

**MARYLAND STANDARD AGREEMENT FOR INTERCONNECTION OF SMALL
GENERATOR FACILITIES WITH A CAPACITY GREATER THAN 10 kW BUT LESS THAN
OR EQUAL TO 10 MW
FOR
MARYLAND STATE AND LOCAL GOVERNMENT ENTITIES**

This Agreement is made and entered into this ___ day of _____, by and between _____, a _____ organized and existing under the laws of the State of Maryland, (“Interconnection Customer,”) and _____, a _____, existing under the laws of the State of _____, (“EDC”). Interconnection Customer and EDC each may be referred to as a “Party, ” or collectively as the “Parties.”

Recitals:

Whereas, Interconnection Customer is the State of Maryland (“State”) or a local governmental entity of the State of Maryland;

Whereas, the Interconnection Customer is proposing to, install or direct the installation of a Small Generator Facility, or is proposing a generating capacity addition to an existing Small Generator Facility, consistent with the Interconnection Request completed by Interconnection Customer on _____; and

Whereas, the Interconnection Customer will operate and maintain, or cause the operation and maintenance of the Small Generator Facility; and

Whereas, Interconnection Customer desires to interconnect the Small Generator Facility with EDC’s Electric Distribution System.

Now, therefore, in consideration of the premises and mutual covenants set forth herein, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the Parties covenant and agree as follows:

Article 1. Scope and Limitations of Agreement

1.1 Scope.

This Agreement shall be used for all approved Level 2, Level 3 and Level 4 Interconnection Requests according to the procedures set forth in the Maryland Standard Small Generator Interconnection Rule. (COMAR reference)

1.2 Interconnection.

This Agreement governs the terms and conditions under which the Small Generator Facility will interconnect to, and operate in Parallel with, the EDC’s Electric Distribution System.

1.3 **Not a Purchase Agreement.**

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power.

1.4 **Tariff.**

Nothing in this Agreement is intended to affect any other agreement between the EDC and the Interconnection Customer. However, in the event that the provisions of this Agreement are in conflict with the provisions of the EDC's tariff, the EDC tariff shall control.

1.5 **Responsibilities of the Parties**

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations.
- 1.5.2 The EDC shall construct, own, operate, and maintain its Interconnection Facilities in accordance with this Agreement, IEEE Standard 1547, the National Electrical Safety Code and applicable standards promulgated by the Maryland Public Service Commission.
- 1.5.3 The Interconnection Customer shall construct, own, operate, and maintain its Small Generator Facility in accordance with this Agreement, IEEE Standard 1547, the National Electrical Safety Code, the National Electrical Code and applicable standards promulgated by the Maryland Public Service Commission.
- 1.5.4 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the Point of Interconnection.
- 1.5.5 The Interconnection Customer agrees to design, install, maintain and operate its Small Generator Facility so as to minimize the likelihood of causing an Adverse System Impact on an electric system that is not owned or operated by the EDC.

1.6 **Parallel Operation Obligations**

Once the Small Generator Facility has been authorized to commence Parallel Operation, the Interconnection Customer shall abide by all written rules and procedures developed by the EDC which pertain to the Parallel Operation of the Small Generator Facility, which are clearly specified in Attachment 4 of this Agreement.

1.7 **Metering**

The Interconnection Customer shall be responsible for the cost of the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 5 and 6 of this Agreement.

1.8 **Reactive Power**

The Interconnection Customer shall design its Small Generator Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the power factor range required by the EDC's applicable tariff for a comparable load customer. EDC may also require the Interconnection Customer to follow a voltage or VAR schedule if such schedules are applicable to similarly situated generators in the control area on a comparable basis and have been approved by the Commission. The specific requirements for meeting a voltage or VAR schedule shall be clearly specified in Attachment 4. Under no circumstance shall these additional requirements for reactive power or voltage support exceed the normal operating capabilities of the Small Generator Facility.

