interconnection Customer must comply with all applicable NYISO tariffs and procedures, as amended from time to time. The Interconnection Customer must also comply with the Connecting Transmission Owner's operating instructions and requirements as referenced in Sections 1.5 and 1.6 of this SGIA, which requirements shall include equipment outages and control arrangements, tagging agreements and procedures, maintenance arrangements and responsibilities, company contacts and phone numbers and supervisory equipment.

The Interconnection Customer must comply with relevant provisions of the Connecting Transmission Owner's Electric System Bulletins 756, 750-2010, and 755-2003, including appendices, as amended from time to time, to the extent not inconsistent with the terms of this Agreement or the NYISO OATT.

The Interconnection Customer is responsible for correcting any Power Quality or Plant control system performance issues that may arise with respect to the day-to-day operations of the Small Generating Facility.

The Interconnection Customer shall comply with the requirements set forth in Section 1.9 of this Agreement for the duration of the Interim Constrained Operation Period.

Execution of this agreement does not guarantee the deliverability of the full capability of the Small Generating Facility to the transmission system. Prevailing system conditions may, at times, be such that curtailment of the Small Generating Facility could be required.

## Attachment 6

### Connecting Transmission Owner's Description of its Upgrades and Best Estimate of Upgrade Costs

The NYISO, in consultation with the Connecting Transmission Owner, 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. The Connecting Transmission Owner shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

The cost estimate for System Upgrade Facilities and System Deliverability Upgrades shall be taken from the NYISO OATT Attachment S cost allocation process. The cost estimate for Distribution Upgrades shall include the costs of Distribution Upgrades that are reasonably allocable to the Interconnection Customer at the time the estimate is made, and the costs of any Distribution Upgrades not yet constructed that were assumed in the Interconnection Studies for the Interconnection Customer but are, at the time of the estimate, an obligation of an entity other than the Interconnection Customer.

The cost estimates for Distribution Upgrades and System Upgrade Facilities and System Deliverability Upgrades are estimates. The Interconnection Customer is ultimately responsible for the actual cost of the Distribution Upgrades and System Upgrade Facilities and System Deliverability Upgrades needed for its Small Generating Facility, as that is determined under Attachments S and X and Z of the NYISO OATT.

#### A. DISTRIBUTION UPGRADES

No Distribution Upgrades are required for the Small Generating Facility.

#### B. SYSTEM UPGRADE FACILITIES

##### i) Gardenville Substation

Dual channel direct transfer trip ("DTT") will be installed between Gardenville Substation and the Jointly Owned Interconnection Station. This will include:

- One (1) RFL 9745 transmitter;
- One (1) 4-wire type A phone circuit from Gardenville Substation to the Existing Collection Station, and associated equipment;
- One (1) RFL IMUX-2000;
- One (1) microwave antenna;
- Harrison True Point microwave radio;
- Multiconductor cable;
- RFL tone equipment and multiplexers for microwave communications equipment; and
- Associated power supplies, conduit, etc for the DTT.

The Connecting Transmission Owner is responsible for the procurement and installation of all System Upgrade Facilities at Gardenville Substation.

ii) Jointly Owned Existing Collection Station

- One (1) microwave antenna;
- Harrison True Point microwave radio;
- Two (2) telecommunications racks;
- One (1) RFL IMUX-2000;
- Additional Positron shelf for telecommunications circuits;
- RFL tone equipment and multiplexers for microwave communications equipment; and
- Associated power supplies, conduit, etc for the DTT.

The Interconnection Customer will provide the AC and DC power for the telecommunications equipment and racks in accordance with the applicable requirements of Connecting Transmission Owner, as set out in National Grid Electric System Bulletin 756, dated May 2007, to the extent not inconsistent with the terms of this Agreement or the NYISO OATT, and in accordance with the Connecting Transmission Owner's project specific electrical requirements, to the extent not inconsistent with the terms of this Agreement or the NYISO OATT.

The Interconnection Customer will procure and install the DTT equipment for the Jointly Owned Existing Collection Station in accordance with the Connecting Transmission Owners standards and specifications. The Connecting Transmission Owner will review and accept all engineering design.

