

**Tennessee Valley Authority (TVA)**  
**SMALL GENERATOR**  
**INTERCONNECTION AGREEMENT (SGIA)**

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

**April 1, 2015**

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## ATTACHMENTS

**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** – Milestones

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

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

This **Small Generator Interconnection Agreement** ("Agreement" or "SGIA") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by the Tennessee Valley Authority ("TVA"), and \_\_\_\_\_ ("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

**Transmission Provider Information**

**Tennessee Valley Authority**  
**Attn: Jason L. Adams**  
**1101 Market Street, MR 1B-C**  
**Chattanooga, TN 37402-2801**  
**Phone: (423) 751-7274**

**Interconnection Customer Information**

Interconnection Customer: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Interconnection Customer Application No: \_\_\_\_\_

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 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, TVA'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, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with TVA in its capacity as a transmission provider under the TVA Transmission Service Guidelines.

1.4 Nothing in this Agreement is intended to affect any other agreement between TVA 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 construct, 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 TVA shall construct, operate, and maintain its Transmission System and Interconnection Facilities and interconnect, at Interconnection Customer's expense, TVA's Interconnection Facilities with the Interconnection Customer's Interconnection Facilities, all 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 TVA and any Affected Systems.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. TVA and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect TVA's Transmission System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 TVA shall coordinate with all Affected Systems to support the interconnection.

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 TVA Transmission Service Guidelines or by the applicable system operator(s) for TVA'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 TVA'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 equipment (and data acquisition equipment, as required) 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 of 0.95 leading to 0.95 lagging, unless TVA has established different requirements that apply to all similarly situated generators in the control area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

1.8.2 TVA shall pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generating Facility when TVA requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1.

1.8.3 Payments shall be in accordance with then effective applicable charges for vars established by TVA.

1.9 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 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify TVA of such activities no fewer than five (5) 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. TVA 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 TVA a written test report when such testing and inspection is completed.

- 2.1.2 TVA 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 TVA 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 TVA shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, TVA shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. TVA shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the projected in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with TVA's Transmission System without prior written authorization of TVA. TVA will provide such authorization once TVA receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

## 2.3 Right of Access

- 2.3.1 Upon reasonable notice, TVA 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 (3) Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify TVA at least five (5) 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, TVA 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 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.

#### 3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten (10) 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 of this Agreement.

#### 3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

3.3.1 Either Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.2 Upon termination of this Agreement, the Small Generating Facility will be disconnected from TVA's Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.

3.3.3 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 article 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 TVA, 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, TVA'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, TVA may immediately and temporarily disconnect the Small Generating Facility. TVA 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 TVA promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect TVA's Transmission System or any Affected Systems. To the extent the information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

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

TVA may interrupt or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from TVA's Transmission System when necessary for routine maintenance, construction, and repairs on TVA's Transmission System. When feasible, TVA shall provide the Interconnection Customer with five (5) Business Days notice prior to such interruption. TVA shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

#### 3.4.3 Forced Outages

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

#### 3.4.4 Adverse Operating Effects

TVA 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 TVA's Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, TVA may disconnect the Small Generating Facility. TVA shall provide the Interconnection Customer with five (5) Business Days 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 TVA 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 TVA's prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and TVA'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 Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. TVA 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 entities, and TVA.

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) TVA's costs associated with operating, maintaining, repairing, and replacing its Interconnection Facilities.

4.2 Distribution Upgrades

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

**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.

## 5.2 Network Upgrades

TVA shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If TVA and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. The actual costs of the Network Upgrades, including applicable overheads, shall be borne initially by the Interconnection Customer.

### 5.2.1 Repayment of Amounts Advanced for Network Upgrades

As a result of TVA's installing the Network Upgrades at the Interconnection Customer's expense, either the Interconnection Customer or its designee (the "TC Recipient") is eligible for a transmission credit as follows. The total amount available for the credits shall be up to the amount the Interconnection Customer paid to TVA for providing the Network Upgrades.

