5.1 **Interconnection Study**. The Company and/or ITC has conducted an interconnection study to determine the impact on the Company and the ITC System resulting from the interconnection of each of Customer's generators which comprise the Facility.

5.2 **Cost of Interconnection Study.** The Customer shall reimburse the Company and/or the ITC for the costs incurred in conducting the interconnection study per the terms of the interconnection study agreement.

5.3 **Facility and Equipment Design and Construction.** The Distribution/Interconnection Facilities shall meet all requirements of applicable safety codes, engineering codes, (*e.g.*, National Electrical Code and National Electrical Safety Code) and further, shall meet all requirements of any Governmental Authority having jurisdiction over such matters.

5.4 **Project Scoping.** The Parties shall meet to develop and shall mutually agree to a detailed scope of work activities under this Agreement, including design specifications, construction schedule and budget estimates.

5.5 **Construction Schedule.** The Parties shall prepare and mutually agree upon a construction schedule to complete the installation, start-up and testing of the necessary Distribution/Interconnection Facilities on or before the first Commercial Operation Date. Each Party shall use Commercially Reasonable efforts to adhere to the construction schedule. At a Party's written request, the other Party shall provide a progress report regarding the installation of the Distribution/Interconnection Facilities.

5.6 **The Company's Review, Acceptance and Inspection of Distribution/Interconnection Facilities.** The Company has the right to review, inspect and accept the design and construction of the Distribution/Interconnection Facilities performed by the Customer (including the specifications for the protective and control equipment, improvements, additions, deletions, modifications, replacements or other changes to the Distribution/Interconnection Facilities, and the electrical drawings, one-line diagrams and similar documents depicting the Distribution/Interconnection Facilities), and to accept the as-built prints thereof. The Customer shall promptly provide the Company, when available, all such designs, specifications and drawings and other documents as they relate to the Distribution/Interconnection Facilities, and any changes thereafter. The Customer shall not be permitted to interconnect and operate its Facility in parallel with the Company until the Company has reviewed, inspected and accepted the Distribution/Interconnection Facilities, such acceptance not to be unreasonably withheld or delayed.

a. With respect to any action to be taken by the Customer under this Agreement, any Distribution/Interconnection Facilities, or any drawings or other documentation to be delivered by the Customer under this Agreement, where under this Agreement the Company has the right to review and accept such action, Distribution/Interconnection Facilities,

drawings or other documentation, or any changes thereto including changes to the Distribution/Interconnection Facilities design, operation and maintenance, prior to the Customer taking or finally delivering, as the case may be , such action, drawings, documentation or changes, the Company shall endeavor to provide the Customer with either written acceptance of such action, drawings, documentation or changes, or a detailed description of any objections thereto with specific actions that the Customer may take to satisfy the Company, within twenty (20) Business Days of the Company's receipt of such written proposal of action, drawings, documentation or changes. The Customer shall construct the Distribution/Interconnection Facilities in accordance with the actions, drawings, documentation, or changes accepted by the Company.

b. The Company has the right to review and accept proposed and future changes by the Customer to the settings for the Distribution/Interconnection Facilities equipment. If requested by the Company, the Customer shall provide the information needed to determine or review such equipment settings.

c. After the first Commercial Operation Date of any portion of the Facility or the Customer Distribution/Interconnection Facilities, the Customer shall not make material modifications to such facilities that may adversely affect or contribute to the degradation of the quality or reliability of transmission service on the ITC System or on the Distribution/Interconnection Facilities without the Company's and/or ITC's prior acceptance of such modifications, which shall not be unreasonably withheld or delayed. The Customer shall submit to the Company all such proposed changes to the Distribution/Interconnection Facilities as provided in Section 3.4.

d. The Customer shall submit as-built drawings of the Distribution/Interconnection Facilities within forty-five (45) Business Days of the first Commercial Operation Date. Final acceptance by the Company of the as-built drawings of the Distribution/Interconnection Facilities shall occur within ninety (90) Business Days after receipt.

e. The Company's acceptance of any designs, specifications, drawings and other documents provided by the Customer is valid only if made in writing, and is limited to the purpose of ensuring the safety, protection and control of the Distribution/Interconnection Facilities and/or the ITC System and shall not be construed as endorsement, warranty or guarantee in any manner or form of the Facility and/or the Distribution/Interconnection Facilities.