1.9 **Capitalized Terms**

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

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

2.1 **Equipment Testing and Inspection**

The Interconnection Customer shall test and inspect its Small Generator Facility including the Interconnection Equipment prior to interconnection in accordance with IEEE Standard 1547 and IEEE Standard 1547.1. The Interconnection Customer shall not operate its Small Generator Facility in Parallel with EDC's Electric Distribution System without prior written authorization by the EDC as provided for in 2.1.1 – 2.1.4.

2.1.1 The EDC shall have the option of performing a Witness Test after construction of the small generator facility is completed. The Interconnection Customer shall provide the EDC at least 20 days' notice of the planned Commissioning Test for the small generator facility. If the EDC elects to perform a Witness Test, it shall contact the Interconnection Customer to schedule the Witness Test at a mutually agreeable time within 5 business days of the scheduled commissioning test. If the EDC does not perform the Witness Test within 5 business days of the commissioning test, the Witness Test is deemed waived unless the parties mutually agree to extend the date for scheduling the Witness Test. If the Witness Test is not acceptable to the EDC, the Interconnection Customer will be granted a period of 30 calendar days to address and resolve any deficiencies. The time period for addressing and resolving any deficiencies may be extended upon the mutual agreement of the EDC and the Interconnection Customer. If the Interconnection Customer fails to address and resolve the deficiencies to the satisfaction of the EDC, the applicable cure provisions of 6.5 shall apply. If a Witness Test is not performed by the EDC or an entity approved by the EDC, the Interconnection Customer must still satisfy the interconnection test specifications and requirements set forth in IEEE Standard 1547 Section 5. The Interconnection Customer shall, if requested by the EDC, provide a copy of all documentation in its possession regarding testing conducted pursuant to IEEE Standard 1547.1.

- 2.1.2 To the extent that the Interconnection Customer decides to conduct interim testing of the Small Generator Facility prior to the Witness Test, it may request that the EDC observe these tests and that these tests be deleted from the final Witness Test. The EDC may, at its own expense, send qualified personnel to the Small Generator Facility to observe such interim testing. Nothing in this Section 2.1.2 shall require the EDC to observe such interim testing or preclude the EDC from performing these tests at the final Witness Test. Regardless of whether the EDC observes the interim testing, the Interconnection Customer shall obtain permission in advance of each occurrence of operating the Small Generator Facility in parallel with the EDC's system.
- 2.1.3 Upon successful completion of the Witness Test, the EDC shall affix an authorized signature to the Certificate of Completion and return it to the Interconnection Customer approving the interconnection and authorizing Parallel Operation. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.2 **Commercial Operation**

The Interconnection Customer shall not operate the Small Generator Facility, except for interim testing as provided in 2.1, until such time as the Certificate of Completion is signed by all Parties.

2.3 **Right of Access**

The EDC shall have access to the disconnect switch and metering equipment of the Small Generator Facility at all times. The EDC shall provide reasonable notice to the customer when possible prior to using its right of access.

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

3.1 Effective Date

This Agreement shall become final on the date both of the following conditions are met: (a) the execution of the Agreement by the Parties, and (b) satisfaction of any applicable conditions specified in COMAR 20.50.09.10 through COMAR 20.50.09.12.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect from year to year unless terminated earlier in accordance with Article 3.3 of this Agreement.

3.3 Termination

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

- 3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the EDC 30 calendar days' prior written notice.

- 3.3.2 Either Party may terminate this Agreement after default pursuant to Article 6.5.
- 3.3.3 The EDC may terminate upon 60 calendar days' prior written notice for failure of the Interconnection Customer to complete construction of the Small Generator Facility within 12 months of the in-service date as specified by the Parties in Attachment 2, which may be extended by mutual agreement of the Parties which shall not be unreasonably withheld.
- 3.3.4 The EDC may terminate this Agreement upon 60 calendar days' prior written notice if the Interconnection Customer fails to operate the Small Generator Facility in parallel with EDC's electric system for three consecutive years.
- 3.3.5 Upon termination of this Agreement, the Small Generator Facility will be disconnected from the EDC's Electric Distribution System. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.
- 3.3.6 The provisions of this Article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