5.2.1.1 A credit may be applied to offset charges incurred under the Guidelines for network, firm point-to-point, or non-firm point-to-point transmission services purchased from TVA (exclusive of any charges for ancillary services under the Guidelines). Each month in which such charges are incurred by an eligible transmission customer for transmitting Facility Electrical Output (purchased by that customer), the TC Recipient shall receive from the total amount available a corresponding credit on its monthly invoice equal to such transmission services charges. The Interconnection Customer shall notify TVA of the TC Recipient even if its parent, affiliate, or subsidiary is the eligible transmission customer. Absent a designation by the Interconnection Customer, the amount of the credit for such transmission service purchased from TVA shall be payable by TVA to the Interconnection Customer. Such notification shall be given before the end of the then-current month in the event of changes to a TC Recipient, or addition of a new TC Recipient.

5.2.1.2 It is recognized that a "network transmission service" customer might purchase power from more than one generator source during the same month. In that case, the charges (for network transmission service) to that customer for that month shall be appropriately allocated for purposes of applying the transmission credit described above. Such allocation shall be based on the maximum amount of electrical output purchased by that customer from each generator source. ***For example, if a "network transmission service" customer were to purchase (i) a maximum of 40 MW of Facility Electrical Output from the Interconnection Customer and (ii) a maximum of 60 MW of generator output from another source during the same Month, the transmission credit shall be applied to offset only 40% of the charges (for network transmission service) to that customer for that Month.***

5.2.1.3 A credit shall be made available for amounts of Facility Electrical Output purchased by TVA (TVA Purchase Credit) based on the imputed cost of the use of TVA's transmission system for the TVA purchase. Each

month in which TVA purchases Facility Electrical Output, the TC Recipient shall receive from the total amount available a TVA Purchase Credit. The Interconnection Customer shall notify TVA of the TC Recipient even if it is a parent, affiliate, or subsidiary. Absent a designation by IPP, the amount of the TVA Purchase Credit shall be payable by TVA to the Interconnection Customer. Such notification shall be given before the end of the then-current month in the event of a change to a TC Recipient or the addition of a new TC Recipient.

5.3 Special Provisions for Affected Systems

When the Interconnection Customer is required to pay for Network Upgrades on an Affected System's transmission system, the Interconnection Customer shall be responsible for entering into a separate written agreement with the Affected System providing for the installation of such Network Upgrades and for the repayment of such amounts in accordance with the Affected System's applicable requirements.

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 and associated transmission credits, if applicable, that the Interconnection Customer shall obtain under any other agreement by applying for and obtaining firm transmission service under TVA's Transmission Service Guidelines.

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

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 TVA 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 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 (3) months of completing the construction and installation of TVA's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, TVA 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 TVA for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, TVA shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to TVA within thirty (30) calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, TVA shall refund to the Interconnection Customer an amount equal to the difference within thirty (30) calendar days of the final accounting report.

## 6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. 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 Financial Security Arrangements

The Interconnection Customer shall provide to TVA security as specified below for compliance with the provisions of this Interconnection Agreement in the form of an unconditional and irrevocable direct pay letter of credit ("Security") issued by a financial institution reasonably acceptable to TVA and in form and substance reasonably acceptable to TVA.

6.3.1 No later than the date of this Interconnection Agreement, the Interconnection Customer shall provide TVA Security ("Construction Security") in the amount specified in Article 6.3.1.1 below, and the Interconnection Customer shall maintain the Construction Security in its entirety until the interconnection project facilities completion date. At the interconnection project facilities completion date, TVA shall release the Interconnection Customer from its Construction Security obligation, and the Interconnection Customer shall provide TVA Security ("Continuing Security") in the amount specified in Article 6.3.1.1 below. The Interconnection Customer shall maintain the Continuing Security in its entirety until it has fulfilled all its obligations under this Interconnection Agreement (e.g., until such time as the Small Generating Facility is decommissioned, the TVA transmission system is returned to an operating configuration acceptable to TVA, and the Interconnection Customer has paid TVA for all outstanding amounts due TVA). Upon any draw of the Continuing Security, unless otherwise agreed to by TVA, the Interconnection Customer shall replenish the amount of such draw within twenty (20) Days. TVA may require the Interconnection Customer at any time to increase the amount of Security specified in Article 6.3.1.1 below to the extent TVA reasonably believes such increased amount of Security is necessary in accordance with standard practice to cover changes, including those caused by inflation. If any Security provided has an expiration date that may occur prior to the date for release of the Security, the Interconnection Customer shall provide TVA, at least thirty (30) Days prior to such expiration date, either (i) a replacement Security meeting the requirements of this Interconnection Agreement for a period of no less than one (1) year, or (ii) an

