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May 24, 2004

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, MI 48909

RE: Northern States Power Company, a Wisconsin Corporation, d/b/a Xcel Energy
Case No. U-14085

Dear Ms. Kunkle:

Enclosed for filing are an original and four (4) copies of Revised Exhibit 1 and Revised Exhibit 2. These revised exhibits supercede and replace Exhibits 1 and 2 as filed in this docket on March 19, 2004. These revised exhibits are also being electronically filed.

Very truly yours,

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CELEBRATING 50 YEARS OF SERVICE

REVISED EXHIBIT 1

Requirements for Interconnection of Distributed Generation Systems

Michigan Service Territory

**Northern States Power Company – Wisconsin d/b/a Xcel
Energy**

May 2004

FORWARD

Electric distribution system connected generation units span a wide range of sizes and electrical characteristics. Electrical distribution system designs vary widely, from those that are required to serve the rural customer, to those that serve the large commercial customer. With so many possible variations, it becomes complex and difficult to create one interconnection standard that fits all generation interconnection situations. In establishing a generation interconnection standard, there are three main issues that must be addressed; Safety, Economics and Reliability.

The first and most important issue is safety; the safety of the general public and of the employees working on the electrical systems. This standard establishes the technical requirements that must be met to ensure the safety of the general public and of the employees working with the Area Electrical Power System (Area EPS). Typically designing the interconnection system for the safety of the general public will also provide protection for the interconnected equipment.

The second issue is economics; the interconnection design must be affordable to build. The interconnection standard must be developed so that only those items, that are necessary to meet safety and reliability, are included in the requirements. This standard sets the benchmark for the minimum required equipment. If it is not needed, it will not be required.

The third issue is reliability; the generation system must be designed and interconnected such that the reliability and the service quality for all customers of the electrical power systems are not compromised. This applies to all electrical systems not just the Area EPS.

Many generation interconnection standards exist or are in draft form. The Institute of Electrical and Electronic Engineers (IEEE), Federal Energy Regulatory Commission (FERC) and many states have been working on generation interconnection standards. There are other standards such as the National Electrical Code (NEC) that establish requirements for electrical installations. The NEC requirements are in addition to this standard. This standard is designed to document the requirements where the NEC has left the establishment of the standard to “the authority having jurisdiction” or to cover issues that are not covered in other national standards.

REQUIREMENTS FOR INTERCONNECTION OF DISTRIBUTED GENERATION

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I. INTRODUCTION

This standard has been developed to document the technical requirements for the interconnection between a Generation System and “Utility system or Area EPS”. This standard covers 3 phase Generation Systems with an aggregate capacity of 10 MW’s or less and single phase Generation Systems with a aggregate capacity of 30kW or less, at the Point of Common Coupling. This standard covers Generation Systems that are interconnected with the Area EPS’s distribution facilities. This standard does not cover Generation Systems that are directly interconnected with the Area EPS’s Transmission System, Contact the Area EPS for their Transmission System interconnection standards.

While, this standard provides the technical requirements for interconnecting a Generation System with a typical radial distribution system, it is important to note that there are some unique Area EPS, which have special interconnection needs. One example of a unique Area EPS would be one operated as a “networked” system. This standard does not cover the additional, special requirements of those systems. The Interconnection Customer must contact the Owner/operator of the Area EPS with which the interconnection is intended, to make sure that the Generation System is not proposed to be interconnected with a unique Area EPS. If the planned interconnection is with a unique Area EPS, the Interconnection Customer must obtain the additional requirements for interconnecting with the Area EPS.

The Area EPS operator has the right to limit the maximum size of any Generation System or number of Generation Systems that may want to interconnect, if they reduce the reliability to other customers connected to the Area EPS.

II. DEFINITIONS

Definitions for this document and the companion document titled – “Interconnection Process for Distributed Generation Systems.

- 1) “Applicant”: The person or entity who is requesting the interconnection of the Generation System with the Area EPS and is responsible for ensuring that the Generation System is designed, operated and maintained in compliance with the Technical Requirements.
- 2) “Area EPS”: An electric power system (EPS) that serves Local EPS’s. Note: Typically, an Area EPS has primary access to public rights-of-way, priority crossing of property boundaries, etc.
- 3) “Area EPS Operator”: The entity responsible for operating the Area EPS.
- 4) “Dedicated Facilities”: The equipment that is installed due to the interconnection of the Generation System and not required to serve other Area EPS customers.
- 5) “Distributed Generation (DG)”: See definition for Generation System.
- 6) “Distribution System”: The Area EPS facilities, which are not part of the Area EPS Transmission System or any Generation System.
- 7) “Extended Parallel”: Means the Generation System is designed to remain connected with the Area EPS for an extended period of time.

- 8) “Generation”: Any device producing electrical energy, i.e., rotating generators driven by wind, steam turbines, internal combustion engines, hydraulic turbines, solar, fuel cells, etc.; or any other electric producing device, including energy storage technologies.
- 9) “Generation Interconnection Coordinator”: The person or persons designated by the Area EPS Operator to provide a single point of coordination with the Applicant for the generation interconnection process.
- 10) “Generation System”: Electric Generation facilities comprised of, but not exclusively limited to, the interconnected generator(s), controls, relays, switches, breakers, transformers, inverters and associated wiring and cables, up to the Point of Common Coupling.
- 11) “Interconnection Customer”: The party or parties who will own/operate the Generation System and are responsible for meeting the requirements of the agreements and Technical Requirements. This could be the Generation System applicant, installer, owner, designer, or operator.
- 12) “Interconnection Process”: The process as described in the accompanying document “Interconnection Process for Distributed Generation Systems”.
- 13) “Local EPS”: An electric power system (EPS) contained entirely within a single premises or group of premises.
- 14) “Nameplate Capacity”: The total nameplate capacity rating of all the Generation included in the Generation System. For this definition the “standby” and/or maximum rated kW capacity on the nameplate shall be used.
- 15) “Open Transfer”: The method of transferring the local loads from the Area EPS to the generator such that the generator and the Area EPS are never connected together.
- 16) “Point of Common Coupling”: The point where the Local EPS is connected to an Area EPS. [Adopted from IEEE 1547]
- 17) “Quick Closed”: The method of generation transfer which does not parallel or parallels for less than 100msec with the Area EPS and has utility grade timers which limit the parallel duration to less than 100 msec with the Area EPS.
- 18) “Technical Requirements”: “Requirements for Interconnection of Distributed Generation
- 19) “Type Certified”: Generation paralleling equipment that is listed by an OSHA listed national testing laboratory as having met the applicable type testing requirement of UL 1741. At the time this document was prepared this was the only national standard available for certification of generation transfer switch equipment. This definition does not preclude other forms of type-certification if agreeable to the Area EPS operator.

III. REFERENCES

The following standards shall be used in conjunction with this standard. When the stated version of the following standards is superseded by an approved revision then that revision shall apply.

IEEE Std 100-2000, "IEEE Standard Dictionary of Electrical and Electronic Terms"

IEEE Std 519-1992, "IEEE Recommended Practices and Requirements for Harmonic Control in Electric Power Systems"

IEEE Std 929-2000, "IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems".

IEEE Std 1547 , "IEEE Standard for Interconnecting Distributed Resources with Electric Power Systems"

IEEE Std C37.90.1-1989 (1995), "IEEE Standard Surge Withstand Capability (SEC) Tests for Protective Relays and Relay Systems".

IEEE Std C37.90.2 (1995), "IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers".

IEEE Std C62.41.2-2002, "IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits"

IEEE Std C62.42-1992 (2002), "IEEE Recommended Practice on Surge Testing for Equipment Connected to Low Voltage (1000V and less) AC Power Circuits"

ANSI C84.1-1995, "Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)"

ANSI/IEEE 446-1995, "Recommended Practice for Emergency and Standby Power Systems for Industrial and Commercial Applications".

ANSI/IEEE Standard 80, "IEEE Guide for Safety in AC Substation Grounding",

UL Std. 1741 "Inverters, Converters, and Controllers for use in Independent Power Systems"

NEC – "National Electrical Code", National Fire Protection Association (NFPA), NFPA-70-2002.

NESC – "National Electrical Safety Code". ANSI C2-2000, Published by the Institute of Electrical and Electronics Engineers, Inc.

IV. INTERCONNECTION DOCUMENTS & AGREEMENTS

This standard covers the technical requirements with the interconnection process being contained in the companion document “Interconnection Process for Distributed Generation Systems”. The Interconnection Process document covers the planning of a project through approval and construction, along with generic version of required forms. It is also important to get copies of the Area EPS’s tariff’s concerning generation interconnection. The earlier the Interconnection Customer gets the Area EPS operator involved in the planning and design of the Generation System interconnection the smoother the process will go.

The chart below lists the documents required for each type and size of Generation System proposed for interconnection.

Find your type of Generation System interconnection, across the top, then follow the chart straight down, to determine what documents are required as part of the interconnection process.

GENERATION INTERCONNECTION DOCUMENT SUMMARY					
Open Transfer	Quick Closed Transfer	Soft Loading Transfer	Extended Parallel Operation		
			QF facility <=30kW	Without Sales	With Sales
Interconnection Process (companion document)					
Requirements for Interconnection (this document)					
Generation Interconnection Application (Appendix A)					
		Engineering Data Submittal (Appendix B)			
		Generation Studies (Appendix C)			
		Interconnection Agreement (Appendix D)			
		FERC Rules, PPA			

A) Interconnection Process

The “Interconnection Process for Distributed Generation Systems” document explains the process established to interconnect a Generation System with the Area EPS.

The following are Appendices to the “Interconnection Process for Distributed Generation Systems”:

- 1) Appendix A-“Generation Interconnection Application”: The application form used to provide the Area EPS Operator with information required to perform a preliminary Interconnection review. This form contains a signature section.
- 2) Appendix B-“Engineering Data Submittal & Agreement”: A standard form that provides the engineering and operating information about the Generation System. This form contains a

signature section. (Also included as “Exhibit C” of the Interconnection Agreement as described in Appendix D below)

- 3) Appendix C-“Engineering Studies”: This appendix provides a brief description of the types of possible Engineering Studies that may be required for the review of Generation System interconnection.
- 4) Appendix D- Interconnection Agreement: “Interconnection Agreement for the Interconnection of Extended Parallel Distributed Generation Systems with Electric Utilities.” This agreement is required for all Generation Systems that parallel with the Area EPS. Each Area EPS’s tariffs contain standard interconnection agreements. There are different interconnection agreements depending upon the size and type of Generation System. This agreement contains the terms and conditions upon which the Generation System is to be connected, constructed and maintained, when operated in parallel with the Area EPS. This document contains a signature section.

The following are Exhibits to the Interconnection Agreement

- a) Exhibit A – Description of Generation System and single-line diagram. This diagram shows all major equipment, including, visual isolation equipment, Point of Common Coupling, Point of Delivery for Generation Systems that intentionally export, ownership of equipment and the location of metering.
- b) Exhibit B – Estimated installation and testing costs payable by the Interconnection Customer. Included in this listing shall be the description and estimated costs for the required Dedicated Facilities being installed by the Area EPS for the interconnection of the Generation System.
- c) Exhibit C – “Engineering Data Submittal & Agreement”: A standard form that provides the engineering and operating information about the Generation System. This form contains a separate signature section. (This is the same document as “Appendix B” of the Interconnection Process document)
- d) Exhibit D – “Operating Agreement”: This provides specific operating information and requirements for this Generation System interconnection. This Exhibit has a separate signature section and may be modified, in writing, from time to time with the agreement of both parties.

For Generation Systems that normally operate in parallel with the Area EPS, an agreement separate from the interconnection agreement, called the “operating agreement”, is usually created. This agreement is created for the benefit of both the Interconnection Customer and the Area EPS operator and will be agreed to between the Parties. This agreement will be dynamic and is intended to be updated and reviewed annually. For some smaller systems, the operating agreement can simply be a letter agreement for larger and more intergraded Generation Systems the operating agreement will tend to be more involved and more formal. The operating agreement covers items that are necessary for the reliable operation of the Local and Area EPS. The items typically included in the operating agreement are as follows;

- i) Emergency and normal contact information for both the Area EPS operations center and for the Interconnection Customer
- ii) Procedures for periodic Generation System test runs.

- iii) Procedures for maintenance on the Area EPS that effect the Generation System.
- iv) Emergency Generation Operation Procedures
- e) Exhibit E – Maintenance Agreement – This provides specific maintenance requirements for this Generation System interconnection. This Exhibit has a separate signature section and may be modified, in writing, from time to time with the agreement of both parties.
- 5) Appendix E- MPSC Electric Interconnection Standards: This section contains a copy of MPSC Electric Interconnection Standards, Rules R 460.481 to R 460.489.

B) Interconnection Technical Standards

The Interconnection Technical Standards are outlined in the “Requirements for Interconnection of Distributed Generation”.

C) FERC

“Federal Energy Regulatory Commission”- FERC is responsible for approval of rates for wholesale sales of electricity and transmission in interstate commerce for jurisdictional utilities, power marketers, power pools, power exchanges and independent system operators. They also provide certification of qualifying small power production and cogeneration facilities.

As a practical matter, if the Generation System Nameplate Capacity is not greater than the minimum expected load on the associated Area EPS distribution substation and Generation System’s energy is not being sold on the wholesale market, then that installation may be considered as not “affecting” the transmission system. If the Generation System is “affecting” the transmission system then the interconnection would come under FERC jurisdiction.

For information on the Federal Energy Regulatory Commission (FERC), www.ferc.gov

D) PPA

“Power Purchase Agreement”: The master agreement containing the essential terms governing purchases and sales of wholesale electricity.

V. GENERAL INFORMATION

A) Interconnection Requirements Goals

This standard defines the minimum technical requirements for the implementation of the electrical interconnection between the Generation System and the Area EPS. It does not define the overall requirements for the Generation System. The requirements in this standard are intended to achieve the following:

- 1) Ensure the safety of utility personnel and contractors working on the electrical power system.
- 2) Ensure the safety of utility customers and the general public.
- 3) Protect and minimize the possible damage to the electrical power system and other customer's property.
- 4) Ensure proper operation to minimize adverse operating conditions on the electrical power system.

B) Protection

The Generation System and Point of Common Coupling shall be designed with proper protective devices to promptly and automatically disconnect the Generation from the Area EPS in the event of a fault or other system abnormality. The type of protection required will be determined by:

- 1) Size and type of the generating equipment.
- 2) The method of connecting and disconnecting the Generation System from the electrical power system.
- 3) The location of generating equipment on the Area EPS.

C) Area EPS Modifications

Depending upon the match between the added Generation System, the Area EPS and how the Generation System is operated, certain modifications and/or additions may be required to the existing Area EPS. To the extent possible, this standard describes the modifications that could be necessary to the Area EPS for different types of Generation Systems. For some unique interconnections, additional and/or different protective devices, system modifications and/or additions will be required by the Area EPS operator; In these cases the Area EPS operator will provide the final determination of the required modifications and/or additions. If any special requirements are necessary they will be identified by the Area EPS operator during the application review process. The Interconnection Customer shall reimburse the Area EPS Operator for reasonable costs associated with any required modifications and/or additions.

D) Generation System Protection

The Interconnection Customer is solely responsible for providing protection for the Generation System. Protection systems required in this standard, are structured to protect the Area EPS's electrical power system and the public. The Generation System Protection is not provided for in this standard. Additional protection equipment may be required to ensure proper operation for the Generation System. This is especially true while operating disconnected from the Area EPS. The Area EPS does not assume responsibility for protection of the Generation System equipment or of any portion the Local EPS.

E) Electrical Code Compliance

The Interconnection Customer shall be responsible for complying with all applicable local, independent, state and federal codes such as building codes, National Electric Code (NEC), National Electrical Safety Code (NESC) and noise and emissions standards.

The Interconnection Customer's Generation System and installation shall comply with latest revisions of the ANSI/IEEE standards applicable to the installation, especially IEEE 1547 "Standard for Interconnecting Distributed Resources with Electric Power Systems". See the Reference section for a partial list of the standards which apply to the generation installations covered by this standard.

VI. TYPES OF INTERCONNECTIONS

The manner in which the Generation System is connected to and disconnected from the Area EPS can vary. Most transfer systems normally operate using one of the following five methods of transferring the load from the Area EPS to the Generation System. If a transfer system is installed which has a user accessible selection of several transfer modes, the transfer mode that has the greatest protection requirements will establish the protection requirements for that transfer system.

A) Open Transition (Break-Before-Make) Transfer Switch

With the Open Transition Transfer Switch, the load to be supplied from the Distributed Generation is first disconnected from the Area EPS and then connected to the Generation. This transfer can be relatively quick, but voltage and frequency excursions are to be expected during transfer. Computer equipment and other sensitive equipment will shut down and reset. The transfer switch typically consists of a standard UL approved transfer switch with mechanical interlocks. The mechanical interlocks are between the two source contactors that drop the Area EPS source before the Distributed Generation is connected to supply the load. To qualify as an Open Transition switch, with limited protective requirements, mechanical interlocks are required between the two source contacts. This is required to ensure that one of the contacts is always open and the Generation System is never operated in parallel with the Area EPS. If the mechanical interlock is not present, the protection requirements are as if the switch is a Closed Transition switch.

- 1) As a practical point of application, this type of transfer switch is typically used for loads less than 500kW. This is due to possible voltage flicker problems created on the Area EPS when the load is removed from or returned to the Area EPS source. Depending upon the Area EPS's stiffness, this level may be larger or smaller than the 500kW level.
- 2) Figure 1, at the end of this document, provides a typical one-line of this type of installation.

B) Quick Open Transition (Break-Before-Make) Transfer Switch

With a Quick Open Transition the load to be supplied from the Distributed Generation is first disconnected from the Area EPS and then connected to the Distributed Generation, similar to the Open Transition. However, this transition is typically much faster (under 500 ms) than the conventional Open Transition transfer operation. Voltage and frequency excursions will still occur, but some computer equipment and other sensitive equipment will typically not be affected with a properly designed system. The transfer switch typically consists of a standard UL approved transfer switch with mechanical interlocks. The mechanical interlocks are between the two source contactors that drop the Area EPS source before the Distributed Generation is connected to supply the load.

- 1) Mechanical interlocks are required between the two source contacts to ensure that one of the contacts is always open. If the mechanical interlock is not present, the protection requirements are as if the switch is a closed transition switch
- 2) As a practical point of application this type of transfer switch is typically used for loads less than 500kW. This is due to possible voltage flicker problems created on the Area EPS when the load is removed from or returned to the Area EPS source. Depending upon the Area EPS's stiffness, this level may be larger or smaller than the 500kW level.
- 3) Figure 2, at the end of this document, provides a typical one-line of this type of installation and shows the required protective elements.

C) Closed Transition (Make-Before-Break) Transfer Switch

With a Closed Transition the Distributed Generation is synchronized with the Area EPS prior to the transfer occurring. The transfer switch then parallels with the Area EPS for a short time (100 msec. or less) and then the Generation System and load are disconnected from the Area EPS. This transfer is less disruptive than the Quick Open Transition because it allows the Distributed Generation a brief time to pick up the load before losing the support of the Area EPS. With this type of transfer, the load is always being supplied by the Area EPS or the Distributed Generation.

- 1) As a practical point of application this type of transfer switch is typically used for loads less than 500kW. This is due to possible voltage flicker problems that can be created on the Area EPS when the load is removed from or returned to the Area EPS source. Depending upon the Area EPS's stiffness, this level may be larger or smaller than the 500kW load level.
- 2) Figure 2, at the end of this document, provides a typical one-line of this type of installation and shows the required protective elements. The closed transition switch must include a separate parallel time limit relay, which is not part of the generation control PLC. This time delay relay trips the generation from the system for a failure of the transfer switch and/or the transfer switch controls.