5.7 **Start-up and Testing.** The Parties shall develop and shall mutually agree to a start-up and testing program to demonstrate compliance with safety, protection

and control design standards as required by this Agreement. The Parties shall coordinate completion of their respective work to support the interface and testing of the Distribution/Interconnection Facilities. Startup Testing of a generating unit operating in parallel with the Company shall not, except upon the express written consent of the Company, occur until the Company has reviewed and accepted the Distribution/Interconnection Facilities to be used in the startup testing, including but not limited to metering, relaying and other protective devices, such acceptance not to be unreasonably withheld or delayed.

ARTICLE 6
Right to Terminate

Notwithstanding any other provision of this Agreement, the Customer may decide not to interconnect with the Company as contemplated by this Agreement and may terminate this Agreement by thirty (30) Business Days written notice to the Company provided that in the event of such a termination the Customer shall pay the Company for all costs incurred under this Agreement through the date of termination, including any reasonable and necessary costs associated with winding up the Company's activities and canceling equipment ordered pursuant to this Agreement, and any costs incurred by ITC in connection with the Company's interconnection of the Customer's Facility to the ITC System and lawfully charged to the Company.

ARTICLE 7
Operation and Maintenance

7.1 **Synchronous Operation.** When the Facility is interconnected with the Company and the ITC System through the Distribution/Interconnection Facilities, Customer's electric facilities shall operate in continuous synchronism. If synchronous operation of the Customer's facilities or the Distribution/Interconnection Facilities is either manually or automatically interrupted due to reasons beyond the control of either Party or due to scheduled maintenance that has been agreed to by both Parties, the Parties shall cooperate to remove the cause of such interruption as soon as practicable and restore their respective facilities to normal operating conditions. Neither Party shall be responsible to the other for any damage or loss of revenue caused by such interruption.

7.2 **Obligation to Maintain Equipment.** The Company shall maintain the Company's Distribution/Interconnection Facilities, together with all associated equipment and appurtenances, in a suitable condition of repair at all times, at the Customer's expense, in order that the Company's Distribution/Interconnection Facilities will operate in a reliable and satisfactory manner and any reduction in the capacity of the Company's Distribution/Interconnection Facilities shall be avoided to the extent practicable. The Customer, at its expense, will be responsible for the maintenance of all Customer Distribution/Interconnection

Facilities on its side of the Points of Interconnection, in accordance with applicable Company and ITC standards and Good Utility Practice, and so that such facilities will operate in a reliable and satisfactory manner and any reduction in the capacity of the Company's Distribution/Interconnection Facilities shall be avoided to the extent practicable.

7.3 **Compliance with Reliability Council Standards.** The Parties agree that the implementation of this Agreement shall comply with the applicable, material requirements for generators connected to the ITC System, in accordance with the manuals, standards and guidelines of the North American Electric Reliability Council ("*NERC*") and the East Central Area Reliability Council ("*ECAR*"), or any successor agencies assuming or charged with similar responsibilities related to the operation and reliability of the electric transmission grid. Customer agrees to comply with all Company, ITC, ECAR and NERC reliability requirements and to reimburse Company for any charges or penalties imposed on Company for violations of such requirements resulting from or relating to Customer's electric facilities, load or facilities connected to Customer's electric facilities, or Customer's actions or inactions with respect thereto.

7.4 **Synchronization of the Facility.** The Customer shall be solely responsible for properly synchronizing the Facility to the Company and ITC System under the direction of ITC and in coordination with the Company. The Company has the right to review, accept and inspect the Customer's method of synchronization.