A Party may temporarily disconnect the Small Generator Facility from the Electric Distribution System in the event of an Emergency Condition for so long as the Party determines it is reasonably necessary in the event one or more of the following conditions or events occurs:

- 3.4.1 Emergency Conditions shall mean any condition or situation: (1) that in the judgment of the Party making the claim is reasonably likely to endanger life or property; or (2) that, in the case of the EDC, is reasonably likely to cause an Adverse System Impact; or (3) that, in the case of the Interconnection Customer, is reasonably likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generator Facility or the Interconnection Equipment. Under Emergency Conditions, the EDC or the Interconnection Customer may immediately suspend interconnection service and temporarily disconnect the Small Generator Facility. The EDC shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generator Facility. The Interconnection Customer shall notify the EDC promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the EDC's Electric Distribution System. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.
- 3.4.2 The EDC may interrupt interconnection service or curtail the output of the Small Generator Facility and temporarily disconnect the Small Generator Facility from the EDC's Electric Distribution System when necessary for scheduled maintenance, construction, or repairs on EDC's Electric Distribution System. The

EDC shall provide the Interconnection Customer with five business days' notice prior to such interruption. The EDC shall use reasonable efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

- 3.4.3 During any forced outage, the EDC may suspend interconnection service to effect immediate repairs on the EDC's Electric Distribution System. The EDC shall use reasonable efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the EDC shall, upon written request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.
- 3.4.4 The EDC shall provide the Interconnection Customer with a written notice of its intention to disconnect the Small Generator Facility if, based on the operating procedures specified in Attachment 4, the EDC determines that operation of the Small Generator Facility will likely cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generator Facility could cause damage to the EDC's Electric Distribution System. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon written request. The EDC may disconnect the Small Generator Facility if, after receipt of the notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time unless Emergency Conditions exist in which case the provisions of 3.4.1 apply.
- 3.4.5 The Interconnection Customer must receive written authorization from the EDC prior to making any change to the Small Generator Facility, other than a Minor Equipment Modification, that could cause an Adverse System Impact. If the Interconnection Customer makes such modification without the EDC's prior written authorization, the EDC shall have the right to temporarily disconnect the Small Generator Facility until such time as the EDC reasonably concludes the modification poses no threat to the safety or reliability of its Electric Distribution System.
- 3.4.6 The Parties shall cooperate with each other to restore the Small Generator Facility, Interconnection Facilities, and EDC's Electric Distribution System to their normal operating state as soon as reasonably practicable following any disconnection pursuant to this section; provided, however, if such disconnection is done pursuant to Section 3.4.5 due to the Interconnection Customer's failure to obtain prior written authorization from the EDC for Minor Equipment Modifications, the EDC shall reconnect the Interconnection Customer only after determining the modifications do not impact the safety or reliability of its Electric Distribution System.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

- 4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 3 of this Agreement if required under the

additional review procedures of Level a 2 review or under a Level 4 review. If a Facilities Study was performed, the EDC shall identify the Interconnection Facilities necessary to safely interconnect the Small Generator Facility with the EDC's Electric Distribution System, the cost of those facilities, and the time required to build and install those facilities.

- 4.1.2 The Interconnection Customer shall be responsible for its expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its Interconnection Equipment, and (2) its reasonable share of operating, maintaining, repairing, and replacing any Interconnection Facilities owned by the EDC as set forth in Attachment 3 and Attachment 4.

4.2 Distribution Upgrades

The EDC shall design, procure, construct, install, and own any Distribution Upgrades. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer. The Interconnection Customer may be entitled to financial contribution from any other EDC customers who may in the future utilize the upgrades paid for by the Interconnection Customer. Such contributions shall be governed by the rules, regulations and decisions of the Maryland Public Service Commission.