D) Soft Loading Transfer Switch

- 1) With Limited Parallel Operation – The Distributed Generation is paralleled with the Area EPS for a limited amount of time (generally less than 1-2 minutes) to gradually transfer the load from the Area EPS to the Generation System. This minimizes the voltage and frequency problems, by softly loading and unloading the Generation System.
 - a) The maximum parallel operation shall be controlled, via a parallel timing limit relay (62PL). This parallel time limit relay shall be a separate relay and not part of the generation control PLC.
 - i) Protective Relaying is required as described in section IX.
 - ii) Figure 3, at the end of this document, provide typical one-line diagrams of this type of installation and show the required protective elements.

- 2) With Extended Parallel Operation – The Generation System is paralleled with the Area EPS in continuous operation. Special design, coordination and agreements are required before any extended parallel operation will be permitted. The Area EPS interconnection study will identify the issues involved.
 - a) Any anticipated use in the extended parallel mode requires special agreements and special protection coordination.
 - b) Protective Relaying is required as described in section IX.
 - c) Figure 4, at the end of this document, provides a typical one-line for this type of interconnection. It must be emphasized that this is a typical installations only and final installations may vary from the examples shown due to transformer connections, breaker configuration, etc.

E) Inverter Connection

This is a continuous parallel connection with the system. Small Generation Systems may utilize inverters to interface to the Area EPS. Solar, wind and fuel cells are some examples of Generation which typically use inverters to connect to the Area EPS. The design of such inverters shall either contain all necessary protection to prevent unintentional islanding, or the Interconnection Customer shall install conventional protection to affect the same protection. All required protective elements for a soft-loading transfer switch apply to an inverter connection. Figure 5 at the end of this document, shows a typical inverter interconnection.

- 1) Inverter Certification – Prior to installation, the inverter shall be Type-Certified for interconnection to the electrical power system. The certification will confirm its anti-islanding protection and power quality related levels at the Point of Common Coupling. Also, utility compatibility, electric shock hazard and fire safety are approved through UL listing of the model. Once this Type Certification is completed for the specific model, additional design review of the inverter should not be necessary by the Area EPS operator.
- 2) For three-phase operation, the inverter control must also be able to detect and separate for the loss of one phase. Larger inverters will still require custom protection settings, which must be calculated and designed to be compatible with the specific Area EPS being interconnected with.
- 3) A visible disconnect is required for safely isolating the Distributed Generation when connecting with an inverter. The inverter shall not be used as a safety isolation device.
- 4) When banks of inverter systems are installed at one location, a design review by the Area EPS must be preformed to determine any additional protection systems, metering or other needs. The issues will be identified by the Area EPS during the interconnection study process.

VII. INTERCONNECTION ISSUES AND TECHNICAL REQUIREMENTS

A) General Requirements

The following requirements apply to Generation Systems connected to the Area EPS. The Area EPS shall be the source side and the customer's system shall be the load side in the following interconnection requirements.

- 1) Visible Disconnect - A disconnecting device shall be installed to electrically isolate the Area EPS from the Generation System. The only exception for the installation of a visible disconnect is, if the generation is interconnected via a mechanically interlocked open transfer switch and installed per the NEC (702.6) "so as to prevent the inadvertent interconnection of normal and alternate sources of supply in any operation of the transfer equipment."

The visible disconnect shall provide a visible air gap between Interconnection Customer's Generation and the Area EPS. The visible air gap is required in order to establish the safety isolation required for work on the Area EPS. This disconnecting device shall be readily accessible 24 hours per day by the Area EPS field personnel and shall be capable of padlocking by the Area EPS field personnel. The disconnecting device shall be lockable in the open position.

The visible disconnect shall be a UL approved or National Electrical Manufacturer's Association approved, manual safety disconnect switch of adequate ampere capacity. The visible disconnect shall not open the neutral when the switch is open. A draw-out type circuit breaker can be used as a visual open.

The visible disconnect shall be labeled "Generation Disconnect" to inform the Area EPS field personnel.

- 2) Energization of Equipment by Generation System – The Generation System shall not energize a de-energized Area EPS. The Interconnection Customer shall install the necessary padlocking (lockable) devices on equipment to prevent the energization of a de-energized electrical power system. Lockout relays shall automatically block the closing of breakers or transfer switches onto a de-energized Area EPS.
- 3) Power Factor - The power factor of the Generation System and connected load shall be as follows;
 - a) Inverter Based interconnections – shall operate at a power factor of no less than 90% at the inverter terminals.
 - b) Limited Parallel Generation Systems shall operate at a power factor of no less than 90% during the period when the Generation System is parallel with the Area EPS, as measured at the Point of Common Coupling. The closed transfer or soft-loading transfer system (with a 1-2 min parallel limit) are considered to have limited parallel operation.
 - c) Extended Parallel Generation Systems shall be designed to be capable of operating between 90% lagging and 95% leading. These Generation Systems shall normally operate near unity power factor (+/-98%) or as mutually agreed between the Area EPS operator and the Interconnection Customer.

4) Grounding Issues

- a) Grounding of sufficient size to handle the maximum available ground fault current shall be designed and installed to limit step and touch potentials to safe levels as set forth in "IEEE Guide for Safety in AC Substation Grounding", ANSI/IEEE Standard 80.
- b) It is the responsibility of the Interconnection Customer to provide the required grounding for the Generation System. A good standard for this is the IEEE Std. 142-1991 "Grounding of Industrial and Commercial Power Systems".
- c) All electrical equipment shall be grounded in accordance with local, state and federal electrical and safety codes and applicable standards.

- 5) Sales to Area EPS or other parties – Transportation of energy on the Transmission system is regulated by the area reliability council and FERC. Those contractual requirements are not included in this standard. The Area EPS will provide these additional contractual requirements during the interconnection approval process.

B) Inverter based, closed transfer and soft loading interconnections

The following additional requirements apply:

- 1) Fault and Line Clearing - The Generation System shall be removed from the Area EPS for any faults, or outages occurring on the electrical circuit serving the Generation System.
- 2) Operating Limits- In order to minimize objectionable and adverse operating conditions on the electric service provided to other Area EPS customers, the Generation System shall meet the Voltage, Frequency, Harmonic and Flicker operating criteria as defined in the IEEE 1547 standard. The operating limits are applicable during periods when the Generation System is operated in parallel with the Area EPS.

If the Generation System creates voltage changes greater than 4% on the Area EPS, it is the responsibility of the Interconnection Customer to correct these voltage sag/swell problems caused by the operation of the Generation System. If the operation of the interconnected Generation System causes flicker, which causes problems for others customer's interconnected to the Area EPS, the Interconnection Customer is responsible for correcting the problem.

- 3) Flicker - The operation of the Generation System is not allowed to produce excessive flicker to adjacent customers. See the IEEE 1547 standard for a more complete discussion on this requirement.
 - a) The stiffer the Area EPS, the larger a block load change that it can be handle. For any of the transfer systems, the Area EPS voltage shall not drop or rise greater than 4% when the load is added or removed from the Area EPS. It is important to note, that if another interconnected customer complains about the voltage change caused by the Generation System, even if the voltage change is below the 4% level, it is the Interconnection Customer's responsibility to correct or pay for correcting the problem. Utility experience has shown that customers have seldom objected to instantaneous voltage changes of less than 2% on the Area EPS, so most Area EPS operators use a 2% design criteria.

- 4) Interference - The Interconnection Customer shall disconnect the Distributed Generation from the Area EPS if the Distributed Generation causes radio, television or electrical service interference to other customers, via the EPS or interference with the operation of Area EPS. The Interconnection Customer shall either effect repairs to the Generation System or reimburse the Area EPS Operator for the cost of any required Area EPS modifications due to the interference.

C) Synchronization of Customer Generation

- 1) An automatic synchronizer with synch-check relaying is required for unattended automatic Quick Open Transition, Closed Transition or Soft Loading Transfer systems.
- 2) To prevent unnecessary voltage fluctuations on the Area EPS, it is required that the synchronizing equipment be capable of closing the Distributed Generation into the Area EPS within the limits defined in IEEE 1547. The Applicant shall submit to the Area EPS Operator actual protective setting for the installation as determined and sealed by a Registered Professional Engineer, registered in the State of Michigan.
- 3) Unintended Islanding – Under certain conditions with extended parallel operation, it would be possible for the portion of the Area EPS, with generation, to separate from the rest of the Area EPS and continue to provide power to the isolated circuit. This condition is called “islanding”. It is not possible to successfully reconnect the energized isolated circuit to the rest of the Area EPS, since there are no synchronizing controls associated with all of the possible locations of disconnection. Therefore, it is a requirement that the Generation System be automatically disconnected from the Area EPS immediately by protective relays for any condition that would cause the Area EPS to be de-energized. The Generation System must either isolate with the customer’s load or trip. The Generation System must also be blocked from closing back into the Area EPS until the Area EPS is reenergized and the Area EPS voltage is within Range B of ANSI C84.1 Table 1, for a minimum of 1 minute. Depending upon the size of the Generation System, it may be necessary to install direct transfer trip equipment from the Area EPS source(s) to remotely trip the generation interconnection to prevent islanding for certain conditions.

D) Disconnection

The Area EPS operator may refuse to connect or may disconnect a Generation System from the Area EPS under the following conditions:

- 1) Lack of approved Standard Application Form and Standard Interconnection Agreement.
- 2) Termination of interconnection by mutual agreement.
- 3) Non-Compliance with the technical or contractual requirements.
- 4) System Emergency or for imminent danger to the public or Area EPS personnel (Safety).
- 5) Routine maintenance, repairs and modifications to the Area EPS. The Area EPS operator shall coordinate planned outages with the Interconnection Customer to the extent possible.

VIII. GENERATION METERING, MONITORING AND CONTROL

Depending upon the method of interconnection and the size of the Generation System, there are different metering, monitoring and control requirements. Table VIII-A is a table summarizing the metering, monitoring and control requirements.

Due to the variation in Generation Systems and Area EPS operational needs, the requirements for metering, monitoring and control listed in this document are the expected maximum requirements for a Generation System. It is important to note that for some Generation System installations, the Area EPS may wave some of the requirements based on actual monitoring needs.

Another factor which will effect the metering, monitoring and control requirements will be the tariff under which the Interconnection Customer is supplied by the Area EPS. Table VIII-A has been written to cover most applications, but some Area EPS tariffs may have greater or less metering, monitoring and control requirements then shown in Table VIII-A.

A) TABLE VIII-A, METERING, MONITORING AND CONTROL REQUIREMENTS

TABLE VIII-A Metering, Monitoring and Control Requirements			
Generation System Capacity at Point of Common Coupling	Metering	Generation Remote Monitoring	Generation Remote Control
< 20 kW with all sales to Area EPS, Net Metering	Bi-Directional metering at the point of common coupling	None Required	None Required
< 30 kW with extended parallel, Except Net Metering	Recording metering on the Generation System and a separate recording meter on the load	None Required	None Required
30 – 150kW with limited parallel	Detented Area EPS Metering at the Point of Common Coupling	None Required	None Required
30 – 150kW with extended parallel	Recording metering on the Generation System and a separate recording meter on the load	Interconnection Customer supplied direct dial phone line. Area EPS to supply it's own monitoring equipment	None Required
150 – 750 kW with limited parallel	Detented Area EPS Metering at the Point of Common Coupling	Interconnection Customer supplied direct dial phone line and monitoring points available. See C 1)	None Required
150 – 750 kW With extended parallel operation	Recording metering on the Generation System and a separate recording meter on the load.	Required Area EPS remote monitoring system See C 1)	None Required
>750 kW With limited parallel Operation	Detented Area EPS Metering at the Point of Common Coupling	Required Area EPS SCADA monitoring system. See C 1)	None required
>750 kW With extended parallel operation	Recording metering on the Generation System and a separate recording meter on the load.	Required Area EPS SCADA monitoring system See C 1)	Direct Control via SCADA by Area EPS of interface breaker.

“Detented” = A meter which is detented will record power flow in only one direction.

B) Metering

- 1) As shown in Table VIII-A the requirements for metering will depend upon the type of generation and the type of interconnection. For most installations, the requirement is a single point of metering at the Point of Common Coupling. For three-phase installations, the Area EPS Operator will install a special meter that is capable of measuring and recording energy flow in both directions. For single-phase installations, two detented meters wired in series can be utilized. A dedicated- direct dial phone line may be required to be supplied by the Interconnection Customer for the Area EPS's meter reading. Some monitoring may also be performed through the meter and same dedicated phone line.
- 2) Depending upon which tariff the Generation System and/or customer's load is being supplied under, additional metering requirements may result. Contact the Area EPS for tariff requirements. In some cases, such as with smaller Generation Systems, the direct dial-phone line requirement may be waived by the Area EPS.
- 3) All Area EPS's revenue meters shall be supplied, owned and maintained by the Area EPS. All voltage transformers (VT) and current transformers (CT), used for revenue metering shall be approved and/or supplied by the Area EPS. Area EPS's standard practices for instrument transformer location and wiring shall be followed for the revenue metering.
- 4) For Generation Systems that are less than 20kW in rated capacity, net metering is available. Net metering allows the generation system the ability to back feed the Area EPS with Net Energy Billing Rates as listed in tariff, MPSC No. 1 Sheet 170, Case U-8493. For these net-metered installations, the Area EPS may use a single meter to record the bi-directional flow or may elect to use two detented meters, each one to record the flow of energy in one direction.
- 5) If not otherwise stipulated in the applicable tariff, costs related to the installation, operation and maintenance of all metering services and equipment required by the interconnected generator shall be borne by the Interconnection Customer.

C) Monitoring (SCADA)

Monitoring (SCADA) is required as shown in table VIII-A. The need for monitoring is based on the need of the system control center to have the information necessary for the reliable operation of the Area EPS's. This remote monitoring is especially important during periods of abnormal and emergency operation.

The difference in Table VIII-A between remote monitoring and SCADA is that SCADA typically is a system that has continuous communication with a central computer and provides updated values and status, to the Area EPS operator, within several seconds of the changes in the field. On the other hand, remote monitoring is slower and tends towards providing updates within minutes of the change. Remote monitoring is typically less expensive to install and operate.

- 1) Where Remote Monitoring or SCADA is required, as shown in Table VIII-A, the following monitored and control points are required:
 - a) Real and reactive power flow for each Generation System (kW and kVAR). Only required if separate metering of the Generation and the load is required. Otherwise, see item d) below, which is monitored at the Point of Common Coupling.

- b) Phase voltage representative of the Area EPS's service to the facility.
- c) Status (open/close) of Distributed Generation and interconnection breaker(s) or if transfer switch is used, status of transfer switch(s).
- d) Customer load from Area EPS service (kW and kVAR).
- e) Control of interconnection breaker - if required by the Area EPS operator.

When telemetry is required, the Interconnection Customer must provide the communications medium to the Area EPS's Control Center. This could be radio, dedicated phone circuit or other form of communication with suitable availability and reliability. If a telephone circuit is used, the Interconnection Customer must also provide the telephone circuit protection. The Interconnection Customer shall coordinate the RTU (remote terminal unit) addition with the Area EPS. The Area EPS may require a specific RTU and/or protocol to match their SCADA or remote monitoring system.

IX. PROTECTIVE DEVICES AND SYSTEMS

A) Required Protective Devices

Protective devices required to permit safe and proper operation of the Area EPS while interconnected with customer's Generation System are shown in the figures at the end of this document. In general, an increased degree of protection is required for increased Distributed Generation size. This is due to the greater magnitude of short circuit currents and the potential impact to system stability from these installations. Medium and large installations require more sensitive and faster protection to minimize damage and ensure safety. If a transfer system is installed which has a user accessible selection of several transfer modes, the transfer mode which has the greatest protection requirements will establish the protection requirements for that transfer system.

The Interconnection Customer shall provide protective devices and systems to detect the Voltage, Frequency, Harmonic and Flicker levels as defined in the IEEE 1547 standard during periods when the Generation System is operated in parallel with the Area EPS. The Interconnection Customer shall be responsible for the purchase, installation, and maintenance of these devices. Discussion on the requirements for these protective devices and systems follows:

- 1) Relay settings
 - a) If the Generation System is utilizing a Type-Certified system, such as a UL listed inverter a Professional Electrical Engineer is not required to review and approve the design of the interconnecting system. If the Generation System interconnecting device is not Type-Certified or if the Type-Certified Generation System interconnecting device has additional design modifications made, the Generation System control, the protective system, and the interconnecting device(s) shall be reviewed and approved by a Professional Electrical Engineer, registered in the State of Michigan.
 - b) A copy of the proposed protective relay settings shall be supplied to the Area EPS operator for review and approval, to ensure proper coordination between the generation system and the Area EPS.

2) Relays

- a) All equipment providing relaying functions shall meet or exceed ANSI/IEEE Standards for protective relays, i.e., C37.90, C37.90.1 and C37.90.2.
- b) Required relays that are not “draw-out” cased relays shall have test plugs or test switches installed to permit field testing and maintenance of the relay without unwiring or disassembling the equipment. Inverter based protection is excluded from this requirement for Generation Systems <30kW at the Point of Common Coupling.
- c) Three phase interconnections shall utilize three phase power relays, which monitor all three phases of voltage and current, unless so noted in the appendix one-lines.
- d) All relays shall be equipped with setting limit ranges at least as wide as specified in IEEE 1547, and meet other requirements as specified in the Area EPS interconnect study. Setting limit ranges are not to be confused with the actual relay settings required for the proper operation of the installation. At a minimum, all protective systems shall meet the requirements established in IEEE 1547.
 - i) Over-current relays (IEEE Device 50/51 or 50/51V) shall operate to trip the protecting breaker at a level to ensure protection of the equipment and at a speed to allow proper coordination with other protective devices. For example, the over-current relay monitoring the interconnection breaker shall operate fast enough for a fault on the customer’s equipment, so that no protective devices will operate on the Area EPS. 51V is a voltage restrained or controlled over-current relay and may be required to provide proper coordination with the Area EPS.
 - ii) Over-voltage relays (IEEE Device 59) shall operate to trip the Distributed Generation per the requirements of IEEE 1547.
 - iii) Under-voltage relays (IEEE Device 27) shall operate to trip the Distributed Generation per the requirements of IEEE 1547
 - iv) Over-frequency relays (IEEE Device 81O) shall operate to trip the Distributed Generation off-line per the requirements of IEEE 1547.
 - v) Under-frequency relay (IEEE Device 81U) shall operate to trip the Distributed Generation off-line per the requirements of IEEE 1547. For Generation Systems with an aggregate capacity greater than 30kW, the Distribution Generation shall trip off-line when the frequency drops below 57.0-59.8 Hz. typically this is set at 59.5 Hz, with a trip time of 0.16 seconds, but coordination with the Area EPS is required for this setting.

The Area EPS will provide the reference frequency of 60 Hz. The Distributed Generation control system must be used to match this reference. The protective relaying in the interconnection system will be expected to maintain the frequency of the output of the Generation.
 - vi) Reverse power relays (IEEE Device 32) (power flowing from the Generation System to the Area EPS) shall operate to trip the Distributed Generation off-line for a power flow to the system with a maximum time delay of 2.0 seconds.

vii) Lockout Relay (IEEE Device 86) is a mechanically locking device which is wired into the close circuit of a breaker or switch and when tripped will prevent any close signal from closing that device. This relay requires that a person manually resets the lockout relay before that device can be reclosed. These relays are used to ensure that a deenergized system is not reenergized by automatic control action, and prevents a failed control from auto-reclosing an open breaker or switch.

viii) Transfer Trip – All Generation Systems are required to disconnect from the Area EPS when the Area EPS is disconnected from its source, to avoid unintentional islanding. With larger Generation Systems, which remain in parallel with the Area EPS, a transfer trip system may be required to sense the loss of the Area EPS source. When the Area EPS source is lost, a signal is sent to the Generation System to separate the Generation from the Area EPS. The size of the Generation System vs the capacity and minimum loading on the feeder will dictate the need for transfer trip installation. The Area EPS interconnection study will identify the specific requirements.

