

TERMS AND CONDITIONS

XXVI. ELECTRIC GENERATOR INTERCONNECTIONS OTHER THAN NET METERING

A. Applicability

This Section XXVI is applicable to Customers who own and operate, or contract with others to own or operate on their behalf, an electric generator in parallel operation with the Company's electric system. Provided, however that this Section shall not apply to: (a) electric generators operating pursuant to the Net Energy Metering provisions in Section XXV of these Terms and Conditions; or (b) electric generators that are interconnected under the jurisdiction of the Federal Energy Regulatory Commission.

Electric generator interconnection service includes only the ability to interconnect an electric generator to the Company's facilities. Electric generator interconnection service does not include, without limitation, the purchase or sale of the output of the electric generator, station service, back-up power, the delivery of the output of the electric generator, nor any form of the supply or delivery of electricity to the Customer. The Customer shall make separate arrangements for any other services that it desires to purchase.

B. Definitions

Certain words and phrases used in this Section shall be understood to have the meaning established by Chapter 314 of the Commission's rules, *Regulations Governing Interconnection of Small Electrical Generators* ("Chapter 314") at 20 VAC 5-314-10, or as defined at Section I of these Terms and Conditions, or as listed below:

"Interconnection Customer" has the meaning set forth in Chapter 314 at 20 VAC 5-314-10, and shall also continue to apply to any entity that has interconnected a Small Generating Facility ("SGF") with the Company's equipment or facilities.

C. Incorporation of Rules

Chapter 314 is hereby incorporated by reference into this Section XXVI. Interconnection Customers who own and operate, or contract with others to own or operate on their behalf, an SGF in parallel operation with the Company's electric system are also subject to Chapter 314 and to these Terms and Conditions generally. Such an Interconnection Customer's SGF may only begin parallel operation, and may only continue parallel operation, so long as all applicable requirements of these Terms and Conditions and of Chapter 314 are satisfied.

Notwithstanding any other provision of this Section XXVI, if the Company's transmission system is under the control of a Regional Transmission Entity, and the Regional Transmission Entity has rules, tariffs, agreements or procedures properly governing operation of the SGF, sale or transmission of the output of the SGF, system upgrades required for interconnection of the SGF, or other aspects of the interconnection or operation of the SGF, the Company and the Interconnection Customer shall comply with those applicable rules, tariffs, agreements or procedures.

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- D. The following provisions shall apply to all SGFs:
1. The Company shall not be required to establish or maintain an interconnection with an SGF that is found to be out of compliance with the codes, standards, requirements and/or certifications applicable to the SGF. The Company shall be entitled to obtain information through reasonable means, including the observation of facility tests as conducted by the Interconnection Customer, as may be necessary to ensure the continued safe and reliable operation of Company facilities and equipment and to ensure the SGF does not cause a degradation in power quality provided by the Company to its other customers. However, the Company expressly assumes no responsibility or obligation to inspect or otherwise ensure that the Interconnection Customer complies with any such codes, standards, requirements and/or certifications applicable to the SGF.
 2. In accordance with Section IV.E of these Terms and Conditions, the Company shall furnish Attachment Facilities in the same manner as it provides equipment and facilities in excess of those which the Company would normally provide. However, Section IV.E.3. of these Terms and Conditions shall not be available for Attachment Facilities.
 3. The Company shall not be required to provide an SGF interconnection at any electrical characteristic or voltage range other than those that are provided by the Company for Electric Delivery Service in accordance with these Terms and Conditions. Nor shall the Company be required to provide an SGF interconnection under a higher standard than that applicable to Electric Service generally.
 4. The provision and continuation of an SGF interconnection is contingent upon the Interconnection Customer making payment for all applicable charges for such SGF interconnection, and the payment provisions applicable to any ongoing charges for each SGF interconnection shall be in accordance with these Terms and Conditions. The Company may require a deposit in support of the Interconnection Customer's payment obligations hereunder, pursuant to these Terms and Conditions.
 5. Any metering, including telemetering or data acquisition equipment, that is necessitated by use of the SGF or requested by the Interconnection Customer shall be provided by the Company, at the Interconnection Customer's expense, in accordance with Chapter 314 and the provisions of these Terms and Conditions.
 6. The Interconnection Customer shall provide and maintain communication lines as may be required for transmitting operational and meter data related to the SGF interconnection, and to otherwise reasonably support the coordinated operation of the Company's system with the SGF.

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7. Except as may be otherwise provided for in Chapter 314, invoices presented by the Company to the Interconnection Customer for one-time charges shall be due and payable upon presentation and shall become past due if not paid within thirty days of the invoice date.
 8. The Company may reasonably require that the Interconnection Customer provide written acknowledgements or assurances to the Company related to the interconnection and operation of the SGF.
- E. The following provisions shall apply to SGFs of 500 kW or less:
1. The Company may specify reasonable operating requirements applicable to the SGF in addition to those otherwise provided for herein. If such additional operating requirements are specified, they shall be listed in writing and provided by the Company to the Interconnection Customer. The Company shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Parties shall make reasonable efforts to cooperate in meeting requirements necessary for the SGF to commence and continue operations.
 2. The Company may require the Interconnection Customer to provide written acknowledgment to the Company regarding: (i) the operating requirements of the SGF; and (ii) ongoing charges to the Interconnection Customer as may be permitted under these Terms and Conditions and Chapter 314.
 3. Each Party shall design, install, operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise expressly agreed between the Company and the Interconnection Customer. Each Party is responsible for safe installation, operation, maintenance, repair and condition of its respective lines and appurtenances in accordance with all applicable codes and standards on its respective side of the Point of Interconnection.
 4. The Interconnection Customer shall design, install, maintain and operate the SGF so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the Company's facilities or equipment, or other interconnected utility systems, and to otherwise maintain and operate the SGF in accordance with the applicable specifications and certifications.
 5. The Company may require the Interconnection Customer to install, own and maintain a lockable, Company-accessible, load breaking manual disconnect switch between the SGF and the Company's facilities at each Point of Interconnection.