4.3. Payments by State or Local Government Entities Subject to Appropriations

Generally, costs and expenses payable under this Agreement shall be paid in a single payment or in a number of installments made within a single year. If costs or expenses are to be paid over multiple years, then such costs shall be subject to appropriations approval by the governing legislative body of the Interconnection Customer, and, if applicable, the Charter provisions of the Interconnection Customer. If funds are not appropriated or otherwise made available to support continuation in any fiscal year of this Agreement after the first fiscal year, this Agreement shall terminate automatically as of the beginning of the fiscal year for which funds are not available; provided, however, that such termination shall not affect either the Interconnection Customer's rights or the EDC's rights under any termination clause in this Agreement. The effect of termination of this Agreement under this Section shall be to discharge both the Interconnection Customer and the EDC from future performance of the Agreement, but not from their rights and obligations existing at the time of termination. The Interconnection Customer shall reimburse the EDC for the reasonable value of any non-recurring costs incurred but not amortized in the price of the Agreement. The EDC shall not be reimbursed for anticipatory profits, incidental, special, consequential or indirect damages, or costs incurred after termination. The Interconnection Customer shall notify the EDC in writing as soon as it has knowledge that funds will not be available for the continuation of this Agreement for each fiscal period after the first.

Nothing in this Agreement shall be construed to create an unfunded liability of the Interconnection Customer. All obligations of the Interconnection Customer hereunder are subject to available appropriations.

Article 5. Billing, Payment, Milestones, and Financial Security

5.1 Billing and Payment Procedures and Final Accounting (Applies to additional reviews conducted under a Level 2 review and Level 4 reviews)

- 5.1.1 The EDC shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of EDC provided Interconnection Facilities and Distribution Upgrades contemplated by this Agreement as set forth in Attachment 3, on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within thirty (30) calendar days of receipt, or as otherwise agreed to by the Parties.
- 5.1.2 Within ninety (90) calendar days of completing the construction and installation of the EDC's Interconnection Facilities and Distribution Upgrades described in the Attachments 2 and 3 to this Agreement, the EDC shall provide the Interconnection Customer with a final accounting report of any difference between (1) the actual cost incurred to complete the construction and installation and the budget estimate provided to the Interconnection Customer and a written explanation for any significant variation; and (2) the Interconnection Customer's previous deposit and aggregate payments to the EDC for such Interconnection Facilities and Distribution Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous deposit and aggregate payments, the EDC shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the EDC within thirty (30) calendar days. If the Interconnection Customer's previous deposit and aggregate payments exceed its cost responsibility under this Agreement, the EDC shall refund to the Interconnection Customer an amount equal to the difference within thirty (30) calendar days of the final accounting report.
- 5.1.3 If a Party in good faith disputes any portion of its payment obligation pursuant to this Article 5, such Party shall pay in a timely manner all non-disputed portions of its invoice, and such disputed amount shall be resolved pursuant to the dispute resolution provisions contained in Article 8. Provided such Party's dispute is in good faith, the disputing Party shall not be considered to be in default of its obligations pursuant to this Article.
- 5.1.4 The parties acknowledge that Interconnection Customers who are State of Maryland entities will have to comply with applicable procurement laws and regulations, including, but not limited to Section 15-101 *et seq.* of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended ("State Procurement Regulations"). Notwithstanding the foregoing, this Agreement is not intended to be a procurement, but may relate to the procurement of an energy project by the State and/or compliance herewith may be deemed a cost of an energy project to be procured.

5.2 Interconnection Customer Deposit

At least twenty (20) business days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the EDC's Interconnection Facilities

and Distribution Upgrades, the Interconnection Customer shall provide the EDC with a deposit equal to 50% of the estimated costs prior to its beginning design of such facilities, provided the total cost is in excess of \$1,000.