If multiple Area EPS sources are available or multiple points of sectionalizing on the Area EPS, then more than one transfer trip system may be required. Area EPS interconnection study will identify the specific requirements. For some installations the alternate Area EPS source(s) may not be utilized except in rare occasions. If this is the situation, the Interconnection Customer may elect to have the Generation System locked out when the alternate source(s) are utilized, if agreeable to the Area EPS operator.

ix) Parallel limit timing relay (IEEE Device 62PL) set at a maximum of 120 seconds for soft transfer installations and set no longer than 100ms for quick transfer installations, shall trip the Distributed Generation circuit breaker on limited parallel interconnection systems. Power for the 62 PL relay must be independent of the transfer switch control power. The 62PL timing must be an independent device from the transfer control and shall not be part of the generation PLC or other control system.

B) TABLE IX-A, SUMMARY OF RELAYING REQUIREMENTS

TABLE IX-A SUMMARY OF RELAYING REQUIREMENTS								
Type of Interconnection	Over-current (50/51)	Voltage (27/59)	Frequency (81 0/U)	Reverse Power (32)	Lockout (86)	Parallel Limit Timer	Sync-Check (25)	Transfer Trip
Open Transition Mechanically Interlocked (Fig. 1)	—	—	—	—	—	—	—	—
Quick Open Transition Mechanically Interlocked (Fig. 2)	—	—	—	—	Yes	Yes	Yes	—
Closed Transition (Fig. 2)	—	—	—	—	Yes	Yes	Yes	—
Soft Loading Limited Parallel Operation (Fig. 3)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	—
Soft Loading Extended Parallel < 150 kW (Fig. 4)	Yes	Yes	Yes	—	Yes	—	Yes	—
Soft Loading Extended Parallel >150kW (Fig.4)	Yes	Yes	Yes	—	Yes	—	Yes	Yes
Inverter Connection (Fig. 5)								
< 30 kW	Yes	Yes	Yes	—	Yes	—	—	—
30 kW – 150kW	Yes	Yes	Yes	—	Yes	—	—	—
> 150 kW	Yes	Yes	Yes	—	Yes	—	—	Yes

X. TESTING REQUIREMENTS

A) Pre-Certification of equipment

The most important part of the process to interconnect generation with Local and Area EPS's is safety. One of the key components of ensuring the safety of the public and employees is to ensure that the design and implementation of the elements connected to the electrical power system operate as required. To meet this goal, all of the electrical wiring in a business or residence, is required to be listed by a recognized testing and certification laboratory, for its intended purpose. With these installations, equipment and wiring are "UL" listed and installation meets the National Electric Code requirements. Since Generation Systems have tended to be uniquely designed for each installation, they have been designed and approved by Professional Engineers. This process has been set up to be able to deal with these uniquely designed systems. As the number of Generation Systems installed increase, vendors are working towards creating type certified equipment packages, which are factory tested, and then only require limited field-testing. This will allow moving towards more of a "plug and play" type of installations. For this reason, this interconnection process recognizes industry "type certification", as described below, to help streamline the design and installation process.

An equipment package shall be considered certified for interconnected operation if it has been submitted by a manufacture, tested and listed by a nationally recognized testing and certification laboratory (NRTL) for continuous utility interactive operation in compliance with the applicable codes and standards. Presently, generation paralleling equipment that is listed by a nationally recognized testing laboratory as having met the applicable type-testing requirements of UL 1741 and IEEE 929, shall be acceptable for interconnection without additional protection system requirements. Testing under UL 1741 and IEEE 929 will be the acceptable type testing standards until approval of IEEE-1547.1 "Draft Standard For Conformance Test Procedures for Equipment Interconnection Distributed Resources with Electric Power Systems". An "equipment package" shall include all interface components including switchgear, inverters, or other interface devices and may include an integrated generator or electric source. If the equipment package has been tested and listed as an integrated package which includes a generator or other electric source, it shall not require further design review, testing or additional equipment to meet the certification requirements for interconnection. If the equipment package includes only the interface components (switchgear, inverters, or other interface devices), then the Interconnection Customer shall show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and consistent with the testing and listing specified for the package. Provided the generator or electric source combined with the equipment package is consistent with the testing and listing performed by the nationally recognized testing and certification laboratory, no further design review, testing or additional equipment shall be required to meet the certification requirements of this interconnection procedure. A certified equipment package does not include equipment provided by the Area EPS.

The use of Pre-Certified equipment does not automatically qualify the Interconnection Customer to be interconnected to the Area EPS. An application will still need to be submitted and an interconnection review may still need to be performed, to determine the compatibility of the Generation System with the Area EPS.

For a listing of equipment that has been certified under UL1741 see the following WEB site.
<http://www.ul.com/dge/>

B) Pre-Commissioning Tests

1) Non-Certified Equipment

a) Protective Relaying and Equipment Related to Islanding

- i) Distributed generation that is not Type-Certified (type tested), shall be equipped with protective hardware and/or software designed to prevent the Generation from being connected to a de-energized Area EPS.
- ii) The Generation shall not close and protection shall be provided to prevent closing of Generation into a de-energized Area EPS. It is the Interconnection Customer's responsibility to provide a final design and to install the protective measures required by the Area EPS. The Area EPS will review and approve the design, the types of relays specified, and the installation. Mutually agreed upon exceptions may at times be necessary and desirable. It is strongly recommended that the Interconnection Customer obtain Area EPS written approval prior to ordering protective equipment for parallel operation. The Interconnection Customer will own these protective measures installed at their facility.
- iii) The Interconnection Customer shall obtain prior approval from the Area EPS for any revisions to the specified relay calibrations.

C) Commissioning Testing

The Interconnection Customer shall complete the following tests. All of the required tests in each section shall be completed prior to moving on to the next section of tests. The Area EPS operator has the right to witness all field testing and to review all records prior to allowing the system to be made ready for normal operation. The Area EPS shall be notified, with sufficient lead time to allow the opportunity for Area EPS personnel to witness any or all of the testing.

- 1) Pre-testing The following tests are required to be completed on the Generation System prior to energization by the Generator or the Area EPS. Some of these tests may be completed in the factory if no additional wiring or connections were made to that component. These tests are marked with a "*"
 - a) Grounding shall be verified to ensure that it complies with this standard, the NESC and the NEC.
 - b) * CT's (Current Transformers) and VT's (Voltage Transformers) used for monitoring and protection, shall be tested to ensure correct polarity, ratio and wiring.
 - c) CT's shall be visually inspected to ensure that all grounding and shorting connections have been removed where required.
 - d) Breaker / Switch tests – Verify that the breaker or switch cannot be operated with interlocks in place or that the breaker or switch cannot be automatically operated when in manual mode. Various Generation Systems have different interlocks, local or manual modes etc. The intent of this section is to ensure that the breaker or switches controls are operating properly.

- e) * Relay Tests – All Protective relays shall be calibrated and tested to ensure correct operation of the protective element. Documentation of all relay calibration tests and settings shall be furnished to the Area EPS operator.
- f) Trip Checks - Protective relaying shall be functionally tested to ensure correct operation of the complete system. Functional testing requires that the complete system be operated by the injection of current and/or voltage to verify relay settings, triggering of relay elements and proving that the relay element trips the required breaker, lockout relay or provides the correct signal to the next control element. Trip circuits shall be proven through the entire scheme (including breaker trip).

For factory-assembled systems, such as inverters, the setting of the protective elements may occur at the factory. This section requires that the complete system, including the wiring and the device being tripped or activated, be proven to be in working condition through the injection of current and/or voltage.

- g) Remote Control, SCADA and Remote Monitoring tests – All remote control functions and remote monitoring points shall be verified operational. In some cases, it may not be possible to verify all of the analog values prior to energization. Where appropriate, those points may be verified during the energization process.
 - h) Phase Tests – The Interconnection Customer shall work with the Area EPS operator to complete the phase test to ensure proper phase rotation of the Generation and wiring.
 - i) Synchronizing test – The following tests shall be done across an open switch or racked out breaker. The switch or breaker shall be in a position that is incapable of closing between the Generation System and the Area EPS for this test. This test shall demonstrate that at the moment of the paralleling-device closure, the frequency, voltage and phase angle are within the required ranges, as stated in IEEE 1547. This test shall also demonstrate that if any of the parameters are outside of the ranges stated; the paralleling-device shall not close. For inverter-based interconnected systems this test may not be required unless the inverter creates fundamental voltages before the paralleling device is closed.
- 2) On-Line Commissioning Test – the following tests will proceed once the Generation System has completed Pre-testing and the results have been reviewed and approved by the Area EPS operator. For smaller Generation Systems, the Area EPS may have a set of standard interconnection tests that will be required. On larger and more complex Generation Systems the Interconnection Customer and the Area EPS operator will get together to develop the required testing procedure. All on-line commissioning tests shall be based on written test procedures agreed to between the Area EPS operator and the Interconnection Customer.

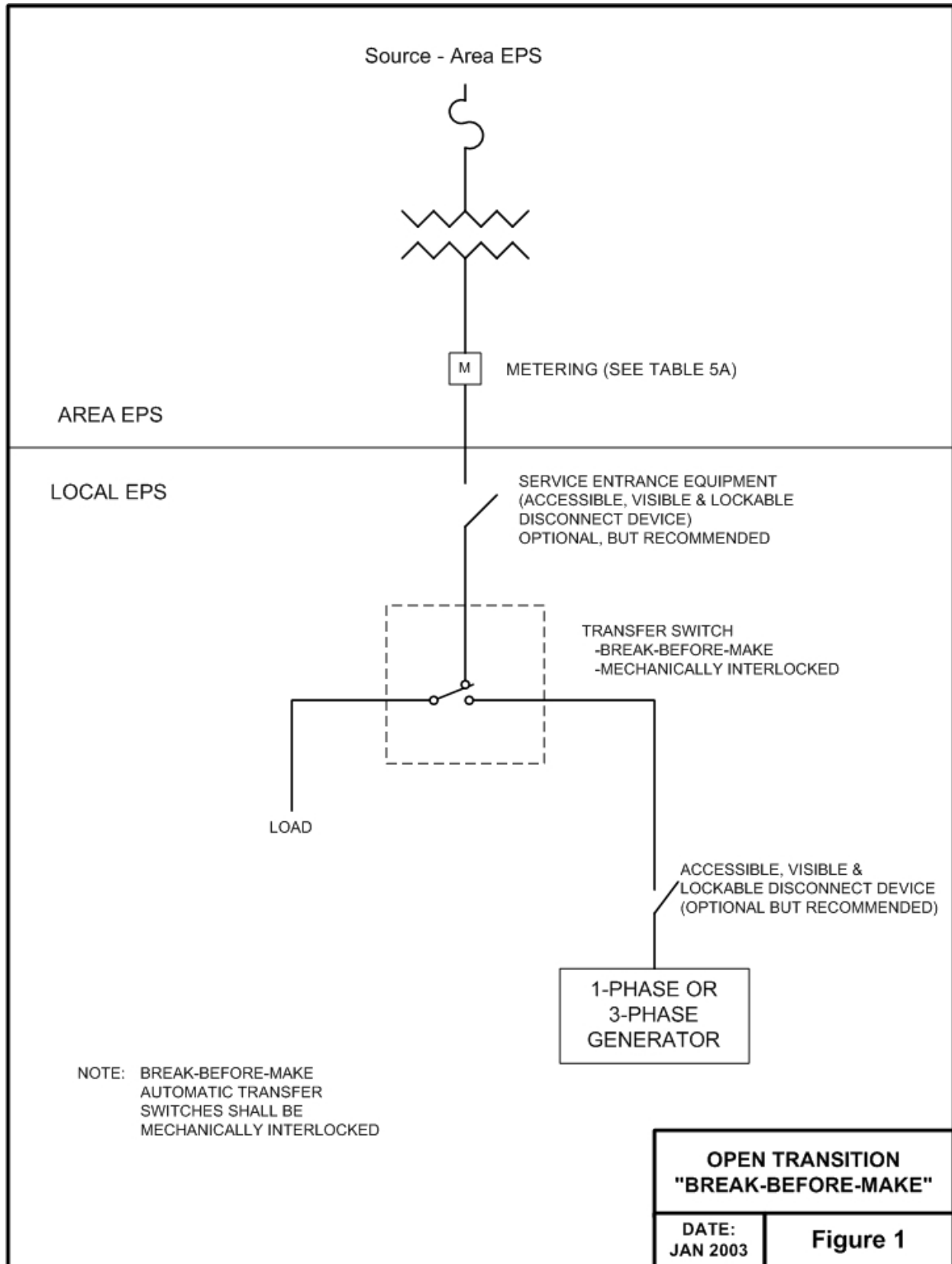
Generation System functionally shall be verified for specific interconnections as follows:

- a) Anti-Islanding Test – For Generation Systems that parallel with the utility for longer than 100msec.
 - i) The Generation System shall be started and connected in parallel with the Area EPS source.

- ii) The Area EPS source shall be removed by opening a switch, breaker etc.
 - iii) The Generation System shall either separate from the local load or stop generating
 - iv) The device that was opened to remove the Area EPS source shall be closed and the Generation System shall not reparallel with the Area EPS for at least 5 minutes.
- 3) Final System Sign-off.
- a) To ensure the safety of the public, all interconnected customer owned generation systems which do not utilize a Type-Certified system shall be certified as ready to operate by a Professional Electrical Engineer registered in the State of Michigan, prior to the installation being considered ready for commercial use.
- 4) Periodic Testing and Record Keeping
 - a) Any time the interface hardware or software, including protective relaying and generation control systems are replaced and/or modified, the Area EPS operator shall be notified. This notification shall, if possible, be with sufficient warning so that the Area EPS personnel can be involved in the planning for the modification and/or witness the verification testing. Verification testing shall be completed on the replaced and/or modified equipment and systems. The involvement of the Area EPS personnel will depend upon the complexity of the Generation System and the component being replaced and/or modified. Since the Interconnection Customer and the Area EPS operator are now operating an interconnected system. It is important for each to communicate changes in operation, procedures and/or equipment to ensure the safety and reliability of the Local and Area EPSs.
 - b) All interconnection-related protection systems shall be periodically tested and maintained, by the Interconnection Customer, at intervals specified by the manufacture or system integrator. These intervals shall not exceed 5 years. Periodic test reports and a log of inspections shall be maintained, by the Interconnection Customer and made available to the Area EPS operator upon request. The Area EPS operator shall be notified prior to the period testing of the protective systems, so that Area EPS personnel may witness the testing if so desired.
 - i) Verification of inverter connected system rated 15kVA and below may be completed as follows; The Interconnection Customer shall operate the load break disconnect switch and verify the Generator automatically shuts down and does not restart for at least 5 minutes after the switch is close
 - ii) Any system that depends upon a battery for trip/protection power shall be checked and logged once per month for proper voltage. Once every four years the battery(s) must be either replaced or a discharge test performed. Longer intervals are possible through the use of “station class batteries” and Area EPS operator approval.

XI. FIGURES

A) FIGURE 1-, OPEN TRANSITION “BREAK-BEFORE-MAKE”



Source - Area EPS

METERING (SEE TABLE 5A)

AREA EPS

LOCAL EPS

SERVICE ENTRANCE EQUIPMENT
(ACCESSIBLE, VISIBLE & LOCKABLE DISCONNECT DEVICE)

* 25SC (1) * 25

* 62PL (3)

LOAD

TRANSFER SWITCH QUICK OPEN OR CLOSED TRANSITION - "MAKE BEFORE BREAK"
0.5 SEC. MAX PARALLEL TIME

ACCESSIBLE, VISIBLE & LOCKABLE DISCONNECT DEVICE (OPTIONAL BUT RECOMMENDED)

CT (3) 50/51 (3) 51N

BREAKER 'A' MAY SERVE AS ACCESSIBLE DISCONNECT DEVICE IF DRAWOUT

A * 86

3-PHASE GENERATOR

Tripped by 62PL

Device No.	Function	Trips
25	Synchronizer	
25SC	*Synch-check Relay	
50 / 51	Phase Overcurrent	86/A
51N	Ground Overcurrent	
62PL	*Parallel Limit Timer	86/A
86	*Lockout Relay	A

(1) (2) (3) Indicates Number of Phases to be Monitored

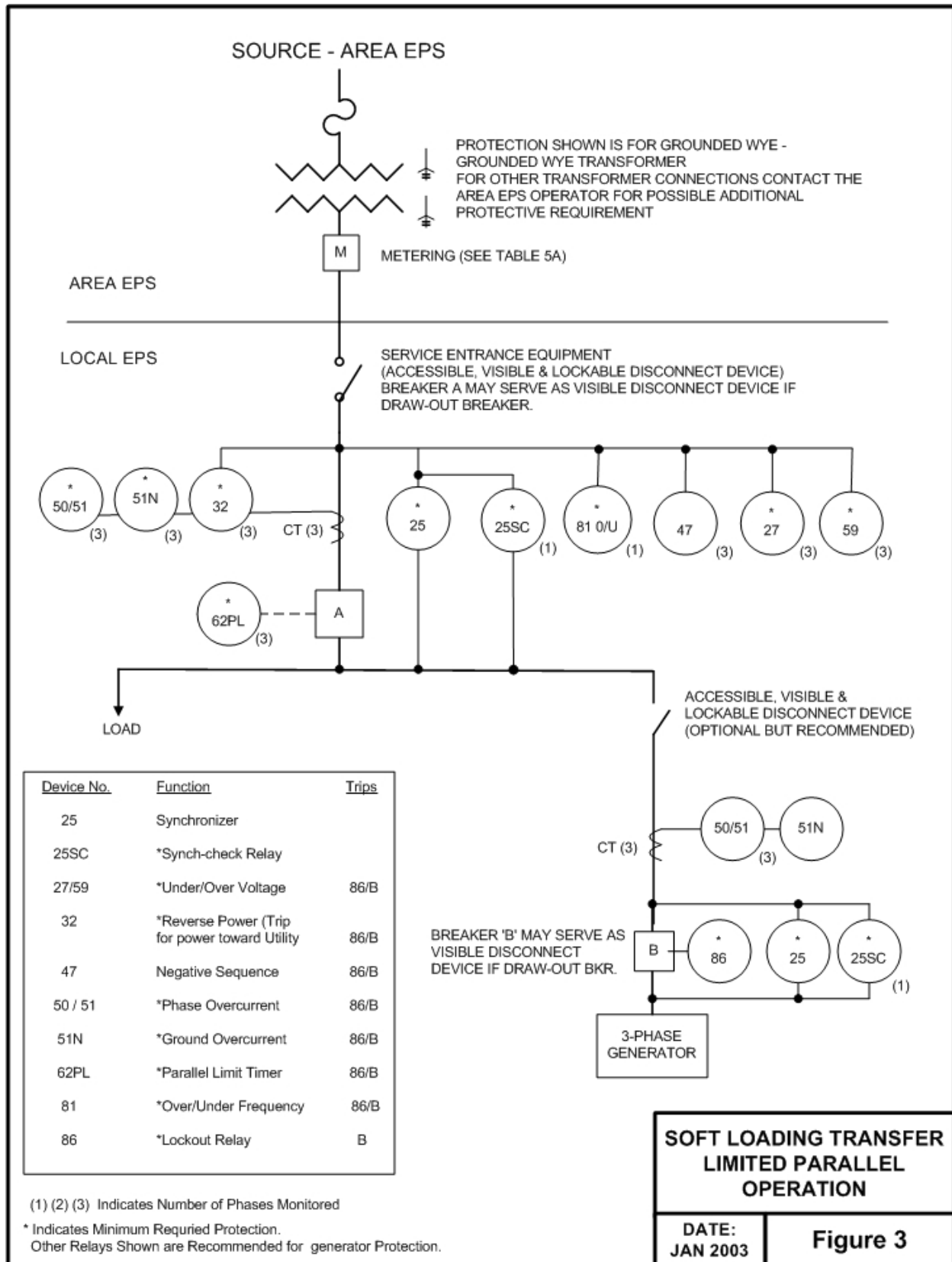
* Indicates Minimum Required Protection
Other Relays Shown are Recommended for Generator Protection.