7.5 **Energization of Distribution/Interconnection Facilities.** The Customer shall not energize any portion of the Distribution/Interconnection Facilities unless under the direction of the Company and in accordance with any applicable Company and/or ITC operating procedures.

7.6 **Facility Control, Operation and Event Analysis.** Unless otherwise agreed by the Parties, operation of the Company's Distribution/Interconnection Facilities shall be the responsibility of the Company or, if agreed to by Company and ITC and so notified to the Customer, of ITC (and for purposes of the remainder of this Section 7.6 and Section 7.7, references to "Company" shall mean whichever of the Company or ITC is responsible for such operation), and shall be coordinated among the Customer or its authorized representative for the Facility and the authorized representative of the Company and the ITC's control center at the Customer's expense. The Company shall not be liable for damages or losses incurred by the Customer due to the Company's operation of the breakers and any disconnect switch, provided, however, that the Company's Distribution/Interconnection Facilities equipment is operated in accordance with Good Utility Practice.

a. Upon the request of the Company, the Customer shall be capable of immediately operating the Customer's Distribution/Interconnection Facilities breaker(s).

b. In a System Emergency, the Company may require Customer to raise or lower production of energy from the Facility to maintain safe and reliable load levels and voltages on the ITC System; *provided, however,* that any such directive issued by the Company pursuant to this Section 7.6(b) shall be in accordance with the provisions of the OATT and Good Utility Practice, that any changes in the level of Facility output shall be implemented in a manner consistent with safe operating procedures that are within the design limitations of the Facility, that Customer is compensated for raising or lowering the output of its Facility in accordance with the applicable provisions set forth in the ITC's OATT, pursuant to mutually agreed terms or any applicable FERC-approved tariff filed by Customer. The Facility shall operate with speed governors and voltage regulators in operation in accordance with NERC and ECAR requirements whenever the Facility is operated in parallel with the ITC System. The Customer shall notify the Company whenever the Facility's voltage regulators are out of service and shall maintain voltage as prescribed by ITC and shall ensure that generator reactive power levels are within the capability of the Facility and within steady state stability limits. The Customer shall not automatically disconnect or trip the Facility or any of its generators for under-frequency operation above 59 Hertz.

d. The Parties shall cooperate in the analysis of electrical disturbances by gathering and providing access to any information relating to any disturbance on the Distribution/Interconnection Facilities, and provide information pertinent to the analysis such as fault recorders, disturbance analyzer protective relay targets, breaker operation, and sequence of event recorders.

e. The Parties shall provide periodic test data obtained during the operation of their respective Distribution/Interconnection Facilities at the following intervals:

Protective relays	Three years
Line/bus relays	Three years
Generator relays	Three years
Breakers	Two years
Batteries	Quarterly
Revenue metering	One year
All other metering	Two years

f. The Parties may agree to alter the schedule provided in (e) above. Either Party may elect to witness the testing performed by the other Party and request additional tests if warranted by Good Utility Practice.

g. Notwithstanding the above, nothing herein shall require the Customer to operate the Facility in a manner inconsistent with the equipment ratings or manufacturer's recommendations.

7.7 **Electric Energy Delivered to the Company.** Unless otherwise agreed, the electric energy delivered to the Points of Interconnection shall be in accordance with the characteristics described in this Section.

a. **Form of Electric Energy.** All electric energy delivered to the Company for delivery to the ITC System shall be in the form of three-phase, alternating current having a normal frequency of approximately 60 cycles per second, a harmonic content consistent with the requirements of The Institute of Electrical and Electronics Engineers ("*IEEE*") Standard No. 519, and otherwise in compliance with this Agreement.

b. **Flicker and Harmonics.** Electric output at the Facility shall be in accordance with the power quality standards contained in IEEE Standard No. 519, in effect from time to time. The Facility shall not introduce any distortion of Company's or ITC's waveform, telephone or power line carrier interference that is inconsistent or conflicts with IEEE Standard No. 519.