The Interconnection Customer will execute and manage a contract with a 3<sup>rd</sup> party contractor for the procurement and installation of the microwave equipment at both the Jointly Owned Existing Collection Station and the Gardenville Station, in accordance with Connecting Transmission Owner standards and specifications.

The Connecting Transmission Owner will:

- provide specifications for the DTT and microwave equipment and systems;
- review and accept all work associated with the microwave system including, but not limited to, engineering review of the 3<sup>rd</sup> party contractor submittals (e.g., scope of work, equipment, engineering design, installation, etc.)
- manage and coordinate the acquisition and installation of the 4 wire analog circuit and POTs lines;
- prepare and issue relay settings;
- provide the linemen for mounting the microwave antennas (fully certified climbers are required);
- test and commission the DTT system; and
- provide construction supervision.

**C.ESTIMATED COST OF SYSTEM UPGRADE FACILITIES**

<b>System Upgrade Facilities</b>	
Engineering, Design, and construction of modifications and/or additions to the telecommunications and protective relaying at, and/or between, the Jointly Owned Interconnection Station and Gardenville station (including radio network between the stations and the 4-wire analog circuit)	
<b>Jointly Owned Interconnection Station</b>	<b>\$483,000</b>
<b>Gardenville Station</b>	<b>\$554,000</b>
<b>SUF Subtotal</b>	<b>\$1,037,000</b>

The Interconnection Customer acknowledges and accepts the revised estimate of Upgrade Costs in the amount of \$1.037M that are described herein, and provided in detail in the Amended Facilities Study Report – Part 1, dated October 28, 2010, which was conducted by the Connecting Transmission Owner to evaluate modifications to the Small Generating Facility made subsequent to the Interconnection Customer posting \$484,500 in security. The Interconnection Customer acknowledges and agrees that it is responsible for the actual costs of System Upgrade Facilities, pursuant to Attachment S of the NYISO OATT, including actual costs that exceed the secured amount of \$484,500.



**Attachment 7**

**Insurance Coverage**

Interconnection Customer shall, at its own expense, maintain in force throughout the period of this Agreement, the following minimum insurance coverage, with insurers authorized to do business in the State of New York:

Commercial General Liability Insurance including, but not limited to, bodily injury, property damage, products/completed operations, contractual and personal injury liability with a combined single limit of \$1 million per occurrence, \$2 million annual aggregate.

**SMALL GENERATOR  
INTERCONNECTION AGREEMENT (SGIA)  
(For Generating Facilities No Larger Than 20 MW)**

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Attachment 1 – Glossary of Terms

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

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

Attachment 4 – **[Not Applicable]**

Attachment 5 – Additional Operating Requirements for the Transmission Owner's Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs

Attachment 6 – **[Not Applicable]**

This Interconnection Agreement (“Agreement”) is made and entered into this 27th day of January, 2011 by Niagara Mohawk Power Corporation d/b/a National Grid (“Transmission Owner” ), and United States Gypsum Company (“Interconnection Customer”) each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties”.

### **Transmission Owner Information**

Transmission Owner: Niagara Mohawk Power Corporation d/b/a National Grid

Attention: Vice President Transmission Commercial Services

City: Waltham State: MA Zip: 02451

Phone: 718-907-5706 Fax: 718-907-5707

### **Interconnection Customer Information**

“Interconnection Customer”     

Attention: United States Gypsum Company

City: Chicago State: IL Zip: 60661-3676

Phone: (312) 436-4177 Fax: (312) 672-4177

Interconnection Customer Application No: N/A

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

### **Article 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 The Interconnection Customer owns and operates a 5.0 MW generating facility in Oakfield, Genesee County, New York that already is interconnected to Transmission Owner’s system. This Agreement sets forth the terms and conditions under which the Interconnection Customer’s Small Generating Facility will continue to operate in parallel with the Transmission Provider’s Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer’s power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the New York Independent System Operator (Transmission Provider), if any.
- 1.4 Nothing in this Agreement is intended to affect any other agreement between the Transmission Owner and the Interconnection 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 The Interconnection Customer shall operate and maintain its Small Generating Facility and operate and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 The Transmission Owner shall operate and maintain its Transmission System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 To the extent that it becomes necessary, pursuant to the terms hereof, to construct new, or upgrade existing, facilities, the Interconnection 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. The Interconnection Customer agrees to 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 the Transmission Owner or 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 the 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. The Transmission Owner and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Transmission Owner'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 previously have been agreed to and are delineated in the Attachments to the Agreement.
- 1.5.6 To the extent necessary, the Transmission Owner shall coordinate with all Affected Systems to support the interconnection.