QUICK OPEN OR CLOSED TRANSITION "MAKE-BEFORE-BREAK"

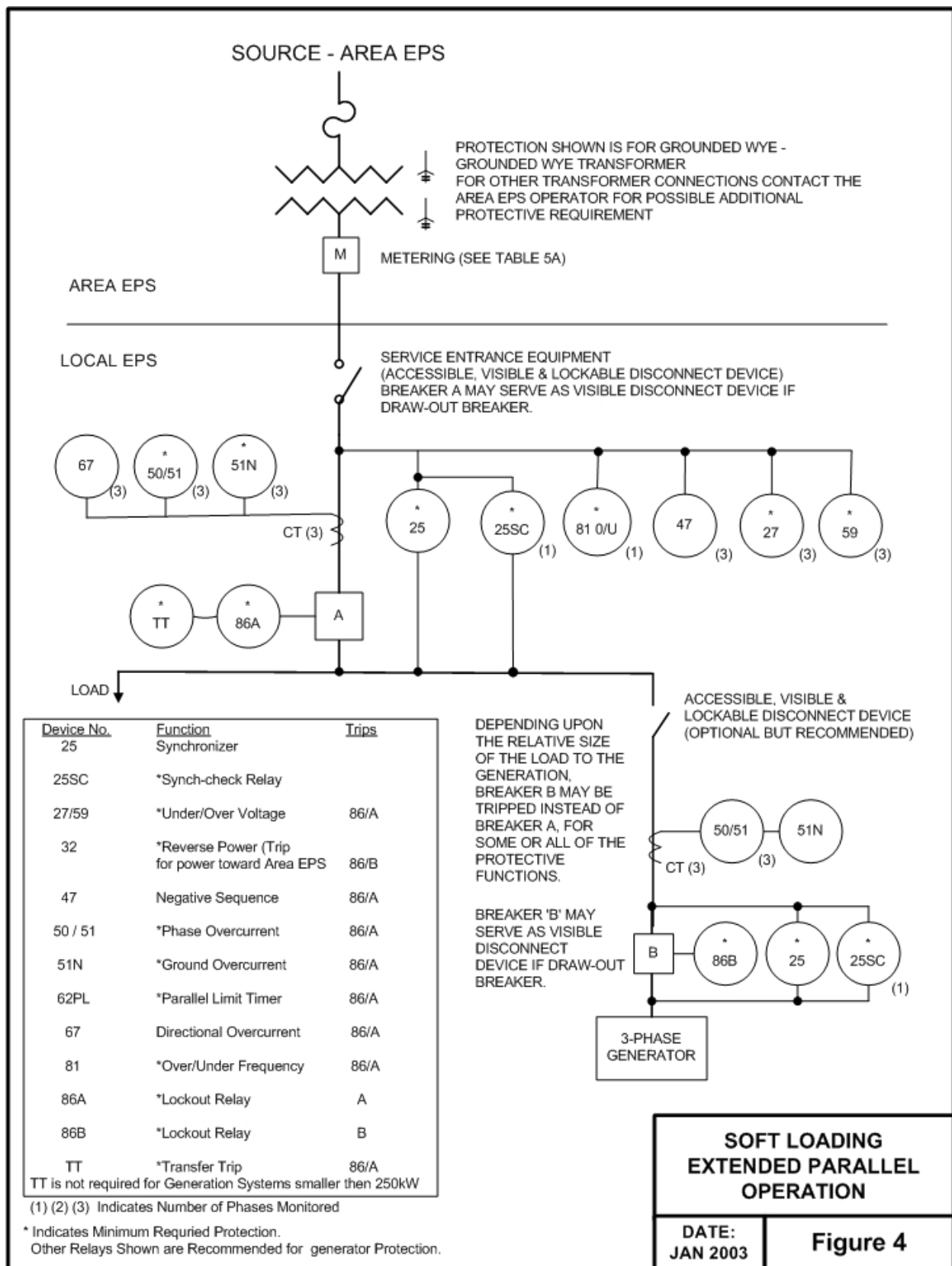
DATE: JAN 2003

Figure 2

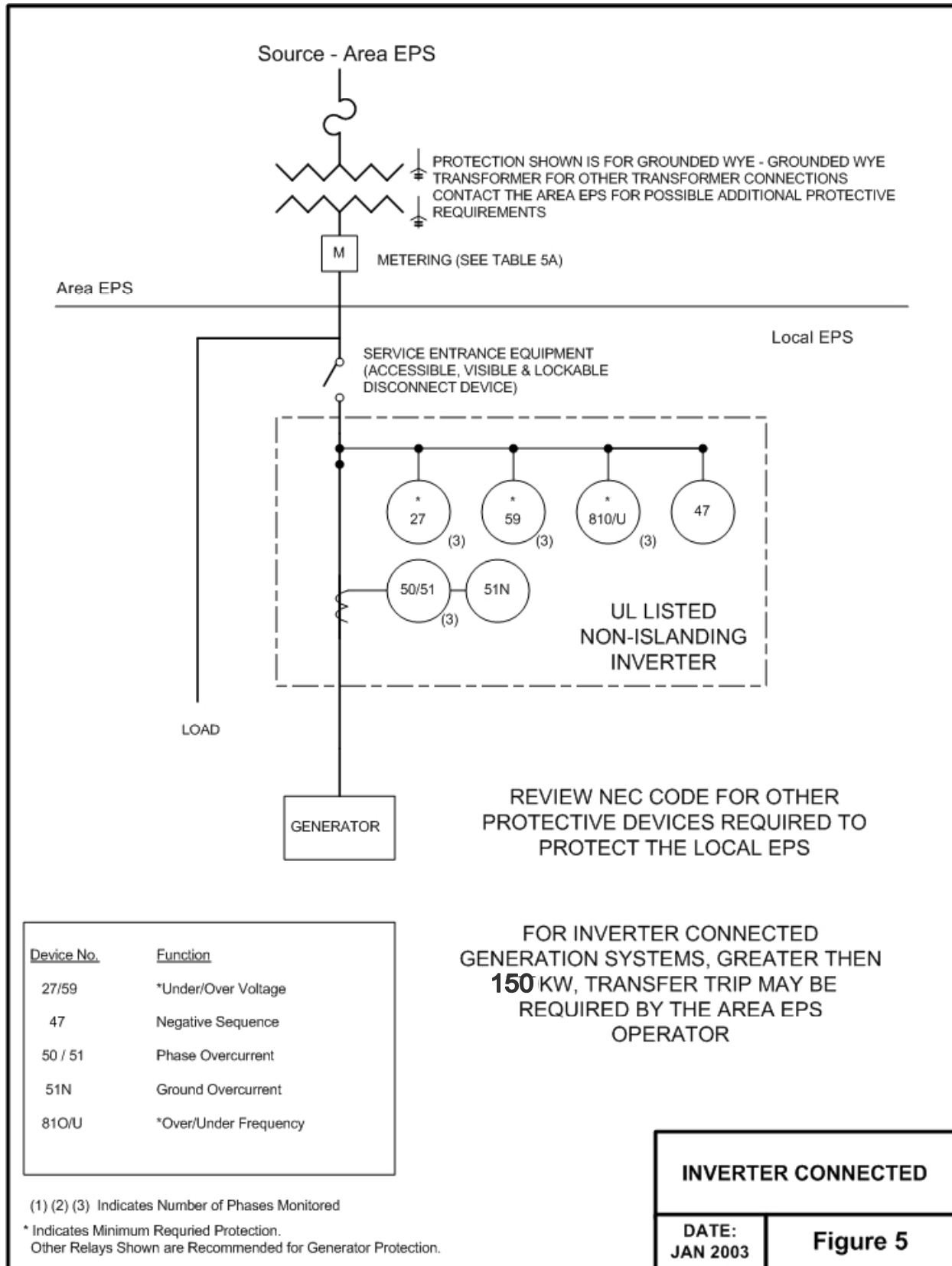
C) FIGURE 3- SOFT LOADING TRANSFER LIMITED PARALLEL OPERATION



D) FIGURE 4- SOFT LOADING EXTENDED PARALLEL OPERATION



E) FIGURE 5- INVERTER CONNECTED



REVISED EXHIBIT 2

Interconnection Process for Distributed Generation Systems

Michigan Service Territory

**Northern States Power Company – Wisconsin d/b/a
Xcel Energy**

May 2004

***INTERCONNECTION PROCESS FOR DISTRIBUTED
GENERATION***

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I. INTRODUCTION

This document has been prepared to explain the process established to interconnect a Generation System with the Area Electrical Power System (Area EPS). This document covers the interconnection process for all types of Generation Systems which are planned for interconnection with the Area EPS's Distribution System; are not intended for wholesale transactions and are not anticipated to affect the transmission system. This document does not discuss the interconnection Technical Requirements, which are covered in the **“ Requirements for Interconnection of Distributed Generation”** document.

To interconnect a Generation System with the Area EPS, there are several steps that must be followed. This document outlines those steps and the Parties' responsibilities. At any point in the process, if there are questions, please contact the Generation Interconnection Coordinator at the Area EPS. This document has been developed to provide an interconnection process covering a range of Generation Systems, in many instances the requirements are streamlined during the initial review by the Generation Interconnection Coordinator.

Electric power systems have been created to effectively and efficiently produce and deliver electrical energy to the end user. Electric power systems can be quite diverse, but in general consist of three major components: generation, transmission, and distribution. Bulk power produced at the generation facilities is delivered over the transmission system, at high voltages, to very large customers and the utility's distribution substations. The distribution substations and connected distribution system delivers power at medium and low voltages to the majority of customers via a complex array of components. The Federal Regulator Commission (FERC) regulates the transmission system and the Distribution System is regulated by the state PUC's.

The promulgation of interconnection standards for Generation Systems must be done in the context of a reasonable interpretation of the boundary between state and federal jurisdiction. The Federal Energy Regulatory Commission (FERC) has asserted authority in the area, at least as far as interconnection at the transmission level is concerned. This, however, leaves open the question of jurisdiction over interconnection at the distribution level. FERC states in its “Standardized Proposed Interconnection Rule for Small Generation”, Docket No. RM02-12-000, that the NOPR would “apply to a request to interconnect to a public utility's “distribution” facilities used to transmit electric energy in interstate commerce on behalf of a wholesale purchaser pursuant to a Commission-filed OATT. But in such a case where the “distribution” facilities have a dual use, i.e., the facilities are used for both wholesale sales and retail sales, the NOPR would apply to interconnections to these facilities only for the purpose of making sales of electric energy for resale in interstate commerce.”

As a practical matter, if the Generation System Nameplate Capacity is not greater than the minimum expected load on the associated Area EPS distribution substation and Generation System's energy is not being sold on the wholesale market, then that installation may be considered as not “affecting” the transmission system. If the Generation System is not “affecting” the transmission system then the interconnection may be considered as being governed by this process.

II. DEFINITIONS

A) Definitions for this document

- 1) “Applicant”: The person or entity who is requesting the interconnection of the Generation System with the Area EPS and is responsible for ensuring that the Generation System is designed, operated and maintained in compliance with the Technical Requirements.
- 2) “Area EPS”: An electric power system (EPS) that serves Local EPS’s. Note: Typically, an Area EPS has primary access to public rights-of-way, priority crossing of property boundaries, etc.
- 3) “Area EPS Operator”: The entity responsible for operating the Area EPS.
- 4) “Dedicated Facilities”: The equipment that is installed due to the interconnection of the Generation System and not required to serve other Area EPS customers.
- 5) “Distributed Generation (DG)”: See definition for Generation System.
- 6) “Distribution System”: The Area EPS facilities, which are not part of the Area EPS Transmission System or any Generation System.
- 7) “Extended Parallel”: Means the Generation System is designed to remain connected with the Area EPS for an extended period of time.
- 8) “Generation”: Any device producing electrical energy, i.e., rotating generators driven by wind, steam turbines, internal combustion engines, hydraulic turbines, solar, fuel cells, etc.; or any other electric producing device, including energy storage technologies.
- 9) “Generation Interconnection Coordinator”: The person or persons designated by the Area EPS Operator to provide a single point of coordination with the Applicant for the generation interconnection process.
- 10) “Generation System”: Electric Generation facilities comprised of, but not exclusively limited to, the interconnected generator(s), controls, relays, switches, breakers, transformers, inverters and associated wiring and cables, up to the Point of Common Coupling.
- 11) “Interconnection Customer”: The party or parties who will own/operate the Generation System and are responsible for meeting the requirements of the agreements and Technical Requirements. This could be the Generation System applicant, installer, owner, designer, or operator.
- 12) “Interconnection Process”: The process as described in the accompanying document “Interconnection Process for Distributed Generation Systems”.
- 13) “Local EPS”: An electric power system (EPS) contained entirely within a single premises or group of premises.
- 14) “Nameplate Capacity”: The total nameplate capacity rating of all the Generation included in the Generation System. For this definition the “standby” and/or maximum rated kW capacity on the nameplate shall be used.
- 15) “Open Transfer”: The method of transferring the local loads from the Area EPS to the generator such that the generator and the Area EPS are never connected together.
- 16) “Point of Common Coupling”: The point where the Local EPS is connected to an Area EPS. [Adopted from IEEE 1547]

- 17) “Quick Closed”: The method of generation transfer which does not parallel or parallels for less than 100msec with the Area EPS and has utility grade timers which limit the parallel duration to less than 100 msec with the Area EPS.
- 18) “Technical Requirements”: “Requirements for Interconnection of Distributed Generation
- 19) “Type Certified”: Generation paralleling equipment that is listed by an OSHA listed national testing laboratory as having met the applicable type testing requirement of UL 1741. At the time this document was prepared this was the only national standard available for certification of generation transfer switch equipment. This definition does not preclude other forms of type-certification if agreeable to the Area EPS operator.

B) MI PSC Rules R 460.481 Definitions

The following definitions apply to the Michigan PSC rules for “Electric Interconnection Standards” as presented in this document. (MI PSC rules R 460.481 to R 460.489)

MI PSC Rules R 460.481 Definitions

Rule 1. (1) As used in these rules:

- a) “Distribution system” means the structures, equipment, and facilities operated by an electric utility to deliver electricity to end users, but it excludes transmission facilities that are subject to jurisdiction of the federal energy regulatory commission.
- b) “Interconnection” means the process administered by an electric utility to implement the electrical connection of a project with a distribution system, so that parallel operation can occur.
- c) “Interconnection procedures” mean the requirements adopted by each electric utility and approved by the commission to govern interconnection.
- d) “Project” means a merchant plant and other electric generating equipment and associated facilities that are not owned or operated by an electric utility.
- e) “Project developer” means a person that owns, operates, or proposes to construct, own, or operate, a project.

(2) A term defined in section 10g of 1939 PA 3, MCL 460.10g, has the same meaning when used in these rules.

III. INTERCONNECTION DOCUMENTS & AGREEMENTS

This document covers the interconnection process for all types of Generation Systems which are planned for interconnection with the Area EPS's Distribution System; are not intended for wholesale transactions and are not anticipated to affect the transmission system. This document does not discuss the interconnection Technical Requirements, which are covered in the “**Requirements for Interconnection of Distributed Generation**” document.

The chart below lists the documents required for each type and size of Generation System proposed for interconnection.

Find your type of Generation System interconnection, across the top, then follow the chart straight down, to determine what documents are required as part of the interconnection process.

GENERATION INTERCONNECTION DOCUMENT SUMMARY					
Open Transfer	Quick Closed Transfer	Soft Loading Transfer	Extended Parallel Operation		
			QF facility ≤30kW	Without Sales	With Sales
Interconnection Process (this document)					
Requirements for Interconnection (campanion document)					
Generation Interconnection Application (Appendix A)					
		Engineering Data Submittal (Appendix B)			
		Engineering Studies (Appendix C)			
		Interconnection Agreement (Appendix D)			FERC Rules, PPA

A) Interconnection Process

This “Interconnection Process for Distributed Generation Systems” document explains the process established to interconnect a Generation System with the Area EPS.

The following are Appendices to the “Interconnection Process for Distributed Generation Systems”:

- 1) Appendix A-“Generation Interconnection Application”: The application form used to provide the Area EPS Operator with information required to perform a preliminary Interconnection review. This form contains a signature section.
- 2) Appendix B-“Engineering Data Submittal & Agreement”: A standard form that provides the engineering and operating information about the Generation System. This form contains a

signature section. (Also included as “Exhibit C” of the Interconnection Agreement as described in Appendix D below)

- 3) Appendix C-“Engineering Studies”: This appendix provides a brief description of the types of possible Engineering Studies that may be required for the review of Generation System interconnection.
- 4) Appendix D- Interconnection Agreement: “Interconnection Agreement for the Interconnection of Extended Parallel Distributed Generation Systems with Electric Utilities.” This agreement is required for all Generation Systems that parallel with the Area EPS. Each Area EPS’s tariffs contain standard interconnection agreements. There are different interconnection agreements depending upon the size and type of Generation System. This agreement contains the terms and conditions upon which the Generation System is to be connected, constructed and maintained, when operated in parallel with the Area EPS. This document contains a signature section.

The following are Exhibits to the Interconnection Agreement

- a) Exhibit A – Description of Generation System and single-line diagram. This diagram shows all major equipment, including, visual isolation equipment, Point of Common Coupling, Point of Delivery for Generation Systems that intentionally export, ownership of equipment and the location of metering.
- b) Exhibit B – Estimated installation and testing costs payable by the Interconnection Customer. Included in this listing shall be the description and estimated costs for the required Dedicated Facilities being installed by the Area EPS for the interconnection of the Generation System.
- c) Exhibit C – “Engineering Data Submittal & Agreement”: A standard form that provides the engineering and operating information about the Generation System. This form contains a separate signature section. (This is the same document as “Appendix B” of the Interconnection Process document)
- d) Exhibit D – “Operating Agreement”: This provides specific operating information and requirements for this Generation System interconnection. This Exhibit has a separate signature section and may be modified, in writing, from time to time with the agreement of both parties.

For Generation Systems that normally operate in parallel with the Area EPS, an agreement separate from the interconnection agreement, called the “operating agreement”, is usually created. This agreement is created for the benefit of both the Interconnection Customer and the Area EPS operator and will be agreed to between the Parties. This agreement will be dynamic and is intended to be updated and reviewed annually. For some smaller systems, the operating agreement can simply be a letter agreement for larger and more intergraded Generation Systems the operating agreement will tend to be more involved and more formal. The operating agreement covers items that are necessary for the reliable operation of the Local and Area EPS. The items typically included in the operating agreement are as follows;

- i) Emergency and normal contact information for both the Area EPS operations center and for the Interconnection Customer
- ii) Procedures for periodic Generation System test runs.

- iii) Procedures for maintenance on the Area EPS that effect the Generation System.
- iv) Emergency Generation Operation Procedures
- e) Exhibit E – Maintenance Agreement – This provides specific maintenance requirements for this Generation System interconnection. This Exhibit has a separate signature section and may be modified, in writing, from time to time with the agreement of both parties.
- 5) Appendix E- MPSC Electric Interconnection Standards: This section contains a copy of MPSC Electric Interconnection Standards, Rules R 460.481 to R 460.489.

B) Interconnection Technical Standards

The Interconnection Technical Standards are outlined in the “Requirements for Interconnection of Distributed Generation”.

C) FERC

“Federal Energy Regulatory Commission”- FERC is responsible for approval of rates for wholesale sales of electricity and transmission in interstate commerce for jurisdictional utilities, power marketers, power pools, power exchanges and independent system operators. They also provide certification of qualifying small power production and cogeneration facilities.

As a practical matter, if the Generation System Nameplate Capacity is not greater than the minimum expected load on the associated Area EPS distribution substation and Generation System’s energy is not being sold on the wholesale market, then that installation may be considered as not “affecting” the transmission system. If the Generation System is “affecting” the transmission system then the interconnection would come under FERC jurisdiction.

For information on the Federal Energy Regulatory Commission (FERC), www.ferc.gov

D) PPA

“Power Purchase Agreement”: The master agreement containing the essential terms governing purchases and sales of wholesale electricity.

IV. GENERAL INFORMATION

A) Dispute Resolution

The following is the dispute resolution process to be followed for problems which occur with the implementation of this process.