When there is demonstrated, unreasonable interference to other customers and such interference exceeds Company's then-current system standards, the Company reserves the right, at its initial expense, to install or permit ITC to install, special test equipment as may be required to perform a disturbance analysis and monitor the operation of the Facility and its control to evaluate the quality of power produced by the Facility.

In the event that there are no standards, then the applicable tariffs and rules governing electric service shall apply.

If the Facility is conclusively demonstrated to be the source of the interference, and it is demonstrated that the interference produced by the Facility exceeds Company's standards or, when Company has no standards, generally accepted industry standards, then it shall be the responsibility of the Facility to eliminate the interference problem and to reimburse the Company for the costs of the disturbance analysis excluding the cost of the meters or other special test equipment.

c. **Frequency.** The Facility shall maintain governor systems that respond to system frequency deviations.

d. **Fault Clearing.** The Facility will utilize breakers (DIG 1, 8 and B, as referenced on Exhibit A) with interrupting times of 133 milliseconds or less and primary protective relay systems such that the total clearing time performance from the inception of a fault or disturbance on the Distribution/Interconnection Facilities or the ITC System to the de-energization of the affected equipment is less than 200 milliseconds.

e. **Stability; Stability Study.** The Facility shall be capable of stable operation for three-phase faults lasting up to 83.3 milliseconds and single-phase faults lasting up to 677 milliseconds without losing synchronism with the Company and/or ITC System. Both Parties and ITC may perform periodic stability studies to verify this requirement, in which studies each Party shall cooperate. If necessary, the Parties may have to install out-of-step protection or special generator protection schemes to meet this requirement on their respective Distribution/Interconnection Facilities at their respective expense. Specifically, if the stability study shows the need for power system stabilizers, the Customer shall install and tune power system stabilizers acceptable to the Company on the Facility. In performing any such stability study, the Company will not evaluate the risk of unstable operation to the Facility, which assessment shall be the Customer's responsibility.

f. **Power Factor.** The Customer shall at all times ensure that the Facility is capable of operating at a power factor range of 0.90 lagging (i.e. when the Facility is supplying reactive power to the ITC System) to 0.95 leading (i.e. when the Facility is consuming reactive power from the ITC System) as measured at the Points of Interconnection.

g. **Abnormal System Conditions.** The Customer is solely responsible for protecting the Facility from excessive negative sequence currents, phase reversals, loss of phase, switching surges, lightning, system faults, voltage or frequency excursions, or other abnormal system conditions.

h. **Disconnection.** Disconnect switches capable of manual operation shall be installed. The switches shall have a visibly verifiable open position and shall allow for separation of the Facility for maintenance while maintaining the continuity of the Distribution/Interconnection Facilities. The switches shall be capable of locking in the open position and shall be accessible to the Company for operation at all times. The Company has the right to disconnect the Facility under the following circumstances:

   i. The Facility or Distribution/Interconnection Facilities adversely affect, or contribute to the degradation of, the quality or reliability of transmission service on the Distribution/Interconnection Facilities or the ITC System.

   ii. Electric power from the Facility at the Points of Interconnection is outside the limits required under this Agreement and is adversely affecting, or contributing to the degradation of, the quality or reliability of distribution service provided by the Company or transmission service provided by ITC to third parties.

   iii. The Facility's equipment protecting the Company's Distribution/Interconnection Facilities or the ITC System is in such

state that the equipment could cause or is causing a hazardous condition or is otherwise contributing to a System Emergency.

iv. Disconnection is necessary within ten (10) Business Days of a request of either Party, unless otherwise agreed; to verify proper operation of the Facility's equipment protecting the Company's Distribution/Interconnection Facilities or the ITC System.

v. Continued operation of the Facility poses a safety hazard to ITC personnel, the general public, the Company's Distribution/Interconnection Facilities or the ITC System.

vi. Disconnection is necessary to provide Company or ITC personnel clearance for line maintenance.

vii. A System Emergency occurs that requires the disconnection of the Facility to correct the System Emergency. If disconnection does not stabilize or improve the System Emergency, then the Company shall allow the Customer to reconnect the Customer's generators.

viii. Disconnection is required as provided in Section 7.8.