## 1.6 Parallel Operation Obligations

The Interconnection Customer shall continue to abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff and / or by the Transmission Owner for the Transmission Provider's Transmission System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

## 1.7 Metering

The Interconnection Customer shall be responsible for the Transmission Owner'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. The Interconnection Customer's metering (and data acquisition, as required) equipment shall continue to conform to applicable industry rules and Operating Requirements. The Parties acknowledge that to the best of their knowledge the metering and data acquisition equipment currently in place is adequate and does not require replacement or upgrade, provided that such acknowledgement does not alter the requirement for the Interconnection Customer to take the steps necessary for the Interconnection Customer's metering (and data acquisition, as required) equipment to continue to conform to applicable industry rules and Operating Requirements.

## 1.8 Reactive Power

1.8.1 The Interconnection Customer shall operate 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 the Transmission Provider has established different requirements that apply to all similarly situated generators in the control area on a comparable basis.

1.8.2 The Transmission Provider is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generating Facility when the Transmission Provider requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in Section 1.8.1.

1.8.3 Payments shall be in accordance with the Tariff.

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



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

### **2.1 Equipment Testing and Inspection**

2.1.1 To the extent that Transmission Owner, in accordance with Good Utility Practice, reasonably determines a need, it may request that the Interconnection Customer test and inspect its Small Generating Facility and Interconnection Facilities. The Interconnection Customer shall notify the Transmission Owner of such activities no fewer than five 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. The Transmission Owner may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Transmission Owner a written test report when such testing and inspection is completed.

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

### **2.2 Authorization Required Prior to Parallel Operation**

2.2.1 The Transmission Owner shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Transmission Owner shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Transmission Owner shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to continue parallel operations.

## 2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Transmission Owner may send a qualified person to the premises of the Interconnection Customer to inspect the operation of the interconnection and the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days to ensure that it is being operated and maintained consistent with the existing Interconnection Agreement.. In addition, the Interconnection Customer shall notify the Transmission Owner at least five 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, the Transmission Owner shall have access to the Interconnection 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 complying with this Section 2.3.

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

### 3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Transmission Owner shall promptly file this Agreement with the FERC upon execution, if required.

### 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 the Interconnection 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, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

- 3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Transmission Owner 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 the Transmission Owner's Transmission System until such time as a subsequent Interconnection Agreement, if any, shall become effective for the Facility. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.
- 3.3.4 The provisions of this Section 3.3 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 the Transmission Provider, 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, the Transmission Owner's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (3) that, in the case of the Interconnection 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 the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Transmission Owner may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Transmission Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the Transmission Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Transmission Owner's Transmission System or other 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.

### Routine Maintenance, Construction, and Repair

The Transmission Owner may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the Transmission Owner's Transmission System when necessary for routine maintenance, construction, and repairs on the Transmission Provider's Transmission System. The Transmission Owner shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Transmission Owner shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer. Upon request by the Interconnection Customer, the Transmission Owner will consider performing maintenance during a time period other than as scheduled by the Transmission Owner, provided that it might not reasonably be expected to have an adverse impact upon the Transmission Owner's operations, other customers of the Transmission Owner as determined by the Transmission Owner, or increase the cost of any maintenance, construction or repair.

#### 3.4.2 Forced Outages

During any forced outage, the Transmission Owner may suspend interconnection service to effect immediate repairs on the Transmission Owner's Transmission System. The Transmission Owner shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Transmission Owner shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

#### 3.4.3 Adverse Operating Effects

The Transmission Owner shall notify the Interconnection 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 the Transmission Owner's Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Transmission Owner may disconnect the Small Generating Facility if required by Good Utility Practice. The Transmission Owner shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of Section 3.4.1 apply.