- 1) Each Party agrees to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner.
- 2) In the event a dispute arises under this process, and if it cannot be resolved by the Parties within thirty (30) days after written notice of the dispute to the other Party, the Parties shall submit the dispute to mediation by a mutually acceptable mediator, in a mutually convenient location in the State of Michigan. The Parties agree to participate in good faith in the mediation for a period of 90 days. If the parties are not successful in resolving their disputes through mediation, then the Parties may refer the dispute for resolution to the Michigan Public Service Commission (MPSC), which shall maintain continuing jurisdiction over this process.

B) Area EPS Generation Interconnection Coordinator.

Each Area EPS Operator shall designate a Generation Interconnection Coordinator(s) and this person or persons shall provide a single point of contact for an Applicant's questions on this Generation Interconnection process. Some Area EPS Operators may have several Generation Interconnection Coordinators assigned, due to the geographical size of their electrical service territory or the amount of interconnection applications. This Generation Interconnection Coordinator will typically not be able to directly answer or resolve all of the issues involved in the review and implementation of the interconnection process and standards, but shall be available to provide coordination assistance with the Applicant.

For the Michigan jurisdiction the Generation Interconnection Coordinator will be Xcel Energy's Business Solution Center which can be reached by calling 1-800-481-4700. Representatives in the Business Solution Center will direct the individual to the appropriate area engineer.

C) Engineering Studies

During the process of design of a Generation System interconnection between a Generation System and an Area EPS, there are several studies which many need to be undertaken. On the Local EPS (Customers side of the interconnection) the addition of a Generation System may increase the fault current levels, even if the generation is never interconnected with the Area EPS's system. The Interconnection Customer may need to conduct a fault current analysis of the Local EPS in conjunction with adding the Generation System. The addition of the Generation System may also affect the Area EPS and special engineering studies may need to be undertaken looking at the Area EPS with the Generation System included. Appendix D, lists some of the issues that may need to receive further analysis for the Generation System interconnection.

While, it is not a straight forward process to identify which engineering studies are required and the associated costs, the following are cost limitations set by the MPSC and the basic screening criteria that will be used for this interconnection process.

<p>MI PSC Rule 460.487, Rule 7 parts 2 and 3</p> <p>(2) The interconnection procedures shall set forth a uniform schedule of charges for engineering studies. The charges shall not exceed the lesser of either of the following:</p> <p>(a) Five percent of the estimated total cost of the project.</p> <p>(b) Ten thousand dollars.</p> <p>(3) The interconnection procedures shall not require, or impose charges for, engineering studies if the project aggregate export capacity is less than 15% of the line section peak load and the project does not contribute more than 25% of the maximum short circuit current at the point of interconnection.</p>
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A cost estimate will be provided after the Preliminary Review performed by the Area EPS.

D) Basic Screening Criteria

- 1) Generation System total Nameplate Capacity does not exceed 5% of the radial circuit expected peak load. The peak load is the total expected load on the radial circuit when the other generators on that same radial circuit are not in operation.
- 2) The aggregate generation's total Nameplate Capacity, including all existing and proposed generation, does not exceed 25% of the radial circuit peak load and that total is also less than the radial circuit minimum load.
- 3) Generation System does not exceed 15% of the Annual Peak Load for the Line Section, which it will interconnect with. A Line Section is defined as that section of the distribution system between two sectionalizing devices in the Area EPS.
- 4) Generation System does not contribute more than 10% to the distribution circuit's maximum fault current at the point at the nearest interconnection with the Area EPS's primary distribution voltage.
- 5) The proposed Generation System total Nameplate Capacity, in aggregate with other generation on the distribution circuit, will not cause any distribution protective devices and equipment to exceed 85 percent of the short circuit interrupting capability.
- 6) If the proposed Generation System is to be interconnected on a single-phase shared secondary, the aggregate generation Nameplate Capacity on the shared secondary, including the proposed generation, does not exceed 20kW.
- 7) Screening does not apply to Generation Systems that would be interconnected with a "networked" system.

E) Scoping Meeting

During Step 2 of this process, the Applicant or the Area EPS Operator has the option to request a two-hour scoping meeting. The purpose of the scoping meeting shall be to discuss the Applicant's interconnection request and review the application filed. This scoping meeting is to be held so that each Party can gain a better understanding of the issues involved with the requested interconnection. The Area EPS and Applicant shall bring to the meeting personnel, including system engineers, and other resources as may be reasonably required, to accomplish

the purpose of the meeting. The Applicant shall not expect the Area EPS to complete the preliminary review of the proposed Generation System at the scoping meeting. The Application fee shall cover the Area EPS's costs for this two-hour scoping meeting. There shall be no additional charges imposed by the Area EPS for this initial scoping meeting.

F) Insurance

- 1) In connection with the Interconnection Customer's performance of its duties and obligations under this Agreement, the Interconnection Customer shall maintain, during the term of the Agreement, general liability insurance, from a qualified insurance agency with a B+ or better rating by "Best" and with a combined single limit of not less than:
 - a) Two million dollars (\$2,000,000) for each occurrence if the Gross Nameplate Rating of the Generation System is greater than 150kW.
 - b) One million dollars (\$1,000,000) for each occurrence if the Gross Nameplate Rating of the Generation System is between 30kW and 150kW.
 - c) Three hundred thousand (\$300,000) for each occurrence if the Gross Nameplate Rating of the Generation System is less than 30kW.
 - d) Such general liability insurance shall include coverage against claims for damages resulting from (i) bodily injury, including wrongful death; and (ii) property damage arising out of the Interconnection Customer's ownership and/or operating of the Generation System under this agreement.
- 2) The general liability insurance required shall, by endorsement to the policy or policies, (a) include the Area EPS Operator as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that the Area EPS Operator shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for the payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to the Area EPS Operator prior to cancellation, termination, alteration, or material change of such insurance.
- 3) If the Generation System is connected to an account receiving residential service from the Area EPS Operator and its total generating capacity is smaller than 30kW, then the endorsements required in Section F.2 shall not apply.
- 4) The Interconnection Customer shall furnish the required insurance certificates and endorsements to the Area EPS Operator prior to the initial operation of the Generation System. Thereafter, the Area EPS Operator shall have the right to periodically inspect or obtain a copy of the original policy or policies of insurance.
- 5) Evidence of the insurance required in Section F.1. shall state that coverage provided is primary and is not excess to or contributing with any insurance or self-insurance maintained by the Area EPS Operator.
- 6) If the Interconnection Customer is self-insured with an established record of self-insurance, the Interconnection Customer may comply with the following in lieu of Section F.1 – 5:
- 7) Interconnection Customer shall provide to the Area EPS Operator, at least thirty (30) days prior to the date of initial operation, evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required under section F.1

- 8) If Interconnection Customer ceases to self-insure to the level required hereunder, or if the Interconnection Customer is unable to provide continuing evidence of its ability to self-insure, the Interconnection Customer agrees to immediately obtain the coverage required under section F.1.
- 9) Failure of the Interconnection Customer or Area EPS Operator to enforce the minimum levels of insurance does not relieve the Interconnection Customer from maintaining such levels of insurance or relieve the Interconnection Customer of any liability.

G) Pre-Certification of equipment

The most important part of the process to interconnect generation with Local and Area EPS's is safety. One of the key components of ensuring the safety of the public and employees is to ensure that the design and implementation of the elements connected to the electrical power system operate as required. To meet this goal, all of the electrical wiring in a business or residence, is required to be listed by a recognized testing and certification laboratory, for its intended purpose. With these installations, equipment and wiring are "UL" listed and installation meets the National Electric Code requirements. Since Generation Systems have tended to be uniquely designed for each installation, they have been designed and approved by Professional Engineers. This process has been set up to be able to deal with these uniquely designed systems. As the number of Generation Systems installed increase, vendors are working towards creating type certified equipment packages, which are factory tested, and then only require limited field-testing. This will allow moving towards more of a "plug and play" type of installations. For this reason, this interconnection process recognizes industry "type certification", as described below, to help streamline the design and installation process.

An equipment package shall be considered certified for interconnected operation if it has been submitted by a manufacture, tested and listed by a nationally recognized testing and certification laboratory (NRTL) for continuous utility interactive operation in compliance with the applicable codes and standards. Presently, generation paralleling equipment that is listed by a nationally recognized testing laboratory as having met the applicable type-testing requirements of UL 1741 and IEEE 929, shall be acceptable for interconnection without additional protection system requirements. Testing under UL 1741 and IEEE 929 will be the acceptable type testing standards until approval of IEEE-1547.1 "Draft Standard For Conformance Test Procedures for Equipment Interconnection Distributed Resources with Electric Power Systems". An "equipment package" shall include all interface components including switchgear, inverters, or other interface devices and may include an integrated generator or electric source. If the equipment package has been tested and listed as an integrated package which includes a generator or other electric source, it shall not require further design review, testing or additional equipment to meet the certification requirements for interconnection. If the equipment package includes only the interface components (switchgear, inverters, or other interface devices), then the Interconnection Customer shall show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and consistent with the testing and listing specified for the package. Provided the generator or electric source combined with the equipment package is consistent with the testing and listing performed by the nationally recognized testing and certification laboratory, no further design review, testing or additional equipment shall be required to meet the certification requirements of this interconnection procedure. A certified equipment package does not include equipment provided by the Area EPS.

The use of Pre-Certified equipment does not automatically qualify the Interconnection Customer to be interconnected to the Area EPS. An application will still need to be submitted and an interconnection review may still need to be performed, to determine the compatibility of the Generation System with the Area EPS.

For a listing of equipment that has been certified under UL1741 see the following WEB site.
<http://www.ul.com/dge/>

H) Non-Warranty.

Neither by inspection, if any, or non-rejection, nor in any other way, does the Area EPS Operator give any warranty, expressed or implied, as to the adequacy, safety, or other characteristics of any structures, equipment, wires, appliances or devices owned, installed or maintained by the Applicant or leased by the Applicant from third parties, including without limitation the Generation System and any structures, equipment, wires, appliances or devices pertinent thereto.

V. PROCESS FOR INTERCONNECTION

MI PSC R 460.485 Project Filing Fee

Rule 5. (1) A project developer shall pay the electric utility a filing fee calculated as \$0.50 per kilowatt of project capacity, but in no event shall the amount of the fee be less than \$100 or more than \$500.

(2) An electric utility may not charge additional fees, unless they are authorized by these rules.

MI PSC R 460.486 Interconnection Deadlines

Rule 6. (1) The interconnection procedures shall set deadlines for processing an application filed by the project developer, achieving major milestones, and completing the interconnection and shall preclude undue delay. The deadlines shall ensure that the period from the date that the project developer files a complete application to the completion of all of the electric utility's obligations for interconnection shall be no longer than the following for each project capacity classification:

Less than 30 kilowatts.....	2 weeks
Thirty kilowatts or more.....	4 weeks
One hundred and fifty kilowatts or more, but less than 750 kilowatts	6 weeks
Seven hundred and fifty kilowatts or more, but less than 2 megawatts.....	12 weeks
Two megawatts or more.....	18 weeks

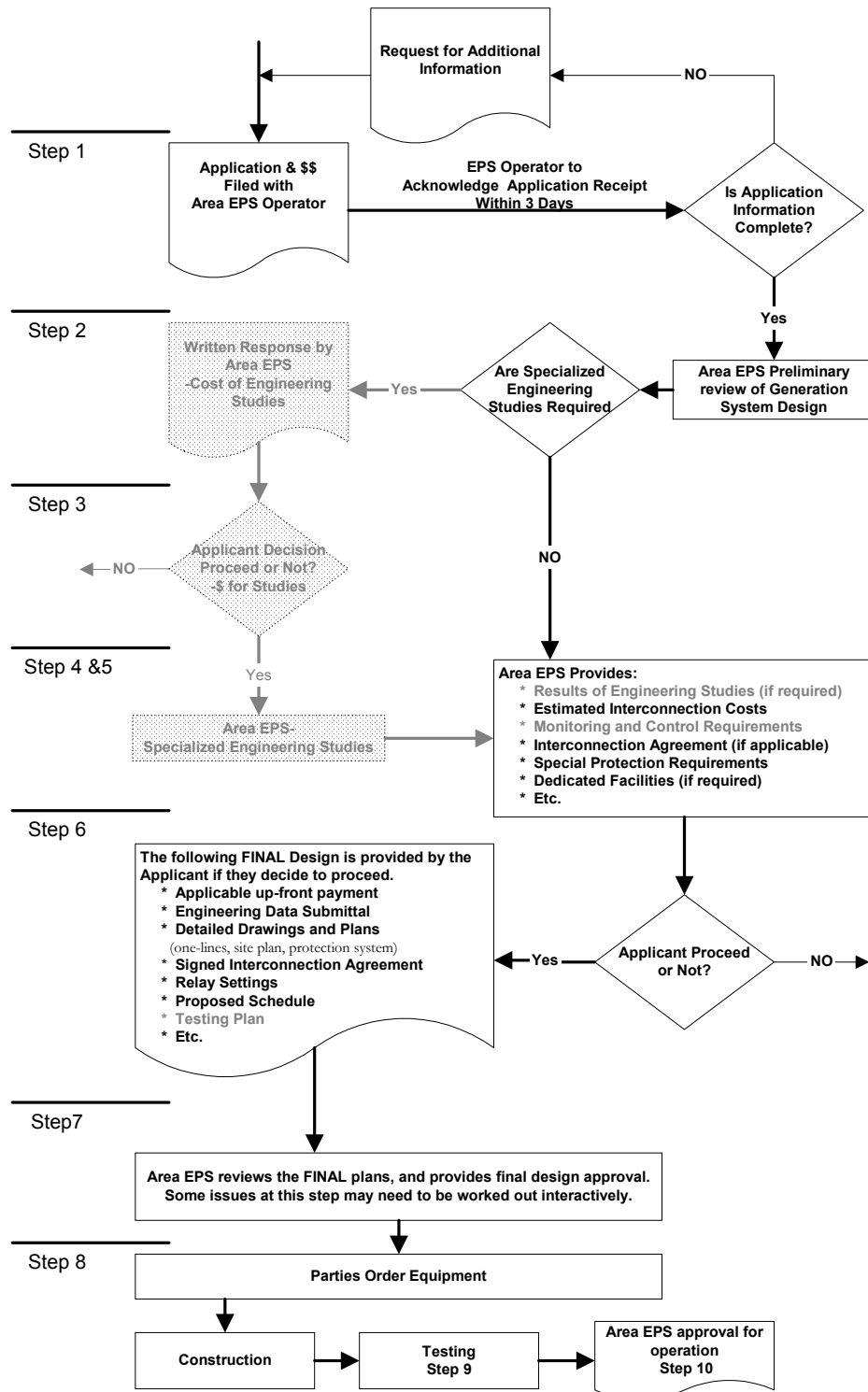
(2) Delays that are the responsibility of the project developer shall not be included in determining compliance with the deadlines imposed in subrule (1) of this rule.

(3) Delays that are solely attributable to time lapsed while an electric utility is diligently seeking to secure a necessary easement, right-of-way access, or other change in property rights or comply with governmental compliance with the deadlines imposed in subrule (1) of this rule.

A) Process Flow Chart- Less Than 30 kW

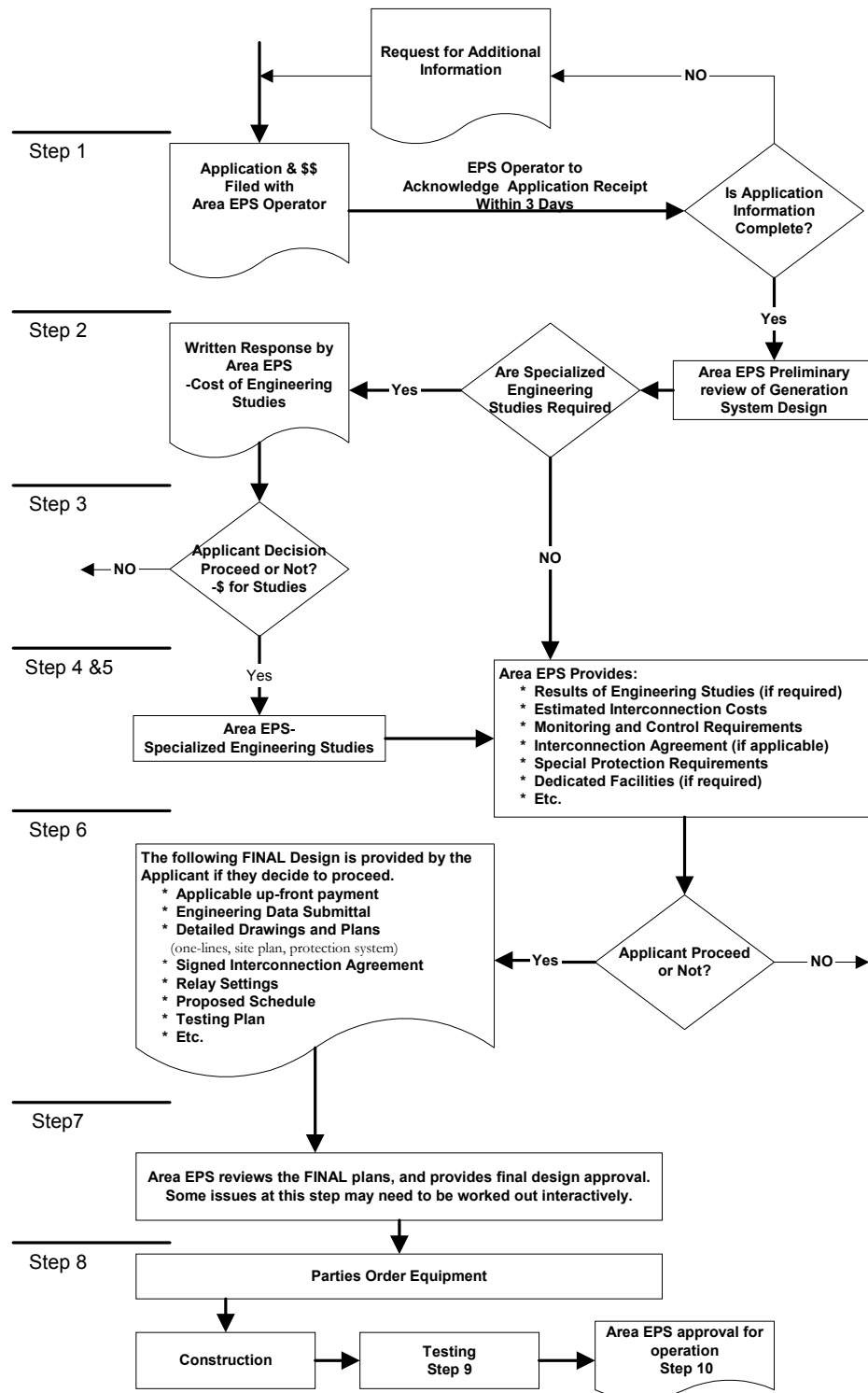
The typical < 30kW process follows non-shaded items.

DISTRIBUTED GENERATION INTERCONNECTION PROCESS SUMMARY (Typical for Less Than 30 kW)



B) Process Flow Chart- Greater Than 30 kW

DISTRIBUTED GENERATION INTERCONNECTION PROCESS SUMMARY (Typical for Greater Than 30kW)



C) Step 1 Application (By Applicant)

Once a decision has been made by the Applicant, that they would like to interconnect a Generation System with the Area EPS, the Applicant shall supply the Area EPS with the following information:

- 1) Completed Generation Interconnection Application (Appendix A), including;
 - a) One-line diagram showing;
 - i) Protective relaying.
 - ii) Point of Common Coupling.
 - b) Site plan of the proposed installation.
 - c) Proposed schedule of the installation.
- 2) Payment of the application fee, according to the following sliding scale.

\leq 30kW	>30kW & \leq 150kW	>150kW & \leq 750kW	> 750 kW & \leq 2000kW	>2000 kW
\$100	\$100	\$0.50 per kW not to exceed \$500	\$0.50 per kW not to exceed \$500	\$500

This application fee is to contribute to the Area EPS Operator's labor costs for administration, review of the design concept and preliminary engineering screening for the proposed Generation System interconnection. A separate application is required for each project or project site.