7.8 **Control Area Operations.** The Facility is located in the ITC control area. The Parties recognize that transactions scheduled under the OATT using the electric output of the Facility and the Company's or others' adjacent generators under other agreements may result in parallel flows over the Company's Distribution/Interconnection Facilities or the ITC System or systems interconnected with the ITC System, and that such flows are an indirect, unavoidable, and unintentional consequence of the physical and electrical characteristics of interconnected transmission systems. Should adverse parallel flows occur that may be caused in whole or in part by the Facility, then upon notice by ITC, the Customer shall promptly undertake such action as is reasonably requested by ITC, up to and including curtailment of generation, as is necessary to reduce such flows to the extent necessary to overcome said adverse effect on the Company's Distribution/Interconnection Facilities or ITC System or systems interconnected with the ITC System. Should the Customer fail to comply for whatever reason with ITC's reasonable request, ITC may disconnect the Facility until such time as the Parties agree to a plan to correct adverse parallel flows. The Company shall not be liable for damages or losses incurred by the Customer due to the Company's or ITC's actions hereunder.

7.9 **Obligation to Supply Reactive Power**

a. Customer will supply reactive power to and absorb reactive power from the Company and the ITC System during periods of time that the Facility is connected to and operating in parallel with the Company and ITC System, in accordance with the Company or ITC's requirements (in the event of a conflict, the ITC requirements shall take precedence) within the range specified in section 7.7 (f). The Customer shall respond to requests

from the Company or ITC to increase or decrease Facility reactive power output in a manner consistent with the Customer's obligation to operate the Facility (a) in a safe and reliable manner, with applicable operational and/or reliability criteria, protocols, and directives, including those of NERC and ECAR and (b) in accordance with the provisions of this Agreement. The Facility shall generate reactive power in accordance with the reactive schedule prescribed by the Company or ITC a minimum of one day in advance as necessary to maintain reactive support, but not in excess of the amount available from the Facility's equipment in service.

b. The Company or ITC may request the Facility to change its reactive schedule, or request the Facility to supply its maximum available reactive power output or absorb its maximum reactive power input (measured in MVAR) within the design limitations off the equipment in service at the time in order to enhance system security. The Company or ITC will, to the extent possible, distribute the reactive requirements to all generating facilities and other reactive compensation resources, including the Company and ITC's facilities and adjacent generators under other ITC agreements, in the affected area. The Customer shall promptly comply with such requests made by the Company or ITC.

c. If the Facility is unable to consistently maintain a reactive power capability sufficient to maintain a power factor at the Points of Interconnection within the minimum requirement, the Customer shall take appropriate steps to configure the Facility to meet such standards, including, as necessary, the installation of dynamic reactive power compensating devices subject to prior review and approval by the Company and ITC. Records of requests made by the Company or ITC, and records indicating actual responses to these requests, will be maintained by the Company ITC and subject to third party independent audit at the Customer's request and expense. The Customer will present such request for an audit to the Company or ITC no later than twelve (12) months following a request by the Company or ITC that the Facility supply or absorb its maximum available reactive power output or absorption.

d. In the event Customer is requested to provide reactive power by the Company or ITC and the Customer complies with the request for reactive power at the point of interconnection, the Company or ITC will pass through to Customer amounts ITC receives or is allocated for the provision of such reactive power under the ITC OATT for the period that the customers complies with the request, until such time as the Customer has filed with FERC and received approval for rates, terms and conditions for such service, at which time such rates will be applicable. The Customer shall not be required to supply such reactive power if such reactive power has been previously sold on the market on a firm non-

recallable basis. The Company and ITC will not be obligated to pay for reactive power not requested by the Company or ITC. The Company and ITC shall not be obligated to absorb or supply reactive power or energy at the Points of Interconnection if doing so interferes with transmission service on the Company's Distribution/Interconnection Facilities or the ITC System or systems interconnected with the ITC System.

e. The Customer shall operate the Facility within design limits and pursuant to the voltage schedules provided by the Company or ITC and within the Facility's design capability, consistent with Section 7.7 (f). At times when the Customer is not providing or absorbing reactive power to or from the Company or ITC System pursuant to a request from the Company or ITC, the Customer shall maintain a power factor of 1.0 at the Points of Interconnection.