amendment to such Security extending the term thereof for a minimum of one (1) year. In the event the Interconnection Customer fails to provide such substitute or amendment at least ten (10) Days prior to such expiration date, TVA shall be entitled to draw upon the Security in full and hold the cash balance thereof as cash security. TVA may draw on the Security provided by the Interconnection Customer to offset costs TVA incurs as a result of the Interconnection Customer's failure to perform its obligations under this Interconnection Agreement.

6.3.1.1 The following provision specifically applies to this Small Generating Facility: The Interconnection Customer shall provide Construction Security in an amount equal to [ ] dollars (\$[ ] ) and Continuing Security in an amount equal to [ ] dollars (\$[ ] ).

6.3.2 A financial institution acceptable to TVA must: (a) have a long-term debt rating by Standard and Poor's of A- or better or by Moody's Investors Service of A3 or better and (b) be domiciled in the United States.

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

### **7.1 Assignment**

This Agreement may be assigned by either Party upon fifteen (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 Interconnection Customer promptly provides written notification to TVA of any such assignment;

7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of TVA, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly provide written notification to TVA 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. Liability under this provision is subject to the general limitations on liability found in article 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 separate written 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.

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 A Party shall not be able to declare a Default where the 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 that Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have sixty (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 sixty (60) calendar days, the defaulting Party shall commence such cure within twenty (20) calendar days after notice and continuously and diligently complete such cure within six (6) 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 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 TVA, except that the Interconnection Customer shall show proof of insurance to TVA no later than ten (10) 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 TVA agrees to maintain general liability insurance or self-insurance consistent with TVA's commercial practice. Such insurance or self-insurance shall not exclude coverage for TVA's liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify each other 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.
- 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 In response to any Freedom of Information Act (FOIA) request for information received from or relating to the Interconnection Customer and designated by the Interconnection Customer as proprietary or confidential, TVA will evaluate the requested information and determine the applicability of any FOIA exemptions. TVA further agrees to consult with and seek the views of the Interconnection Customer regarding the application of FOIA exemptions to information submitted by the Interconnection Customer, including, but not limited to 5 U.S.C. § 552(b)(4). Pursuant to its responsibilities under the FOIA, TVA must make the final determination on whether the requested information is legally exempt from disclosure under the FOIA and will notify the Interconnection Customer accordingly in advance of release of any of the information.

## **Article 10. Disputes**

- 10.1 Any dispute between the Interconnection Customer and TVA involving the Interconnection Agreement shall be referred to a designated senior representative of TVA and a senior representative of the Interconnection Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon), by mutual agreement such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.
- 10.2 Any arbitration initiated shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any Party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in

accordance with the Commercial Arbitration Rules of the American Arbitration Association.

- 10.3 Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Interconnection Agreement entered into and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act.
- 10.4 Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (a) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen or (b) one half the cost of the single arbitrator jointly chosen by the Parties.
- 10.5 Nothing in this section shall restrict the rights of any Party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

#### **Article 11. Taxes**

- 11.1 The Parties agree to follow all Applicable Laws and Regulations regarding taxes applicable to the respective parties.
- 11.2 As needed, each Party shall cooperate with the other to maintain the other Party's tax status.

#### **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 Federal law without regard to the laws requiring the application of the laws of another jurisdiction. 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, or 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 TVA concerning another Small Generating Facility if the Interconnection Customer is otherwise eligible to obtain such interconnection. 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, either 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 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, market participants, and generators or 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 and public systems, including TVA, 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 either Party's 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 twenty-four (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 omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall TVA 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.