For the Application Fees chart, above;

The size (kW) of the Generation System is the total maximum Nameplate Capacity of the Generation System.

D) Step 2 Preliminary Review (By Area EPS)

Within 3 business days of receipt of all the information and payment listed in Step 1, the Area EPS Generation Interconnection Coordinator shall acknowledge receipt of application and payment. After review of the application the Generation Interconnection Coordinator will respond to the Applicant with the information listed below. If the information required in Step 1 is not complete, the Applicant will be notified, of what is missing and no further review will be completed until the missing information is submitted.

As part of Step 2 the proposed Generation System will be screened to see if additional Engineering Studies are required. The base screening criteria is listed in the general information section of this document.

- 1) A single point of contact with the Area EPS Operator for this project. (Generation Interconnection Coordinator)

- 2) Approval or rejection of the generation interconnection request.
 - a) Rejection – The Area EPS shall supply the technical reasons, with supporting information, for rejection of the interconnection Application.
 - b) Approval - An approved Application is valid for 6 months from the date of the approval. The Area EPS Generation Interconnection Coordinator may extend this time if requested by the Applicant.
- 3) If additional specialized engineering studies are required for the proposed interconnection, the following information will be provided to the Applicant. Typical Engineering Studies are outlined in Appendix C.
 - a) General scope of the engineering studies required.
 - b) Estimated cost of the engineering studies.
 - c) Estimated duration of the engineering studies.
 - d) Additional information required to allow the completion of the engineering studies.
 - e) Study authorization agreement.
- 4) Comments on the schedule provided.

E) Step 3 Go-No Go Decision for Engineering Studies (By Applicant)

In this step, the Applicant will decide whether or not to proceed with the required engineering studies for the proposed generation interconnection. If no specialized engineering studies are required by the Area EPS Operator, this step will automatically be skipped by the Area EPS Operator and the Applicant.

If the Applicant decides NOT to proceed with the engineering studies, the Applicant shall notify the Area EPS Generation Interconnection Coordinator, so other generation interconnection requests in the queue are not adversely impacted. Should the Applicant decide to proceed, the Applicant shall provide the following to the Area EPS Generation Interconnection Coordinator:

- 1) Payment required by the Area EPS Operator for the specialized engineering studies.
- 2) Additional information requested by the Area EPS Operator to allow completion of the engineering studies.

F) Step 4 Engineering Studies (By Area EPS)

In this step, the Area EPS Operator will be completing the specialized engineering studies for the proposed generation interconnection, as outlined in Step 2. These studies should be completed in the time frame provided in Step 2 by the Area EPS. If additional time is required

to complete the engineering studies the Generation Interconnection Coordinator shall notify the Applicant and providing the reasons for the time extension. Once it is known by the Area EPS Operator that the actual costs for the engineering studies will exceed the estimated amount by more the 25%, then the Applicant shall be notified. The Area EPS Operator shall then provide the reason(s) for the studies needing to exceed the original estimated amount and provide an updated estimate of the total cost for the engineering studies. The Applicant shall be given the option of either withdrawing the application, or paying the additional estimated amount to continue with the engineering studies.

G) Step 5 Study Results and Construction Estimates (By Area EPS)

Upon completion of the specialized engineering studies, or if none was necessary, the following information will be provided to the Applicant.

- 1) Results of the engineering studies, if needed.
- 2) Monitoring & control requirements for the proposed generation.
- 3) Special protection requirements for the Generation System interconnection.
- 4) Comments on the schedule proposed by the Applicant.
- 5) Distributed Generation distribution constrained credits available
- 6) Interconnection Agreement (if applicable).
- 7) Cost estimate and payment schedule for required Area EPS work, including, but not limited to;
 - a) Labor costs related to the final design review.
 - b) Labor & expense costs for attending meetings
 - c) Required Dedicated Facilities and other Area EPS modification(s).
 - d) Final acceptance testing costs.

H) Step 6 Final Go-No Go Decision (By Applicant)

In this step, the Applicant shall again have the opportunity to indicate whether or not they want to proceed with the proposed generation interconnection. If the decision is NOT to proceed, the Applicant will notify the Area EPS Generation Interconnection Coordinator, so that other generation interconnections in the queue are not adversely impacted. Should the Applicant decide to proceed, a detailed design will be required if not already completed. The following information will be required to be submitted to the Area EPS Generation Interconnection Coordinator by the Applicant:

- 1) Applicable up-front payment required by the Area EPS, per Payment Schedule, provided in Step 5. (if applicable)
- 2) Signed Interconnection Agreement (if applicable).
- 3) Final proposed schedule, incorporating the Area EPS comments. The schedule of the project should include such milestones as foundations poured, equipment delivery dates, all conduit installed, cutover (energizing of the new switchgear/transfer switch), Area EPS work, relays set and tested, preliminary vendor testing, final Area EPS acceptance testing, and any other major milestones.
- 4) Detailed one-line diagram of the Generation System, including the generator, transfer switch/switchgear, service entrance, lockable and visible disconnect, metering, protection and metering CT's / VT's, protective relaying and generator control system.
- 5) Detailed information on the proposed equipment, including wiring diagrams, models and types.
- 6) Proposed relay settings for all interconnection required relays.
- 7) Detailed site plan of the Generation System.
- 8) Drawing(s) showing the monitoring system (as required per table VIII-A and section VIII of the "Requirements for Interconnection of Distributed Generation". Including a drawing which shows the interface terminal block with the Area EPS monitoring system.
- 9) Proposed testing schedule and initial procedure, including;
 - a) Time of day (after-hours testing required?).
 - b) Days required.
 - c) Testing steps proposed.

I) Step 7 Final Design Review (By Area EPS)

After receipt of the information required in Step 6, The Area EPS Generation Interconnection Coordinator will provide the Applicant with an estimated time table for final review. If the information required in Step 6 is not complete, the Applicant will be notified of what information is missing. No further review may be completed until the missing information is submitted.

During this step, the Area EPS shall complete the review of the final Generation System design. If the final design has significant changes from the Generation System proposed on the original Application that would invalidate the engineering studies or the preliminary engineering screening, the Generation System Interconnection Application request may be rejected by the Area EPS Operator and the Applicant may be requested to reapply with the revised design.

Upon completion of this step the Generation Interconnection Coordinator shall supply the following information to the Applicant.

- 1) Requested modifications or corrections of the detailed drawings provided by the Applicant.
- 2) Approval of and agreement with the Project Schedule. (This may need to be interactively discussed between the Parties, during this Step)
- 3) Final review of Distributed Generation Credit amount(s) (where applicable).
- 4) Initial testing procedure review comments. (Additional work on the testing process will occur during Step 8, once the actual equipment is identified)

J) Step 8 Order Equipment and Construction (By Both Parties)

The following activities shall be completed during this step. For larger installations this step will involve much interaction between the Parties. It is typical for approval drawings to be supplied by the Applicant to the Area EPS for review and comments. It is also typical for the Area EPS to require review and approval of the drawings which cover the interconnection equipment and interconnection protection system. If remote control and/or monitoring are also required, by the Area EPS, those drawings are also exchanged for review and comment.

- 1) By the Applicant's personnel:
 - a) Ordering of Generation System equipment.
 - b) Installing Generation System.
 - c) Submit approval drawings for interconnection equipment and protection systems, as required by Area EPS Operator.
 - d) Provide final relay settings provided to the Area EPS Operator.
 - e) Submit Completed and signed Engineering Data Submittal form.
 - f) Submit proof of insurance, as required by the Area EPS tariff(s) or interconnection agreements.
 - g) Inspecting and functional testing Generation System components.
 - h) Work with the Area EPS personnel and equipment vendor(s) to finalize the installation testing procedure.
- 2) By Area EPS personnel:
 - a) Ordering any necessary Area EPS equipment.
 - b) Installing and testing any required equipment.
 - i) Monitoring facilities.

- ii) Dedicated Equipment.
- c) Assisting Applicant's personnel with interconnection installation coordination issues.
- d) Providing review and input for testing procedures.

K) Step 9 Final Tests (By Area EPS / Applicant)

(Due to equipment lead times and construction, a significant amount of time may take place between the execution of Step 8 and Step 9.) During this time the final test steps are developed and the construction of the facilities are completed.

Final acceptance testing will commence when all equipment has been installed, all preliminary testing of the Generation System has been accomplished and all Area EPS preliminary testing of the monitoring and dedicated equipment has been completed. One to three weeks prior to the start of the acceptance testing of the generation interconnection the Applicant shall provide, a report stating:

- The Generation System meets all interconnection requirements.
- All of the preliminary testing has been completed.
- The protective systems are functionally tested and ready.
- A proposed date that the Generation System will be is ready to be energized and acceptance tested.

For non-type certified systems, a Professional Electrical Engineer registered in the State of Michigan, is required to develop and certify this formal report for submittal to the Area EPS Operator.

For smaller systems, scheduling of this testing may be more flexible, as less testing time is required than for larger systems. In many cases, this testing is done after hours to ensure no typical business-hour load is disturbed. If acceptance testing occurs after hours, the Area EPS Operator's labor will be billed at overtime wages. During this testing, the Area EPS Operator will typically run three different tests. These tests can differ depending on which type of communication / monitoring system(s) the Area EPS Operator decides to install at the site.

For, problems created by Area EPS or any Area EPS equipment that arise during testing, the Area EPS will fix the problem as soon as reasonably possible. If problems arise during testing which are caused by the Applicant or Applicant's vendor or any vendor supplied or installed equipment, the Area EPS will leave the project until the problem is resolved. Having the testing resume will then be subject to Area EPS personnel time and availability.

L) Step 10 (By Area EPS)

After all Area EPS Operator's acceptance testing has been accomplished and all requirements are met, the Area EPS Operator shall provide written approval for normal operation of the Generation System interconnection, within 3 business days of successful completion of the acceptance tests.

M) Step 11 (By Applicant)

Within two (2) months of interconnection, the Applicant shall provide the Area EPS with updated drawings and prints showing the Generation System as it was when approved for normal operation by the Area EPS Operator. The drawings shall include all changes which were made during construction and the testing process.

VI. ATTACHMENTS

Attached are several documents which may be required for the interconnection process. They are as follows;

Appendix A:
Generation Interconnection Application Form.

Appendix B:
Engineering Data Submittal & Agreement Form.

Appendix C:
Engineering Studies: Brief description of the types of possible Engineering Studies which may be required for the review of the Generation System interconnection.

Appendix D:
Interconnection Agreement For the Interconnection of Extended Parallel Distributed Generation Systems with Electric Utilities.

Appendix E:
MPSC Electric Interconnection Standards, Rules R 460.481 to R 460.489.

APPENDIX A

GENERATION INTERCONNECTION APPLICATION

APPENDIX B

ENGINEERING DATA SUBMITTAL & AGREEMENT

APPENDIX C

ENGINEERING STUDIES

I. Engineering Studies

For the engineering studies there are two main parts of the study: 1. Does the distributed generator cause a problem? and 2. What would it cost to make a change to handle the problem? The first question is relatively straightforward to determine as the Area EPS Engineer reviews the proposed installation. The second question typically has multiple alternatives and can turn into an iterative process. This iterative process can become quite large for more complex generation installations. For the Engineer there is no “cook book” solution which can be applied.

For some of the large generation installations and/or the more complex interconnections the Area EPS Operator may suggest dividing up the engineering studies into the two parts; identify the scope of the problems and attempt to identify solutions to resolve the problems. By splitting the engineering studies into two steps, it will allow for the Applicant to see the problems identified and to provide the Applicant the ability to remove the request for interconnection if the problems are too large and expensive to resolve. This would then save the additional costs to the Applicant for the more expensive engineering studies; to identify ways to resolve the problem(s).

This appendix provides an overview of some of the main issues that are looked at during the engineering study process. Every interconnection has its unique issues, such as relative strength of the distribution system, ratio of the generation size to the existing area loads, etc. Thus many of the generation interconnections will require further review of one or several of the issues listed.

A) Short circuit analysis

The system is studied to make sure that the addition of the generation will not over stress any of the Area EPS equipment and that equipment will still be able to clear during a fault. It is expected that the Applicant will complete their own short circuit analysis on their equipment to ensure that the addition of the generation system does not overstress the Applicant's electrical equipment.

B) Power Flow and Voltage Drop

- 1) Reviews potential islanding of the generation
- 2) Will Area EPS Equipment be overloaded
 - a) Under normal operation?
 - b) Under contingent operation? With backfeeds?

C) Flicker Analysis

- 1) Will the operation of the generation cause voltage swings?
 - a) When it loads up? When it off loads?
- 2) How will the generation interact with Area EPS voltage regulation?
- 3) Will Area EPS capacitor switching affect the generation while on-line?

D) Protection Coordination

- 4) Investigate the reclosing on the distribution system and transmission system to see if the Generation System protection can be set up to ensure that it will clear from the distribution system before the feeder is reenergized.
 - a) Is voltage supervision of reclosing required?
- 5) Is transfer-trip required?
- 6) Do we need to modify the existing protection systems? Existing settings?
- 7) At which points do we need “out of sync” protection?
- 8) Is the proposed interconnection protection system sufficient to sense a problem on the Area EPS?
- 9) Are there protection problems created by the step-up transformer?

E) Grounding Reviews

- 10) Does the proposed grounding system for the Generation System meet the requirements of the NESC? “National Electrical Safety Code” published by the Institute of Electrical and Electronics Engineers (IEEE)

F) System Operation Impact.

- 11) Are special operating procedures needed with the addition of the generation?
- 12) Reclosing and out of synchronous operation of facilities.
- 13) What limitations need to be placed on the operation of the generation?
- 14) Operational Var requirements?.

APPENDIX D

INTERCONNECTION AGREEMENT FOR THE INTERCONNECTION OF EXTENDED PARALLEL DISTRIBUTION GENERATION SYSTEMS WITH ELECTRIC UTILITIES

APPENDIX E

MPSC ELECTRIC INTERCONNECT STANDARDS RULES R460.481 TO R 460.489

Generation Interconnection Application

Page 1

WHO SHOULD FILE THIS APPLICATION: Anyone expressing interest to install generation which will interconnect with the Area EPS (Local electric utility) This application should be completed and returned to the Area EPS Generation Interconnection Coordinator, in order to begin processing the request.

INFORMATION: This application is used by the Area EPS Operator to perform a preliminary Interconnection review. The Applicant shall complete as much of the form as possible. The fields in BOLD are required to be completed to the best of the Applicant's ability. The Applicant will be contacted if additional information is required. The response may take up to 15 business days after receipt of all the required information.

COST: A payment to cover the application fee shall be included with this application. The application fee amount is outlined in the "**Interconnection Process** for Distributed Generation Systems".

OWNER/APPLICANT		
Company / Applicant's Name:		
Representative:	Phone Number:	FAX Number:
Title:		
Mailing Address:		
Email Address:		
LOCATION OF GENERATION SYSTEM INTERCONNECTION		
Street Address, legal description or GPS coordinates:		
PROJECT DESIGN / ENGINEERING (if applicable)		
Company:		
Representative:	Phone:	FAX Number:
Mailing Address:		
Email Address:		
ELECTRICAL CONTRACTOR (if applicable)		
Company:		
Representative:	Phone:	FAX Number:
Mailing Address:		
Email Address:		
GENERATOR		
Manufacturer:		Model:
Type (Synchronous Induction, Inverter, etc):		Phases: 1 or 3
Rated Output (Prime kW):	(Standby kW):	Frequency:
Rated Power Factor (%):	Rated Voltage (Volts):	Rated Current (Amperes):
Energy Source (gas, steam, hydro, wind, etc.)		
TYPE OF INTERCONNECTED OPERATION		
Interconnection / Transfer method: <input type="checkbox"/> Open <input type="checkbox"/> Quick Open <input type="checkbox"/> Closed <input type="checkbox"/> Soft Loading <input type="checkbox"/> Inverter		
Proposed use of generation: (Check all that may apply) <input type="checkbox"/> Peak Reduction <input type="checkbox"/> Standby <input type="checkbox"/> Energy Sales <input type="checkbox"/> Cover Load		Duration Parallel: <input type="checkbox"/> None <input type="checkbox"/> Limited <input type="checkbox"/> Continuous
Pre-Certified System: Yes / No (Circle one)		Exporting Energy Yes / No (Circle one)
ESTIMATED LOAD INFORMATION		
The following information will be used to help properly design the interconnection. This Information is not intended as a commitment or contract for billing purposes.		
Minimum anticipated load (generation not operating):	kW:	kVA:

Page 2

Generation Interconnection Application (rev 1.0)

ENGINEERING DATA SUBMITTAL & AGREEMENT

Page 1

For the Interconnection of Distributed Generation

WHO SHOULD FILE THIS SUBMITTAL: Anyone in the final stages of interconnecting a Generation System with the Area EPS. This submittal shall be completed and provided to the Area EPS Generation Interconnection Coordinator during the design of the Generation System, as established in the “**Interconnection Process** for Distributed Generation Systems”.

INFORMATION: This submittal is used to document the interconnected Generation System. The Applicant shall complete as much of the form as applicable. The Applicant will be contacted if additional information is required.