7.10 **Commercial Operation** – The Customer will notify the Company in writing of its intention to place the Facility (or any of the Facility's generating units) into commercial operation after completion of startup testing. Commercial Operation shall not occur until the Company has reviewed and accepted Customer's Distribution/Interconnection Facilities to be used in commercial operation of the Facility (or any of the Facility's generating units) including but not limited to; metering, relaying and other protective devices.

ARTICLE 8
Delivery and Measurement of Electric Energy

8.1 **Voltage Level.** All electric energy delivered across the Points of Interconnection shall be at the voltage prescribed in Schedule B.

8.2 **Machine Reactive Capability.** The Facility shall have sufficient reactive capability to regulate and maintain system voltage in accordance with applicable Company, ITC, NERC and ECAR standards, as amended from time to time, without violating generator terminal voltage limitations.

8.3 **Revenue Metering.** The Company, at the Customer's expense, shall install, own, operate, maintain, test, repair and replace as needed, required revenue metering facilities to measure flows from the Facility and at the Points of Interconnection. The Customer may inspect, read, witness and otherwise verify the accuracy of the revenue metering facilities. The provisions herein shall be in addition to, and shall not limit or supersede, metering requirements established in the OATT or the Company's Retail Access Service Tariff.

a. **Estimated Readings.** If for any reason the revenue metering facilities are out of service or are otherwise found to be operating inaccurately such that the amount of electric energy delivered to the ITC System cannot be accurately ascertained or computed from the readings thereof, the electric

energy delivered during the period then in question shall be estimated upon the basis of the best data available and agreed upon by the Parties.

b. **Right to Audit.** The Company has the right, upon reasonable notice and at agreed upon times, to examine the Customer's records to the extent necessary to verify the accuracy of any statement, charge or computation relating to the measurement of electric energy delivered to the Company's Distribution/Interconnection Facilities, and to receive copies of such statements, charges or computations.

c. **Replacement.** If upon testing, the revenue metering facilities are inaccurate and cannot be reasonably corrected such that their accuracy is maintained over a period of time, the Company shall modify, replace or repair the revenue metering facilities as necessary to provide accurate measurements, at the Customer's expense.

d. **Access.** The Customer shall provide the Company access to the premises at all reasonable hours to install, turn on, disconnect, inspect, test, read, repair or remove the revenue metering equipment. The Customer may, at its option, have a representative witness this work. The Company will provide to the Customer or its agent access to the hourly electronic data on such revenue metering equipment via the Customer's MV 90 or other mutually agreeable retrieval system. The Customer or its agent will be responsible for the cost, if any, of equipment and technology associated with providing the data.

8.4 **Telemetering.** Output information from the Facility's generators shall be continuously telemetered from the Facility and the Points of Interconnection to the Company and ITC control center(s), including but not limited to periods of startup testing. Such telemetered information shall be maintained as confidential and shall not be disclosed except as may be required by law, regulation, court of competent jurisdiction or Governmental Authority or as may be required by entities authorized as NERC Security Coordinators. The Customer or its agent may request access to real time telemetered data via a mutually agreeable internet-based system. The Customer or its agent will be responsible for the cost, if any, of equipment and technology associated with providing the data.

a. **Data Requirements.** Telemetering of the following values is required:

- Net real and reactive power flow to the ITC System from the Facility. (Power flow to and from the Customer will be required.)
- Bus voltage at the Points of Interconnection.
- Status (normal-fail) of protective relay communication channels: A status indication of "FAIL" indicates that the communication channel used for relaying (e.g., transfer trip) is unable to perform its protective function.
- Status (open-closed) of the DIG Breakers 1,8 and B.