#### 3.4.4 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the Transmission Owner 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 the Interconnection Customer makes such modification without the Transmission Owner's prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility if required by Good Utility Practice.

#### 3.4.5 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the Transmission Owner's Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

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

#### 4.1 Interconnection Facilities

4.1.1 The Transmission Owner and Interconnection Customer agree that the existing Interconnection Facilities are adequate for the purposes of this Agreement, and the Interconnection Customer shall continue to assume the adequacy of the Interconnection Facilities unless and until otherwise notified by the Transmission Owner. The Parties also agree that the Interconnection Customer is not obligated to pay for any additional Interconnection Facility for this Agreement to become effective.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Transmission Owner's Interconnection Facilities.

#### 4.1.3 Modification of the Interconnection Facility

The Transmission Owner shall provide reasonable written notice to the Interconnection Customer of any determination made by the Transmission Owner that a modification, replacement or upgrade to the Interconnection Facility is required by Good Utility Practice. Such notice shall include reasonable information concerning the proposed modification, replacement or upgrade consistent with Good Utility Practice.

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

### **5.1 Applicability**

No portion of this Article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades. The Transmission Owner shall notify the Interconnection Owner if any Network Upgrades become necessary which could interrupt interconnection service or curtail the output of the Small Generating Facility in accordance with Section 3.4.2.

### **5.2 Network Upgrades**

The Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Transmission Owner and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Transmission Owner elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

#### **5.2.1 Repayment of Amounts Advanced for Network Upgrades**

The Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Transmission Owner for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Transmission Provider's Tariff for transmission services with respect to the Small Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.

5.2.1.1 Notwithstanding the foregoing, the Interconnection Customer, the Transmission Owner, and Affected System operator may adopt any alternative payment schedule that is mutually agreeable so long as the Transmission Owner take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Transmission Owner will continue to provide payments to the Interconnection 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 twenty (20) years from the commercial operation date.

- 5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Transmission Owner shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

### 5.3 Special Provisions for Affected Systems

Unless the Transmission Owner provides, under this Agreement, for the repayment of amounts advanced to Affected System operator for Network Upgrades, the Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by 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 the Interconnection 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 cash reimbursements or transmission credits for transmission service that is not associated with the Small Generating Facility.

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

### 6.1 Billing and Payment Procedures and Final Accounting

- 6.1.1 The Transmission Owner shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades by this Agreement, if any, on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

- 6.1.2 Within three months of completing the construction and installation of the Transmission owner's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, if any, the Transmission Owner shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Transmission Owner for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Transmission Owner shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Transmission Owner within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Transmission Owner shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

## **Article 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 the assigning Party will notify the other Party of any such assignment as soon as reasonably practicable.
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Transmission Owner, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Transmission Owner of any such assignment.
- 7.1.3 Any attempted assignment that violates this article 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 the Interconnection 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, and includes the violation of any environmental law, regulation or industry standard as well as the release of any hazardous substance, whether or not the hazardous nature of the substance is known as of the date of execution of this Agreement. Liability under this provision is exempt from the general limitations on liability found in Section 7.2.
- 7.3.2 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 other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, 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 article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, 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 article, 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 article 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 article, 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, breakage or accident to machinery or equipment, strikes, stoppage of labor, labor dispute, failure of contractors or supplies of material, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control including, but not limited to, unscheduled repairs or maintenance, fuel or energy shortages, or equipment breakdown. A Force Majeure Event does not include any 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 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 Subject to the terms of Article 10, if a Default is not cured as provided in this Article, 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 Article will survive termination of this Agreement.

## **Article 8. Insurance**

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Transmission Provider, except that the Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liability, and such a proposal shall not be unreasonably rejected.
- 8.2 The Transmission Owner agrees to maintain general liability insurance or self-insurance consistent with the Transmission Owner's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Transmission Owner's liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify each other as soon as reasonably practicable whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

## Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated “Confidential.” For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer, as well as information regarding the Interconnection Customer’s cost of operating and maintaining the Interconnection Facility or Small Generating Facility including, but not limited to, prices paid to third-party vendors, shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 81 CFR § 1b.20, if FERC, 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, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties shall notify the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC 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 CFR § 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.