OWNER / APPLICANT		
Company / Applicant:		
Representative:	Phone Number:	FAX Number:
Title:		
Mailing Address:		
Email Address:		

PROPOSED LOCATION OF GENERATION SYSTEM INTERCONNECTION
Street Address, Legal Description or GPS coordinates:

PROJECT DESIGN / ENGINEERING (if applicable)		
Company:		
Representative:	Phone:	FAX Number:
Mailing Address:		
Email Address:		

ELECTRICAL CONTRACTOR (if applicable)		
Company:		
Representative:	Phone:	FAX Number:
Mailing Address:		
Email Address:		

TYPE OF INTERCONNECTED OPERATION	
Interconnection / Transfer method: <input type="checkbox"/> Open <input type="checkbox"/> Quick Open <input type="checkbox"/> Closed <input type="checkbox"/> Soft Loading <input type="checkbox"/> Inverter	
Proposed use of generation: (Check all that may apply) <input type="checkbox"/> Peak Reduction <input type="checkbox"/> Standby <input type="checkbox"/> Energy Sales <input type="checkbox"/> Cover Load	Duration Parallel: <input type="checkbox"/> None <input type="checkbox"/> Limited <input type="checkbox"/> Continuous
Pre-Certified System: Yes / No (Circle one)	Exporting Energy Yes / No (Circle one)

ENGINEERING DATA SUBMITTAL & AGREEMENT

Page 2

For the Interconnection of Distributed Generation

GENERATION SYSTEM OPERATION / MAINTENANCE CONTACT INFORMATION		
Maintenance Provider:	Phone #:	Pager #:
Operator Name:	Phone #:	Pager #:
Person to Contact before remote starting of units		
Contact Name:	Phone #:	Pager #:
	24hr Phone #:	

GENERATION SYSTEM OPERATING INFORMATION	
Fuel Capacity (gals):	Full Fuel Run-time (hrs):
Engine Cool Down Duration (Minutes):	Start time Delay on Load Shed signal:
Start Time Delay on Outage (Seconds):	

ESTIMATED LOAD		
The following information will be used to help properly design the interconnection. This Information is not intended as a commitment or contract for billing purposes.		
Minimum anticipated load (generation not operating):	kW:	kVA:
Maximum anticipated load (generation not operating):	kW:	kVA:

REQUESTED CONSTRUCTION START/COMPLETION DATES	
Design Completion:	
Construction Start Date:	
Footings in place:	
Primary Wiring Completion:	
Control Wiring Completion:	
Start Acceptance Testing:	
Generation operational (In-service):	

ENGINEERING DATA SUBMITTAL & AGREEMENT

For the Interconnection of Distributed Generation

Page 3

(Complete all applicable items, Copy this page as required for additional generators)			
SYNCHRONOUS GENERATOR (if applicable)			
Unit Number:	Total number of units with listed specifications on site:		
Manufacturer:	Type:	Phases: 1 or 3	
Serial Number (each)	Date of manufacture:	Speed (RPM):	Freq. (Hz);
Rated Output (each unit) kW Standby:	kW Prime:	kVA:	
Rated Power Factor (%):	Rated Voltage(Volts):	Rated Current (Amperes):	
Field Voltage (Volts):	Field Current (Amperes):	Motoring Power (kW):	
Synchronous Reactance (X_d):	% on	kVA base	
Transient Reactance (X'_d):	% on	kVA base	
Subtransient Reactance (X''_d):	% on	kVA base	
Negative Sequence Reactance (X_s):	% on	kVA base	
Zero Sequence Reactance (X_o):	% on	kVA base	
Neutral Grounding Resistor (if applicable):			
I^2t or K (heating time constant):			
Exciter data:			
Governor data:			
Additional Information:			

INDUCTION GENERATOR (if applicable)			
Rotor Resistance (R_r):	Ohms	Stator Resistance (R_s):	Ohms
Rotor Reactance (X_r):	Ohms	Stator Reactance (X_s):	Ohms
Magnetizing Reactance (X_m):	Ohms	Short Circuit Reactance (X_d''):	Ohms
Design Letter:	Frame Size:		
Exciting Current:	Temp Rise (deg C°):		
Rated Output (kW):			
Reactive Power Required:	k Vars (no Load)	kVars (full load)	
If this is a wound-rotor machine, describe any external equipment to be connected (resistor, rheostat, power converter, etc.) to rotor circuit, and circuit configuration. Describe ability, if any, to adjust generator reactive output to provide power system voltage regulation.			
Additional Information:			
PRIME MOVER (Complete all applicable items)			
Unit Number:	Type:		
Manufacturer:			
Serial Number:	Date of Manufacture:		
H.P. Rated:	H.P. Max:	Inertia Constant:	lb.-ft. ²
Energy Source (hydro, steam, wind, wind etc.):			

ENGINEERING DATA SUBMITTAL & AGREEMENT

For the Interconnection of Distributed Generation

Page 4

INTERCONNECTION (STEP-UP) TRANSFORMER (If applicable)			
Manufacturer:		kVA:	
Date of Manufacture:	Serial Number:		
High Voltage: kV	Connection: delta wye	Neutral solidly grounded?	
Low Voltage: kV	Connection: delta wye	Neutral solidly grounded?	
Transformer Impedance (Z):	% on	kVA base	
Transformer Resistance (R):	% on	kVA base	
Transformer Reactance (X):	% on	kVA base	
Neutral Grounding Resistor (if applicable)			

TRANSFER SWITCH (If applicable)	
Model Number:	Type:
Manufacturer:	Rating(amps):

INVERTER (If applicable)	
Manufacturer:	Model:
Rated Power Factor (%):	Rated Voltage (Volts): Rated Current (Amperes):
Inverter Type (ferroresonant, step, pulse-width modulation, etc.):	
Type of Commutation: forced line	Minimum Short Circuit Ratio required:
Minimum voltage for successful commutation:	
Current Harmonic Distortion	Maximum Individual Harmonic (%): Maximum Total Harmonic Distortion (%):
Voltage Harmonic Distortion	Maximum Individual Harmonic (%): Maximum Total Harmonic Distortion (%):
Describe capability, if any, to adjust reactive output to provide voltage regulation:	
NOTE: Attach all available calculations, test reports, and oscillographic prints showing inverter output voltage and current waveforms.	

POWER CIRCUIT BREAKER (if applicable)	
Manufacturer:	Model:
Rated Voltage (kilovolts):	Rated Ampacity (Amperes):
Interrupting Rating (Amperes):	BIL Rating:
Interrupting Medium (vacuum, oil, gas, etc.)	Insulating Medium (vacuum, oil, gas, etc.)
Control Voltage (Closing): (Volts) AC DC	
Control Voltage (Tripping): (Volts) AC DC Battery Charged Capacitor	
Close Energy (circle one): Spring Motor Hydraulic Pneumatic Other	
Trip Energy (circle one): Spring Motor Hydraulic Pneumatic Other	
Bushing Current Transformers (Max. ratio):	Relay Accuracy Class:
CT'S Multi Ratio? (circle one); No / Yes: (Available taps):	

For the Interconnection of Distributed Generation

[illegible]

This Engineering Data Submittal documents the equipment and design of the Generation System. We agree to supply the Area EPS Operator with an updated Engineering Data Submittal any time significant changes are made in the equipment used or the design of the proposed Generation System. The Applicant agrees to design, operate and maintain the Generation System within the requirements set forth by the **“REQUIREMENTS FOR INTERCONNECTION OF DISTRIBUTED GENERATION”**.

Applicant Signature

Date:

Interconnection Agreement For the Interconnection of Extended Parallel Distributed Generation Systems With Electric Utilities

This Generating System Interconnection Agreement is entered into by and between the Area Electrical Power System (Area EPS) “_____” and the Interconnection Customer “_____”. The Interconnection Customer and Area EPS are sometimes also referred to in this Agreement jointly as “Parties” or individually as “Party”.

In consideration of the mutual promises and obligations stated in this Agreement and its attachments, the Parties agree as follows:

I. SCOPE AND PURPOSE

- A) Establishment of Point of Common Coupling. This Agreement provides for the Interconnection Customer to interconnect and operate a Generation System with a total Nameplate Capacity of less than 10MW, in parallel with the Area EPS at the location identified in Exhibit C and in the manner shown in the Exhibit A one-line.
- B) This Agreement governs the facilities required to interconnect the Generation System to the Area EPS and contains the terms and condition under which the Interconnection Customer may interconnect the Generation System. This Agreement does not authorize the Interconnection Customer to export power or constitute an agreement to purchase or wheel the Interconnection Customer's power. Other services that the Interconnection Customer may require from the Area EPS, or others, may be covered under separate agreements.
- C) To facilitate the operation of the Generation System, this agreement also allows for the occasional and inadvertent export of energy to the Area EPS. The amount, metering, billing and accounting of such inadvertent energy exporting shall be governed by Exhibit D (Operating Agreement). This Agreement does not constitute an agreement by the Area EPS Operator to purchase or pay for any energy, inadvertently or intentionally exported.
- D) This agreement does not constitute a request for, nor the provision of any transmission delivery service or any local distribution delivery service.
- E) The technical requirements for interconnection are covered in a separate technical requirements document known as, the “Requirements for Interconnection of Distributed Generation”, a copy of which has been made available to the Interconnection Customer and incorporated and made part of this Agreement by this reference

II. DEFINITIONS

- A) “Area EPS” an electric power system (EPS) that serves Local EPS's. Note: Typically, an Area EPS has primary access to public rights-of-way, priority crossing of property boundaries, etc.
- B) “Area EPS Operator” the entity responsible for operating the Area EPS.
- C) “Dedicated Facilities” the equipment that is installed due to the interconnection of the Generation System and not required to serve other Area EPS customers.

- D) “Extended Parallel” means the Generation System is designed to remain connected with the Area EPS for an extended period of time.
- E) “Generation” any device producing electrical energy, i.e., rotating generators driven by wind, steam turbines, internal combustion engines, hydraulic turbines, solar, fuel cells, etc.; or any other electric producing device, including energy storage technologies.
- F) “Generation Interconnection Coordinator” the person or persons designated by the Area EPS Operator to provide a single point of coordination with the Applicant for the generation interconnection process.
- G) “Generation System” electric generation facilities comprised of, but not exclusively limited to, the interconnected generator(s), controls, relays, switches, breakers, transformers, inverters and associated wiring and cables, up to the Point of Common Coupling.
- H) “Interconnection Customer” the party or parties who will own/operate the Generation System and are responsible for meeting the requirements of the agreements and Technical Requirements. This could be the Generation System applicant, installer, owner, designer, or operator.
- I) “Local EPS” an electric power system (EPS) contained entirely within a single premises or group of premises.
- J) “Nameplate Capacity” the total nameplate capacity rating of all the Generation included in the Generation System. For this definition the “standby” and/or maximum rated kW capacity on the nameplate shall be used.
- K) “Point of Common Coupling” the point where the Local EPS is connected to an Area EPS
- L) “Point of Delivery” the point where the energy changes possession from one part to the other. Typically this will be where the metering is installed but it is not required that the Point of Delivery is the same as where the energy is metered
- M) “Technical Requirements” “Requirements for Interconnection of Distributed Generation”

III. DESCRIPTION OF INTERCONNECTION CUSTOMER'S GENERATION SYSTEM

- A) A description of the Generation System, including a single-line diagram showing the general arrangement of how the Interconnection Customer's Generation System is interconnected with the Area EPS's distribution system, is attached to and made part of this Agreement as Exhibit A. The single-line diagram shows the following;
- 1) Point of Delivery (if applicable)
 - 2) Point of Common Coupling
 - 3) Location of Meter(s)
 - 4) Ownership of the equipment.
 - 5) Generation System total Nameplate Capacity _____ kW
 - 6) Scheduled operational (on-line) date for the Generation System.

IV. RESPONSIBILITIES OF THE PARTIES

- A) The Parties shall perform all obligations of this Agreement in accordance with all applicable laws and regulations, operating requirements and good utility practices.
- B) Interconnection Customer shall construct, operate and maintain the Generation System in accordance with the applicable manufacturer's recommended maintenance schedule, the Technical Requirements and in accordance with this Agreement.

V. CONSTRUCTION

The Parties agree to cause their facilities or systems to be constructed in accordance with the laws of the State of [Michigan](#) and meet or exceed applicable codes and standards provided by the NESC (National Electrical Safety Code), ANSI (American National Standards Institute), IEEE (Institute of Electrical and Electronic Engineers), NEC (National Electrical Code), UL (Underwriter's Laboratory), Technical Requirements and local building codes and other applicable ordinances in effect at the time of the installation of the Generation System.

A) Charges and payments

The Interconnection Customer is responsible for the actual costs to interconnect the Generation System with the Area EPS, including, but not limited to any Dedicated Facilities attributable to the addition of the Generation System, Area EPS labor for installation coordination, installation testing and engineering review of the Generation System and interconnection design. Estimates of these costs are outlined in Exhibit B. While estimates, for budgeting purposes, have been provided in Exhibit B, the actual costs are still the responsibility of the Interconnection Customer, even if they exceed the estimated amount(s).

- 1) Dedicated Facilities
 - a) During the term of this Agreement, the Area EPS Operator shall design, construct and install the Dedicated Facilities outlined in Exhibit B. The Interconnection Customer shall be responsible for paying the actual costs of the Dedicated Facilities attributable to the addition of the Generation System.
 - b) Once installed, the Dedicated Facilities shall be owned and operated by the Area EPS owner and all costs associated with the operating and maintenance of the Dedicated Facilities, after the Generation System is operational, shall be the responsibility of the Area EPS Operator, unless otherwise agreed.
 - c) By executing this Agreement, the Interconnection Customer grants permission for the Area EPS Operator to begin construction and to procure the necessary facilities and equipment to complete the installation of the Dedicated Facilities, as outlined in Exhibit B. If for any reason, the Generation System project is canceled or modified so that any or all of the Dedicated Facilities are not required, the Interconnection Customer shall be responsible for all costs incurred by the Area EPS, including, but not limited to the additional costs to remove and/or complete the installation of the Dedicated Facilities.
- 2) Payments
 - a) The Interconnection Customer shall provide reasonable adequate assurances of credit, including a letter of credit or personal guaranty of payment and performance from a creditworthy entity acceptable under the Area EPS Operators credit policy and procedures for the unpaid balance of the estimated amount shown in Exhibit B.
 - b) The payment for the costs outlined in Exhibit B, shall be as follows;
 - i. 1/3 of estimated costs, outlined in Exhibit B, shall be due upon execution of this agreement.
 - ii. 1/3 of estimated costs, outlined in Exhibit B, shall be due prior to initial energization of the Generation System, with the Area EPS.
 - iii. Remainder of actual costs, incurred by the Area EPS, is due within 30 days from the date the bill is mailed by the Area EPS after project completion.

VI. DOCUMENTS INCLUDED WITH THIS AGREEMENT.

- A) This agreement includes the following exhibits, which are specifically incorporated herein and made part of this Agreement by this reference: *(if any of these Exhibits are deemed not applicable for this Generation System installation they may be omitted from the final Agreement by the Area EPS.)*
 - 1) Exhibit A – Description of Generation System and single-line diagram. This diagram shows all major equipment, including, visual isolation equipment, Point of Common Coupling, Point of Delivery for Generation Systems that intentionally export, ownership of equipment and the location of metering.
 - 2) Exhibit B – Estimated installation and testing costs payable by the Interconnection Customer. Included in this listing shall be the description and estimated costs for the required Dedicated Facilities being installed by the Area EPS for the interconnection of the Generation System.

- 3) Exhibit C – Engineering Data Submittal & Agreement – A standard form that provides the engineering and operating information about the Generation System.
- 4) Exhibit D – Operating Agreement – This provides specific operating information and requirements for this Generation System interconnection. This Exhibit has a separate signature section and may be modified, in writing, from time to time with the agreement of both parties.
- 5) Exhibit E – Maintenance Agreement – This provides specific maintenance requirements for this Generation System interconnection. This Exhibit has a separate signature section and may be modified, in writing, from time to time with the agreement of both parties.

VII. TERMS AND TERMINATION

- A) This Agreement shall become effective as of the date when both the Interconnection Customer and the Area EPS Operator have both signed this Agreement. The Agreement shall continue in full force and effect until the earliest date that one of the following events occurs:
 - 1) The Parties agree in writing to terminate the Agreement; or
 - 2) The Interconnection Customer may terminate this agreement after 30 days written notice to the Area EPS Operator, unless otherwise agreed to within the Exhibit D, Operating Agreement; or
 - 3) The Area EPS Operator may terminate this agreement after 30 days written notice to the Interconnection Customer if:
 - a) The Interconnection Customer fails to interconnect and operate the Generation System per the terms of this Agreement; or
 - b) The Interconnection Customer fails to take all corrective actions specified in the Area EPS's written notice that the Generation System is out of compliance with the terms of this Agreement, within the time frame set forth in such notice, or
 - c) If the Interconnection Customer fails to complete the Area EPS Operator's final acceptance testing of the generation system within 24 months of the date proposed under section III.A.6.
- B) Upon termination of this Agreement the Generation System shall be disconnected from the Area EPS. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing, at the time of the termination.

VIII. OPERATIONAL ISSUES

Each Party will, at its own cost and expense, operate, maintain, repair and inspect, and shall be fully responsible for, the facilities which it now or hereafter may own, unless otherwise specified.

- A) Technical Standards: The Generation System shall be installed and operated by the Interconnection Customer consistent with the requirements outlined in this Agreement, the Technical Requirements; the applicable requirements located in the National Electrical Code (NEC); the applicable standards published by the American National

Standards Institute (ANSI) and the Institute of Electrical and Electronic Engineers (IEEE); and local building and other applicable ordinances in effect at the time of the installation of the Generation System.

- B) Right of Access: At all times, the Area EPS Operator's personnel shall have access to the disconnect switch of the Generation System for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement, to meet its obligation to operate the Area EPS safely and to provide service to its customers. If necessary for the purposes of this Agreement, the Interconnection Customer shall allow the Area EPS Operator access to the Area EPS's equipment and facilities located on the premises.
- C) Electric Service Supplied: The Area EPS will supply the electrical requirements of the Local EPS that are not supplied by the Generation System. Such electric service shall be supplied, to the Interconnection Customer's Local EPS, under the rate schedules applicable to the Customer's class of service as revised from time to time by the Area EPS.
- D) Operation and Maintenance: The Generation System shall be operated and maintained, by the Interconnection Customer in accordance with the Technical Standards and any additional requirements of Exhibit D and Exhibit E, attached to this document, as amended, in writing, from time to time.
- E) Disconnection of Unit: The Area EPS Operator may disconnect the Generation System as necessary, for termination of this Agreement; non-compliance with this Agreement; system emergency or for imminent danger to the public or Area EPS personnel; routine maintenance, repairs and modifications to the Area EPS. It is agreed that the Area EPS Operator shall have no liability for any loss of sales or other damages, including all consequential damages for the loss of business opportunity, profits or other losses, regardless of whether such damages were foreseeable, for the disconnection of the Generation System per this Agreement. The Area EPS Operator shall expend reasonable effort to reconnect the Generation System in a timely manner.
- F) Modifications to the Generation System - The Interconnection Customer shall notify the Area EPS Operator, in writing, of plans for any modifications to the Generation System interconnection equipment, including all information needed by the area EPS as part of the review described in this paragraph, at least twenty (20) business days prior to undertaking such modification(s). Modifications to any of the interconnection equipment, including, all interconnection required protective systems, the generation control systems, the transfer switches/breakers, interconnection protection VT's & CT's, and Generation System capacity, shall be included in the notification to the Area EPS Operator. The Interconnection Customer agrees not to commence installation of any modifications to the Generating System until the Area EPS Operator has approved the modification, in writing. The Area EPS shall have a minimum of five (5) business days to review and respond to the planned modification. The Area EPS shall not take longer than a maximum of ten (10) business days, to review and respond to the modification after the receipt of the information required to review the modifications.
- G) Permits and Approvals: The Interconnection Customer shall obtain all environmental and other permits lawfully required by governmental authorities prior to the construction of the Generation System. The Interconnection Customer shall also maintain these applicable permits and compliance with these permits during the term of this Agreement.

IX. LIMITATION OF LIABILITY

- A) Each Party shall at all times indemnify, defend, and save the other Party harmless from any and all damages, losses, claims, including claims and actions relating to injury or death of any person or damage to property, costs and expenses, reasonable attorneys' fees and court costs, arising out of or resulting from the Party's performance of its obligations under this agreement, except to the extent that such damages, losses or claims were caused by the negligence or intentional acts of the other Party.
- B) Each Party's liability to the other Party for failure to perform its obligations under 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 punitive, incidental, indirect, special, or consequential damages of any kind whatsoever, including for loss of business opportunity or profits, regardless of whether such damages were foreseen
- C) Notwithstanding any other provision in this Agreement, with respect to Area EPS Operator's provision of electric service to any customer including the Interconnection Customer, the Area EPS Operator's liability to such customer shall be limited as set forth in the Area EPS operator's tariffs and terms and conditions for electric service, and shall not be affected by the terms of this Agreement.

X. DISPUTE RESOLUTION

- A) Each Party agrees to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner.
- B) In the event a dispute arises under this Agreement, and if it cannot be resolved by the Parties within thirty (30) days after written notice of the dispute to the other Party, the Parties agree to submit the dispute to mediation by a mutually acceptable mediator, in a mutually convenient location in the State of [Michigan](#). The Parties agree to participate in good faith in the mediation for a period of 90 days. If the parties are not successful in resolving their disputes through mediation, then the Parties may refer the dispute for resolution to the [Michigan Public Service Commission \(MPSC\)](#), which shall maintain continuing jurisdiction over this Agreement.

XI. INSURANCE

- A) In connection with the Interconnection Customer's performance of its duties and obligations under this Agreement, the Interconnection Customer shall maintain, during the term of the Agreement, general liability insurance, from a qualified insurance agency with a B+ or better rating by "Best" and with a combined single limit of not less than:
 - 1) Two million dollars (\$2,000,000) for each occurrence if the Gross Nameplate Rating of the Generation System is greater than [150kW](#).
 - 2) One million dollars (\$1,000,000) for each occurrence if the Gross Nameplate Rating of the Generation System is between [30kW](#) and [150kW](#).
 - 3) Three hundred thousand (\$300,000) for each occurrence if the Gross Nameplate Rating of the Generation System is less than [30kW](#).
 - 4) Such general liability insurance shall include coverage against claims for damages resulting from (i) bodily injury, including wrongful death; and (ii) property damage

arising out of the Interconnection Customer's ownership and/or operating of the Generation System under this agreement.