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6. The Interconnection Customer shall design and operate the SGF to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading and 0.95 lagging, unless the Company has established different requirements that apply to all similarly-situated SGFs connected to Company facilities on a comparable basis. Such requirement shall not apply to wind SGFs. The Company is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the SGF when the Company requests the Interconnection Customer to operate its SGF outside the range specified in this Paragraph. In addition, if the Company pays its own or affiliated electric generators for reactive power service within the specified range, it must similarly pay the Interconnection Customer. Payments shall be in accordance with the Interconnection Customer's applicable rate schedule as may be in effect and accepted by the appropriate government authority. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb reactive power under this Agreement, the Interconnection Customer may expeditiously file such rate schedule with the appropriate government authority, and the Company agrees to support any request for waiver of any prior notice requirement of such authority in order to permit compensation to the Interconnection Customer from the time service commenced.
7. The Interconnection Customer shall test and inspect its SGF and interconnection facilities prior to interconnection. The SGF shall not begin parallel operation until the Company has inspected the SGF's protective equipment settings or has waived its right to inspection. The Interconnection Customer shall notify the Company when the SGF installation and protective equipment installation is complete. Unless otherwise mutually agreed, the Company shall have five business days to perform its inspection. Each Party shall be responsible for its own costs associated with inspections. Certified static-inverter connected SGFs of not more than 10 kW shall not be subject to this inspection requirement. Any inspection by the Company or lack thereof shall not be deemed to be or construed as representation, assurance, guarantee or warranty by the Company of the safety, durability, suitability or reliability of the SGF or any associated control, protective and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the SGF.

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8. The Interconnection Customer shall submit a formal request to the Company in accordance with Chapter 314, prior to changing the rated capacity, electrical characteristics or mode of operation of any SGF. Changes to the SGF or its mode of operation, either of which may have a material impact on the safety, reliability or power quality of the Company's facilities or equipment or other interconnected systems, shall not be made prior to the Company providing written authorization to the Interconnection Customer. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modifications without the Company's prior written authorization, then the Company shall have the right to disconnect the SGF until the modifications are reversed or the modifications are approved pursuant to the applicable interconnection process.
9. The Interconnection Customer shall notify the Company as soon as practicable in the event of an emergency condition of the SGF or its mode of operation, if the Interconnection Customer has reasonable cause to believe that such condition may have a detrimental impact on the Company's system, customers of the Company, other interconnected systems or the safety of persons or property.
10. The Interconnection Customer shall immediately notify the Company of any changes in the ownership of, operational responsibility for or contact information for any SGF.
11. All communications required or authorized under this Section XXVI.E shall be provided in writing, and shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, as follows:
 - a. If to the Interconnection Customer, to the Interconnection Customer shown on the Company's then-current account records.
 - b. If to the Company, to the address indicated on the page of www.dom.com applicable to electric generator interconnections.
12. **Limitation of Liability**

Each Party's liability to each other for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of obligations under Chapter 314 and these Terms and Conditions, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by Chapter 314 or these Terms and Conditions.

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Neither Party shall be liable to the other under any provision of Chapter 314 or these Terms and Conditions for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

13. Indemnity

- a. This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of these Terms and Conditions. Liability under this provision is exempt from the general limitations on liability found in Paragraph 12, above.
- b. Each Party shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under Chapter 314 or these Terms and Conditions on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- c. If an indemnified Party is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- d. If an indemnifying Party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

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- e. Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or small generator investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

F. The following provision shall apply to SGFs of more than 500 kW and not more than 20 MW:

SGFs of more than 500 kW and not more than 20 MW shall request to be interconnected in accordance with the provisions of Chapter 314 applicable to Levels 2 and 3 interconnection requests. (Principally at 20 VAC 5-314-50 *et seq.*)

G. The following provision shall apply to electric generators of more than 20 MW:

Electric generators of more than 20 MW shall be interconnected under separate bilateral arrangements between the Company and the Customer desiring to interconnect such electric generator.

H. The following provisions shall apply to grandfathered interconnections:

An SGF interconnection existing prior to May 21, 2009, may continue under the pre-existing agreement or arrangement. If a change is contemplated to the SGF's rated capacity, mode of operation, or electrical characteristics, or if a change is contemplated to another aspect of the SGF or the interconnection provisions therefore, and if such change is not consistent with the terms of the existing interconnection agreement, one of the following shall occur prior to such change taking place:

1. Upon mutual agreement, the Company and the Interconnection Customer shall modify such pre-existing agreement or arrangement to accommodate such change.
2. Upon request of either the Interconnection Customer or the Company, the terms of interconnection shall be revised prospectively in accordance with the then-effective Terms and Conditions on file with the Commission. Notwithstanding this opportunity for prospective revision, any charges for facilities or services provided by the Company as established under the previous arrangements will continue in connection with the continued provision of such facilities or services, and shall be set forth in an appropriate agreement.