## **Article 10. Disputes**

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, the Parties will first attempt to promptly resolve it on an informal basis. If the Parties cannot promptly resolve the dispute on an informal basis, then either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g. mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-33-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

## **Article 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 the Transmission Owner's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bond.

## **Article 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 law of the state of New York (where the Point of Interconnection is located), 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 Waiver

12.4.1 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.

12.4.2 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 to this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Owner. Any waiver of this Agreement shall, if requested, be provided in writing.

## 12.5 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 understanding or agreements, oral or written, between 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 the Agreement.

## 12.6 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.

## 12.7 No Partnership

This Agreement shall not 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.

#### 12.8 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.

#### 12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects all Transmission Providers, Transmission Owners, market participants and Interconnection Customers interconnected to electric system to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

#### 12.10 Environmental Release

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 Facilities or 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 make 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.

#### 12.11 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.

12.11.1 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 omission of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Owner be liable for the actions or inaction of the Interconnection Customer or its subcontractors with respect to obligations 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.

12.11.2 The obligation under this article will not be limited in any way by any limitation of subcontractor's insurance.

### 12.12 Reservation of Rights

The Transmission Owner shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classification of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under an applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the right of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

## Article 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 carrier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: United States Gypsum Company \_\_\_\_\_  
Attention: \_\_\_Fred Mazurski\_\_\_\_\_ \_Address: \_\_\_550 West Adams Street\_\_\_\_\_   
City: \_\_\_Chicago\_\_\_\_\_ State: \_\_\_IL\_\_\_\_\_ Zip: \_\_\_60661-3676\_\_\_\_\_   
Phone: \_\_\_(312)\_436-4177\_\_\_\_\_ Fax: \_\_\_(312)\_672-4177\_\_\_\_\_



If to the Transmission Owner:

Transmission Owner: Niagara Mohawk Power Corporation d/b/a National Grid  
Attention: Director, Transmission Commercial Services\_\_\_\_  
Address: 300 Erie Blvd. West\_\_\_\_\_  
City: Syracuse\_\_\_\_\_ State: NY\_\_\_\_\_ Zip: 13202  
Phone: (781) 907-2422\_\_\_\_\_ Fax: (781) 907-5707

### 13.2 Billing and Payment

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

If to the Interconnection Customer:

Interconnection Customer: \_\_United States Gypsum Company  
Attention: \_\_Fred Mazurski  
Address: \_550 West Adams Street  
City: \_Chicago \_State: IL\_\_\_\_\_ Zip: \_60661-3676\_\_\_\_\_  
Phone: \_\_ (312) 436-4177 \_\_\_\_\_ Fax: \_\_ (312) 672-4177 \_\_\_\_\_

If to the Transmission Owner:

Transmission Owner: Niagara Mohawk Power Corporation d/b/a National Grid  
Attention: Transmission Billing  
Address: West Wing, 2<sup>nd</sup> Floor  
40 Sylvan Rd. \_\_\_\_\_  
City: Waltham\_\_\_\_\_ State: MA\_\_\_\_\_ Zip: 02451\_\_\_\_\_  
Phone: \_ (781) 907-2221 \_\_\_\_\_ Fax: (781) 907- 5707 \_\_\_\_\_

### 13.3 Alternative Form 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, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: \_United States Gypsum Company  
Attention: \_\_Fred Mazurski\_\_\_\_\_  
Address: \_\_550 West Adams Street  
City: \_\_Chicago\_\_\_\_\_ State: IL\_\_\_\_\_ Zip: \_60661-3676\_\_\_\_\_  
Phone: \_\_ (312) 436-4177 \_\_\_\_\_ Fax: \_\_ (312) 672-4177 \_\_\_\_\_

If to the Transmission Owner:

Transmission Owner: Niagara Mohawk Power Corporation d/b/a National Grid  
Attention: Transmission Account Manager  
Address: 300 Erie Blvd. West  
City: Syracuse \_\_\_\_\_ State: NY \_\_\_\_\_ Zip: 13202  
Phone: (315) 428-5047 \_\_\_\_\_ Fax: (315) 428-5114 \_\_\_\_\_

13.4 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.