- B) The general liability insurance required shall, by endorsement to the policy or policies, (a) include the Area EPS Operator as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that the Area EPS Operator shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for the payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to the Area EPS Operator prior to cancellation, termination, alteration, or material change of such insurance.
- C) If the Generation System is connected to an account receiving residential service from the Area EPS Operator and its total generating capacity is smaller than 30kW, then the endorsements required in Section XI.B shall not apply.
- D) The Interconnection Customer shall furnish the required insurance certificates and endorsements to the Area EPS Operator prior to the initial operation of the Generation System. Thereafter, the Area EPS Operator shall have the right to periodically inspect or obtain a copy of the original policy or policies of insurance.
- E) Evidence of the insurance required in Section XI.A. shall state that coverage provided is primary and is not excess to or contributing with any insurance or self-insurance maintained by the Area EPS Operator.
- F) If the Interconnection Customer is self-insured with an established record of self-insurance, the Interconnection Customer may comply with the following in lieu of Section XI.A – E:
 - 1) Interconnection Customer shall provide to the Area EPS Operator, at least thirty (30) days prior to the date of initial operation, evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required under section XI.A.
 - 2) If Interconnection Customer ceases to self-insure to the level required hereunder, or if the Interconnection Customer is unable to provide continuing evidence of its ability to self-insure, the Interconnection Customer agrees to immediately obtain the coverage required under Section XI.A.
- G) Failure of the Interconnection Customer or Area EPS Operator to enforce the minimum levels of insurance does not relieve the Interconnection Customer from maintaining such levels of insurance or relieve the Interconnection Customer of any liability.
- H) All insurance certificates, statements of self-insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following:

Xcel Energy
Attention: [MI Area Engineering, Bob Molde](#)
[1414 WEST HAMILTON AVE, STE 3](#)
[EAU CLAIRE, WI 54701](#)

XII. MISCELLANEOUS

A) FORCE MAJEURE

- 1) An event of Force Majeure means 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 curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. An event of Force Majeure does not include an act of negligence or intentional wrongdoing. Neither Party will be considered default as to any obligation hereunder if such Party is prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations hereunder.

B) NOTICES

- 1) Any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid, to the person specified below:
 - a) If to Area EPS Operator
Xcel Energy
Attention: [MI Area Engineering, Bob Molde](#)
[1414 WEST HAMILTON AVE, STE 3](#)
[EAU CLAIRE, WI 54701](#)
 - b) If to Interconnection Customer
Company
Attention: Generation Coordinator
Addresss
City, State Zip
- 2) A Party may change its address for notices at any time by providing the other Party notice of the change, in accordance with this Section.
- 3) The Parties may also designate operating representatives to conduct the daily communications which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by one Party's notice to the other Party.

C) ASSIGNMENT

The Interconnection Customer shall not assign its rights nor delegate its duties under this Agreement without the Area EPS Operator's written consent. Any assignment or delegation the Interconnection Customer makes without the Area EPS Operator's written consent shall not be valid. The Area EPS Operator shall not unreasonably withhold its consent to the Generating Entities assignment of this Agreement.

D) NON-WAIVER

None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take

advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

E) GOVERNING LAW AND INCLUSION OF AREA EPS OPERATOR'S TARIFFS AND RULES.

- 1) This Agreement shall be interpreted, governed and construed under the laws of the State of [Michigan](#) as if executed and to be performed wholly within the State of [Michigan](#) without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.
- 2) The interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the tariff schedules and rules applicable to the electric service provided by the Area EPS Operator, which tariff schedules and rules are hereby incorporated into this Agreement by this reference.
- 3) Notwithstanding any other provisions of this Agreement, the Area EPS Operator shall have the right to unilaterally file with the [Michigan Public Service Commission \(MPSC\)](#), pursuant to the [MPSC's](#) rules and regulations, an application for change in rates, charges, classification, service, tariff or rule or any agreement relating thereto.

F) AMENDMENT AND MODIFICATION

This Agreement can only be amended or modified by a writing signed by both Parties.

G) ENTIRE AGREEMENT

This Agreement, including all attachments, exhibits, and appendices, constitutes the entire Agreement between the Parties with regard to the interconnection of the Generation System of the Parties at the Point(s) of Common Coupling expressly provided for in this Agreement and supersedes all prior agreements or understandings, whether verbal or written. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement. Each party also represents that in entering into this Agreement, it has not relied on the promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the incorporated attachments, exhibits and appendices.

H) CONFIDENTIAL INFORMATION

Except as otherwise provided herein, each Party shall hold in confidence and shall not disclose confidential information, to any person (except employees, officers, representatives and agents, who agree to be bound by this section). If a court, government agency or entity with the right, power, and authority to do so, requests or requires either Party, by subpoena, oral disposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirements(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. In the absence of a protective order or waiver the Party shall disclose such confidential information which, in the opinion of its counsel, the party is legally compelled to disclose. Each Party will use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any confidential information so furnished.

I) **NON-WARRANTY**

Neither by inspection, if any, or non-rejection, nor in any other way, does the Area EPS Operator give any warranty, expressed or implied, as to the adequacy, safety, or other characteristics of any structures, equipment, wires, appliances or devices owned, installed or maintained by the Interconnection Customer or leased by the Interconnection Customer from third parties, including without limitation the Generation System and any structures, equipment, wires, appliances or devices pertinent thereto.

J) **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.

XIII. SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives. This Agreement is effective as of the last date set forth below.

Interconnection Customer

By: _____

Name: _____

Title: _____

Date: _____

Area EPS Operator

By: _____

Name: _____

Title: _____

Date: _____

**EXHIBIT A –
GENERATION SYSTEM DESCRIPTION AND SINGLE-LINE
DIAGRAM.**

This diagram should show all major equipment, including, visual isolation equipment, Point of Common Coupling, Point of Delivery for Generation Systems that intentionally export, ownership of equipment and the location of metering.

EXHIBIT B – SUMMARY OF AREA EPS COSTS AND DESCRIPTION OF DEDICATED FACILITIES BEING INSTALLED BY THE AREA EPS OPERATOR FOR THE INTERCONNECTION OF THE GENERATION SYSTEM.

This Exhibit shall provide the estimated total costs, that will be the responsibility of the Interconnection Customer. It is assumed that the Initial application has been filed and the engineering studies have been paid for and completed. So those costs are not included on this listing.

What is listed below is a general outline of some of the major areas where costs could occur. Other costs than those listed below may be included by the Area EPS, provided that those costs are a direct result from the request to interconnect the Generation System. The following list is only a guideline and each Area EPS Operator, for each installation will be creating a unique Exhibit B, that is tailored for that specific Generation System interconnection.

- A) Dedicated Facilities (equipment, design and installation labor)
- B) Monitoring & Control System (equipment, design and installation labor)
- C) Design Coordination and Review
- D) Construction Coordination labor costs
- E) Testing (development of tests and physical testing)
- F) Contingency

EXHIBIT C – ENGINEERING DATA SUBMITTAL & AGREEMENT

Attach a completed Engineering Data Submittal & Agreement (Appendix B) referenced as Exhibit C in the Interconnection Process Document

EXHIBIT D – OPERATING AGREEMENT

Each Generation System interconnection will be unique and will require a unique Operating Agreement. The following is a listing of some of the possible areas that will be covered in a operating agreement. The following has not been developed into a standard agreement due to the unique nature of each Generation System. It is envisioned that this Exhibit will be tailored by the Area EPS Operator for each Generation System interconnection. It is also intended that this Operating Agreement Exhibit will be reviewed and updated periodically, to allow the operation of the Generation System, to change to meet the needs of both the Area EPS Operator and the Interconnection Customer, provided that the change does not negatively affect the other Party. There may also be operating changes required by outside issues such as changes in requirements and/or policies from FERC, Applicable Reliability Council, and formation of ISO, RTO or ITC. This listing is representative and not exclusive to the requirements and/or policies from outside entities that may require this Operating Agreement to be modified.

The following items are provided to show the general types of items which may be included in this Operating Agreement. The items included in the Operating Agreement shall not be limited to the items shown on this list.

- A) Applicable Area EPS Tariffs – discussion on which tariffs are being applied for this installation and possibly how they will be applied.
- B) Var Requirements – How will the Generation System be required to operate so as to control the power factor of the energy flowing in either direction across the interconnection?
- C) Inadvertent Energy – This Operating Agreement needs to provide the method(s) that will be used to monitor, meter and account for the inadvertent energy used or supplied by the Generation System. Tariffs and operating rules that apply for this Generation System interconnection shall be discussed in this Operating Agreement.
- D) Control Issues - Starting and stopping of the generation, including the remote starting and stopping, if applicable.
- E) Dispatch of Generation Resources - What are the dispatch requirements for the Generation System, Can it only run during Peak Hours? Are there a limited number of hours that it can run? Is it required to have met an availability percentage? This will greatly depend upon the PPA and other requirements. Is the Interconnection Customer required to coordinate outages of the Generation System, with the Area EPS?
- F) Outages of Distribution System – How are emergency outages handled? How are other outages scheduled? If the Interconnection Customer requires the Area EPS Operator to schedule the outages during after-hours, who pays for the Area EPS Operator's overtime?
- G) Notification / Contacts - Who should be notified? How should they be notified? When should they be notified? For what reasons, should the notification take place?

- 1) Starting of the Generation

- 2) Dispatching of Generation
- 3) Notification of failures (both Area EPS and Generation System failures)
- H) Documentation of Operational Settings – How much fuel will the generation System typically have on hand? How long can it run with this fuel capacity? How is the generation system set to operate for a power failure? These may be issues that should be documented in the Operating Agreement. The following are a couple of examples:
 - 1) “The Generation System will monitor the Area EPS phase voltage and after 2 seconds of any phase voltage below 90% the generation will be started and the load transferred to the generator, if the generation is not already running.”
 - 2) “The Generation System will wait for 30 minutes after it senses the return of the Area EPS frequency and voltage, before it will automatically reconnect to the Area EPS”
- I) Cost of testing for future failures – If a component of the Generation System fails or needs to be replaced, which effects the interconnection with the Area EPS, what is the process for retesting, and for replacement? Who pays for the additional costs of the Area EPS to work with the Interconnection Customer to resolve these problems and/or to complete retesting of the modified equipment?
- J) Right of Access: At all times, the Area EPS Operator shall have access to the disconnect switch of the Generation System for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement, to meet its obligation to operate the Area EPS safely and to provide service to its customers, at all times. If necessary for the purposed of this Agreement, the Interconnection Customer shall allow the Area EPS Operator access to the Area EPS’s equipment and facilities located on the premises.

Add Signature Section - The Operating Agreement should be set up so that it is individually signed and dated by both parties.

EXHIBIT E – MAINTENANCE AGREEMENT

Each Generation System interconnection will be unique and will require a unique Maintenance Agreement. It is envisioned that this Exhibit will be tailored for each Generation System interconnection. It is also intended that this Maintenance Agreement Exhibit will be reviewed and updated periodically, to allow the maintenance of the Generation System be allowed to change to meet the needs of both the Area EPS Operator and the Interconnection Customer, provided that change does not negatively affect the other Party. There may also be changes required by outside issues such as changes in requirements and/or policies from FERC, Applicable Reliability Council, and formation of ISO, RTO or ITC. This listing is representative and not exclusive to the requirements and/or policies from outside entities that may require this agreement to be modified.

A) Routine Maintenance Requirements –

- 1) Who is providing maintenance – Contact information
- 2) Periods of maintenance

B) Modifications to the Generation System - The Interconnection Customer shall notify the Area EPS Operator, in writing of plans for any modifications to the Generation System interconnection equipment at least twenty (20) business days prior to undertaking such modification. Modifications to any of the interconnection equipment, including all required protective systems, the generation control systems, the transfer switches/breakers, VT's & CT's, generating capacity and associated wiring shall be included in the notification to the Area EPS Operator. The Interconnection Customer agrees not to commence installation of any modifications to the Generating System until the Area EPS Operator has approved the modification, in writing. The Area EPS shall have a minimum of five (5) business days and a maximum of ten (10) business days, to review and respond to the modification, after the receipt of the information required to review the modifications.

Add signature Section.....

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

PUBLIC SERVICE COMMISSION

ELECTRIC INTERCONNECTION STANDARDS

(By authority conferred on the public service commission by section 7 of 1909 PA 106, MCL 460.557, section 5 of 1919 PA 419, MCL 460.55, and sections 4, 6, and 10e of 1939 PA 3, MCL 460.4, 460.6, and 460.10e)

R 460.481 Definitions.

Rule 1. (1) As used in these rules:

(a) "Distribution system" means the structures, equipment, and facilities operated by an electric utility to deliver electricity to end users, but it excludes transmission facilities that are subject to the jurisdiction of the federal energy regulatory commission.

(b) "Interconnection" means the process administered by an electric utility to implement the electrical connection of a project with a distribution system, so that parallel operation can occur.

(c) "Interconnection procedures" mean the requirements adopted by each electric utility and approved by the commission to govern interconnection.

(d) "Project" means a merchant plant and other electric generating equipment and associated facilities that are not owned or operated by an electric utility.

(e) "Project developer" means a person that owns, operates, or proposes to construct, own, or operate, a project.

(2) A term defined in section 10g of 1939 PA 3, MCL 460.10g, has the same meaning when used in these rules.

History: 2003 MR 18, Eff Sept. 23, 2003.

R 460.482 Electric utility interconnection procedures.

Rule 2. (1) Each electric utility shall file an application for approval of proposed interconnection procedures within 90 days of the effective date of these rules. Two or more electric utilities may file a joint application proposing a single set of interconnection procedures.

(2) The commission may approve, modify, or reject the

proposed interconnection procedures. The commission shall issue its approval

if the procedures, as proposed by the electric utility or with

modifications required by the commission, meet all of the following

requirements:

(a) Describe the steps necessary to effect the connection of a merchant plant or other project with the distribution system of the electric utility.

(b) Designate a single point of contact at the electric utility for all communications about interconnection.

(c) Are consistent with generally accepted industry practices and guidelines.

(d) Ensure the reliability of electric service and the safety of customers, utility employees, and the general public.

(e) Ensure compliance with these rules.

History: 2003 MR 18, Eff Sept. 23, 2003.

R 460.483 Technical criteria.

Rule 3. (1) The interconnection procedures shall specify technical, engineering, and operational requirements that are suitable for the electric utility's distribution system. The procedures shall include provisions that apply specifically to a project that designates some or all of its electrical output for sale to an electric utility or a third party.

(2) The interconnection procedures shall make provisions that are appropriate for the size and capacity of a project as they affect the technical and engineering complexity of the interconnection. The procedures shall include a distinct set of requirements for each of the

following project capacity classifications:

(a) Less than 30 kilowatts.

(b) Thirty kilowatts or more, but less than 150 kilowatts.

(c) One hundred and fifty kilowatts or more, but less than 750 kilowatts.

(d) Seven hundred and fifty kilowatts or more, but less than 2 megawatts.

(e) Two megawatts or more.

(3) If the voltage at the electrical connection is comparable to the electric utility's transmission voltages, but the electric

utility's facilities are classified as part of its distribution system for jurisdictional purposes, such as a radial line, the project shall not be subject to the interconnection procedures approved under these rules. The interconnection shall instead comply with analogous federal energy regulatory commission standards.

History: 2003 MR 18, Eff Sept. 23, 2003.

R 460.484 Project application.

Rule 4. (1) The interconnection procedures shall prescribe a process for a project developer to apply to an electric utility for an interconnection.

The procedures may include a standard form application. A separate application shall be required for each project or project site.

(2) An electric utility shall acknowledge receipt of an application within 3 days, excluding Saturdays, Sundays, and other days when the offices of the electric utility are not open to the public.

(3) If the developer has paid the filing fee provided in R 460.485, the electric utility shall conduct an initial review of the application and provide the project developer 2 hours of consultation relating to the review in exchange for the fee. The consultation shall include a good faith estimate of the electric utility's charges to complete the interconnection.

(4) The interconnection procedures shall set a reasonable deadline for the electric utility to make an initial response to the application. The initial response shall indicate whether the application complies with the interconnection procedures and the standards set forth in these rules and identify any information required to complete the application or bring it into compliance. If an electric utility rejects an application for interconnection or otherwise withholds interconnection, then it shall provide the project developer with a written explanation of the reasons, which shall be based on demonstrably valid technical, reliability, or safety criteria.

History: 2003 MR 18, Eff Sept. 23, 2003.

R 460.485 Project filing fee.

Rule 5. (1) A project developer shall pay the electric utility a filing fee calculated as \$0.50 per kilowatt of project capacity, but in no event shall the amount of the fee be less than \$100 or more than \$500. (2) An electric utility may not charge additional fees, unless they are authorized by these rules.

History: 2003 MR 18, Eff Sept. 23, 2003.

R 460.486 Interconnection deadlines.

Rule 6. (1) The interconnection procedures shall set deadlines for processing an application filed by a project developer, achieving major milestones, and completing the interconnection and shall preclude undue delay. The deadlines shall ensure that the period from the date that the project developer files a complete application to the completion of all of the electric utility's obligations for interconnection shall be no longer than the following for each project capacity classification:

- (a) Less than 30 kilowatts 2 weeks
- (b) Thirty kilowatts or more, but less than 150 kilowatts 4 weeks
- (c) One hundred and fifty kilowatts or more, but less than 750 kilowatts 6 weeks
- (d) Seven hundred and fifty kilowatts or more, but less than 2 megawatts 12 weeks
- (e) Two megawatts or more 18 weeks

(2) Delays that are the responsibility of the project developer shall not be included in determining compliance with the deadlines imposed in subrule (1) of this rule.

(3) Delays that are solely attributable to time lapsed while an electric utility is diligently seeking to secure a necessary easement, right-of-way access, or other change in property rights or comply with governmental permitting or zoning requirements shall not be included in determining compliance with the deadlines imposed in subrule (1) of this rule.

History: 2003 MR 18, Eff Sept. 23, 2003.

R 460.487 Additional services provided by electric utility.

Rule 7. (1) The interconnection procedures shall state the conditions in which engineering studies or physical construction or modification of the electric utility's distribution system are required to facilitate or complete an interconnection. If any of those services are necessary, the electric utility and the project developer shall make a written agreement that sets forth the charges and other terms and conditions. The electric utility may prescribe standardized agreement forms as part of its interconnection procedures.

(2) The interconnection procedures shall set forth a uniform schedule of charges for engineering studies. The charges shall not exceed the lesser of either of the following:

- (a) Five percent of the estimated total cost of the project.
- (b) Ten thousand dollars.

(3) The interconnection procedures shall not require, or impose charges for, engineering studies if the project's aggregate export capacity is less than 15% of the line section peak load and the project does not contribute more than 25% of the maximum short circuit current at the point of interconnection.

(4) An agreement may impose charges for the electric utility's cost of making physical modifications to its distribution system, which shall not exceed reasonable, actual costs.

(5) An agreement required by this rule shall set deadlines for the electric utility to perform its obligations. The deadlines shall be consistent with the requirements in R 460.486(1). If the electric utility is unable to perform its obligations within the deadlines, then the project developer may choose to retain a contractor from a list of certified contractors maintained by the electric utility, and the contractor shall perform the remaining services and construction activities that are necessary to comply with the electric utility's

specifications. The interconnection procedures shall include the list of certified contractors that are capable of performing services and construction under this subrule. The electric utility may not withhold or deny certification from any contractor that requests certification and demonstrates the requisite capabilities.

History: 2003 MR 18, Eff Sept. 23, 2003.

R 460.488 Pre-certified equipment.

Rule 8. The interconnection procedures shall include provisions for creating and maintaining an up-to-date listing of pre-certified types, makes, and models of manufactured generating equipment. The electric utility's listing may reference or incorporate listings of equipment certified by recognized national testing laboratories as suitable for connection with a distribution system. The electric utility shall include an item of equipment in its pre-certified list if the item is generally acceptable for interconnection with the distribution system and a detailed review of the item's engineering design, characteristics, or suitability is not necessary to approve its use or installation by a project developer.

History: 2003 MR 18, Eff Sept. 23, 2003.

R 460.489 Waivers.

Rule 9. An electric utility may apply for a waiver from 1 or more provisions of these rules. The Commission may grant a waiver upon a showing of good cause.

History: 2003 MR 18, Eff Sept. 23, 2003.