**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:

Interconnection Customer: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

If to TVA:

**Tennessee Valley Authority**  
**Attn: Jason L. Adams**  
**1101 Market Street, MR 1B-C**  
**Chattanooga, TN 37402-2801**  
**Phone: (423) 751-7274**

13.2 Billing and Payment

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

Interconnection Customer: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

TVA: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

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:

Interconnection Customer: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

If to TVA:

**Tennessee Valley Authority**  
**Attn: Jason L. Adams**  
**1101 Market Street, MR 1B-C**  
**Chattanooga, TN 37402-2801**  
**Phone: (423) 751-7274**

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:

Interconnection Customer: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

TVA's Operating Representative:

TVA: \_\_\_\_\_  
Attention: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_



13.5 Changes to the Notice Information

Either Party may change this information by giving five (5) 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 TVA

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

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

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

For the Interconnection Customer

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

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

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

## Glossary of Terms

**Affected System** – An electric system other than TVA'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.

**Construction Security** – Has the meaning set forth in Section 6.3.1 of the Agreement.

**Continuing Security** – Has the meaning set forth in Section 6.3.1 of the Agreement.

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

**Distribution System** – 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 a Distribution System to accommodate the interconnection of the Small Generating Facility to the Distribution System and that enhance either the capacity or the reliability of the Distribution System. Distribution Upgrades do not include Interconnection Facilities.

**Facility Electrical Output** – Means the actual amount of net electrical power generated by the Small Generating Facility.

**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, TVA acting in its proprietary or commercial capacity, or any Affiliate of either.

**Interconnection Customer** – Any entity, including TVA with respect to its own generating facilities, that proposes to interconnect its Small Generating Facility with TVA's Transmission System.

**Interconnection Facilities** – TVA'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, as well as, any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to TVA's Transmission System. Interconnection Facilities are sole use facilities and shall not include Upgrades (either Distribution Upgrades or Network Upgrades).

**Interconnection Request** – The Interconnection Customer's request to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with TVA'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 TVA's Transmission System required to accommodate the interconnection of the Small Generating Facility to TVA's Transmission System and that enhance either the capacity or the reliability of the Transmission System. Network Upgrades do not include Distribution Upgrades.

**Operating Requirements** – Any operating and technical requirements that may be applicable due to TVA's requirements, including those set forth in the Agreement and Attachment 5, as well as those applicable by law.

**Party or Parties** – TVA, Transmission Owner, Interconnection Customer or any combination of the above.

**Point of Interconnection** – The point where the Interconnection Facilities connect to TVA'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.

**Security** – Has the meaning set forth in Section 6.3 of the Agreement.

**Small Generating Facility** – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request with a generating capacity of no more than 20 MW, but shall not include the Interconnection Customer's Interconnection Facilities.

**TC Recipient** – Has the meaning set forth in Section 5.2.1 of the Agreement.

**Transmission System** – The facilities owned, controlled, or operated by TVA that are used to provide transmission service under the TVA Transmission Service Guidelines.

**TVA** – The Tennessee Valley Authority that owns, controls, and operates the Transmission System to which the Small Generating Facility is to be interconnected in accordance with the provisions of this Agreement.

**TVA Purchase Credit** – Has the meaning provided for in Section 5.2.1.3 of the Agreement.

**TVA Transmission Service Guidelines** - The terms and conditions through which open access transmission service is offered on the TVA Transmission System, and as amended or supplemented from time to time.

**Upgrades** – The required additions and modifications that enhance either the capacity or reliability of either the Distribution System or the Transmission System. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

*Note: The definitions used in the SGIP in no way supersede or modify an interconnection agreement between TVA and an Interconnection Customer or the meaning of any terms contained therein.*

**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 TVA. TVA 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.

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

**Milestones**

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

Critical Milestones and responsibility as agreed to by the Parties:

	<b>Milestone/Date</b>	<b>Responsible Party</b>
(1)	_____	_____
(2)	_____	_____
(3)	_____	_____
(4)	_____	_____
(5)	_____	_____
(6)	_____	_____
(7)	_____	_____
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____

Agreed to by:

For the Transmission Provider \_\_\_\_\_ Date \_\_\_\_\_

For the Transmission Owner (If Applicable) \_\_\_\_\_ Date \_\_\_\_\_

For the Interconnection Customer \_\_\_\_\_ Date \_\_\_\_\_

**Additional Operating Requirements  
for TVA's Transmission System and Affected Systems  
Needed to Support the Interconnection Customer's Needs**

TVA shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with TVA's Transmission System.



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

TVA 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. TVA shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.