If to the Interconnection Customer:

Interconnection Customer: \_\_\_ United States Gypsum Company  
Attention: \_\_\_ Jim Perry  
Address: \_\_\_ 2750 Maple Avenue  
City: \_\_\_ Oakfield \_\_\_\_\_ State: NY \_\_\_\_\_ Zip: \_\_\_ 14125-0139  
Phone: \_\_\_ (585) 948-5221 \_\_\_\_\_ Fax: \_\_\_ (585) 948-5018 \_\_\_\_\_

If to the Transmission Owner:

Transmission Owner: Niagara Mohawk Power Corporation d/b/a National Grid  
Attention: Transmission Account Manager  
Address: 300 Erie Blvd. West  
City: Syracuse \_\_\_\_\_ State: NY \_\_\_\_\_ Zip: 13202  
Phone: (315) 428-5047 \_\_\_\_\_ Fax: (315) 428-5114 \_\_\_\_\_

13.5 Changes to the Notice Information

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

**Article 14. Signatures**

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

For the Transmission Owner

Name: Mary Ellen Paurolo  
Title: Vice President  
~~Transmission Regulation & Commercial~~  
Date: JAN 24 2011

For the Interconnection Customer

Name: F.M. Maguire  
Title: Sr. Manager, Energy  
Date: JAN. 27, 2011

## Attachment 1

### Glossary of Terms

**Affected System** – An electric system other than the Transmission owner’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.

**Business Day** – Monday through Friday, excluding Federal Holidays.

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

**Distribution System** – The Transmission Owner’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 the Transmission Owner’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 the Interconnection Customer’s wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

**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 Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

**Interconnection Customer** – Any entity, including the Transmission Provider, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Transmission Owner’s Transmission System.

**Interconnection Facilities** – The Transmission Owner’s Interconnection Facilities and the Interconnection 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 the Transmission Owner’s Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

**Interconnection Request** – The Interconnection Customer’s request, in accordance with the Tariff, 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 the Transmission Owner’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 the Transmission Owner’s Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Transmission Owner’s Transmission System to accommodate the interconnection of the Small Generating Facility with the Transmission Owner’s Transmission System. Network Upgrades do not include Distribution Upgrades.

**Operating Requirements** – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, or the Transmission Owner’s requirements, including those set forth in the Small Generator Interconnection Agreement.

**Party or Parties** as applicable– The Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

**Point of Interconnection** – The point where the Interconnection Facilities connect with the Transmission Owner’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** – The Interconnection Customer’s device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer’s Interconnection Facilities.

**Tariff** – The Transmission Provider’s Tariff through which open access transmission service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor 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 Provider** – The public utility (or its designated agent) that controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. .

**Transmission System** – The facilities controlled or operated by the Transmission Provider or the Transmission Owner that are used to provide transmission service under the Tariff.

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

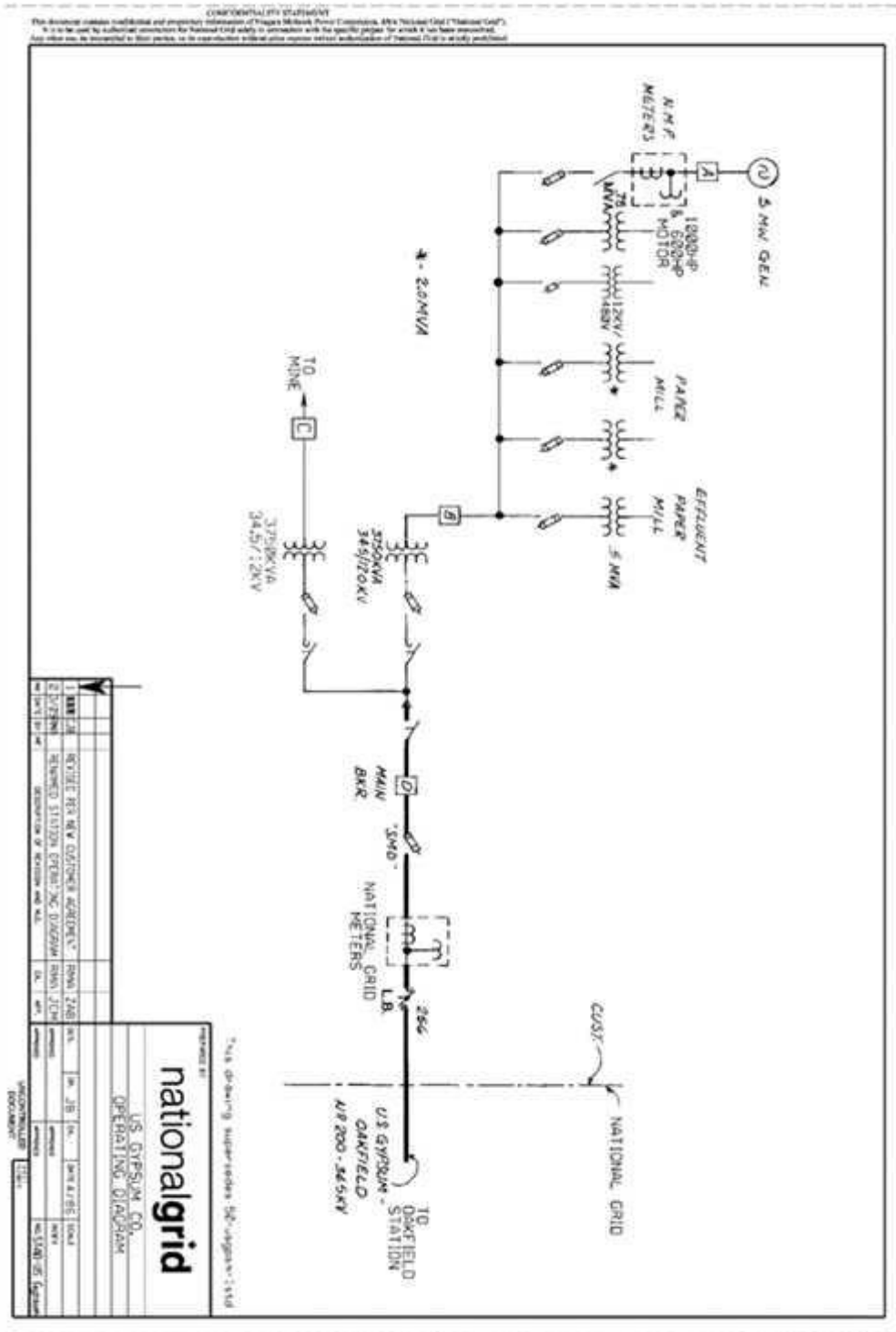
**Attachment 2**

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

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment owned by the Interconnection Customer and the Transmission Owner has been identified per the one-line diagram in Attachment 3.

Attachment 3

One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades





**Attachment 4**

**Milestones**

**[Not Applicable]**

**Attachment 5**

**Additional Operating Requirements for the Transmission Owner's  
Transmission System and Affected Systems Needed to Support  
the Interconnection Customer's Needs**

The Interconnection Customer agrees that the operation of the Small Generating Facility and the Interconnection Customer's Interconnection Facilities must meet or exceed the standards of Good Utility Practice, which shall include, but not be limited to, NERC, NPCC, NYSRC and NYISO criteria, rules and standards, as they may be amended from time to time, including the rules, guidelines and criteria of any successor organizations to the foregoing entities.

The Small Generating Facility and the Interconnection Customer's Interconnection Facilities shall meet all requirements of Niagara Mohawk's Electric System Bulletin No. 756; provided, however, that in the event of a conflict between the requirements, rules and regulations of the NYISO and the requirements of Electric System Bulletin No. 756, the requirements, rules and regulations of the NYISO shall govern.

**Attachment 6**

**Transmission Owner's Description of its Upgrades  
And Best Estimate of Upgrade Costs**

**[Not Applicable]**