Article 6. Assignment, Limitation on Damages, Indemnity, Force Majeure, and Default

6.1 Assignment

This Agreement may be assigned by either Party upon fifteen (15) Business Days prior written notice, and with the opportunity to object by the other Party. Should the Interconnection Customer assign this Agreement to another State of Maryland or local government entity, the EDC has the right to request the assignee to agree to the assignment and the terms of this Agreement in writing. When required, consent to this assignment shall not be unreasonably withheld; provided that:

- 6.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate (which shall include a merger of the Party with another entity), of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement;
- 6.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the EDC, for collateral security purposes to aid in providing financing for the Small Generator Facility. For Small Generator systems that are integrated into a building facility, the sale of the building or property will result in an automatic transfer of this agreement to the new owner who shall be responsible for complying with the terms and conditions of this Agreement.
- 6.1.3 Any attempted assignment that violates this Article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same obligations as the Interconnection Customer.
- 6.1.4 Notwithstanding the foregoing, if the assignee of the Interconnection Customer is not a State of Maryland or local government entity, then such assignee shall execute the Maryland Standard Agreement for Interconnection of Small Generator Facilities with a Capacity Greater than 10kW but less than or Equal to 10MW, as approved by the Maryland Public Service Commission for non-governmental entities, which would supersede this Agreement.

6.2 Limitation on Damages

Except for cases of gross negligence or willful misconduct, the liability of any Party to this Agreement shall be limited to direct actual damages, and all other damages at law are waived, subject to applicable law. Under no circumstances, except for cases of gross negligence or willful misconduct, shall any Party or its directors, officers, employees and agents, or any of them, be liable to another Party, whether in tort, contract or other basis in law or equity for any special, indirect, punitive, exemplary or consequential damages, including lost profits, lost revenues, replacement power, cost of capital or replacement

equipment. This limitation on damages shall not affect any Party's rights to obtain equitable relief, including specific performance, as otherwise provided in this Agreement. The provisions of this Section 6.2 shall survive the termination or expiration of the Agreement.

6.3 Indemnity

- 6.3.1 This Section 6.3 provides each Party with indemnification from liability incurred to third parties as a result of carrying out the provisions of this Agreement, subject to applicable government immunities and defenses at law, including but not limited to common law public official immunity. Liability under this provision is exempt from the general limitations on liability found in Article 6.2.
- 6.3.2 Subject to the terms and provisions of Section 6.3.6, the Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, reasonable attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 6.3.3 Promptly after receipt by an indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this Article may apply, the indemnified Party shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.
- 6.3.4 Subject to the terms and provisions of Section 6.3.6, 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 Party may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 6.3.5 Subject to the terms and provisions of Section 6.3.6, if an indemnifying Party is obligated to indemnify and hold any indemnified Party harmless under this Article, the amount owing to the indemnified person shall be the amount of such indemnified Party's actual loss, net of any insurance or other recovery.
- 6.3.6. Notwithstanding anything to the contrary contained in Sections 6.3.2, 6.3.4 and 6.3.5, indemnification by the Interconnection Customer shall be contingent upon and subject to (i) an appropriation by the governing legislative body of the Interconnection Customer specifically for the purposes contemplated in this Section 6 at the time an event which may give rise to the Interconnection Customer's obligation to indemnify or save harmless occurs, (ii) the applicable liability limits provided under the Maryland Tort Claims Act, as further defined in Section 7.1, or the Local Government Tort Claims Act, as applicable, (collectively the "Act"), as

may be amended, and (iii) applicable law. The Interconnection Customer's agreement of indemnification is not to be deemed a waiver of immunity or defense that may exist in any action against the Interconnection Customer.

- 6.3.7. For the installation of a generator in excess of 1MW that requires an Interconnection Agreement, and where the Interconnection Customer utilizes a contractor or subcontractor for such installation, the Interconnection Customer shall include language in its contracts with the Third-Party Contractors (as defined in Section 7.3 herein) that the EDC shall be a third-party beneficiary of the indemnification obligations of the Third-Party Contractors to the Interconnection Customer for the claims, loss and/or damages relating to or arising from the interconnection contemplated under this Agreement and the EDC shall have the right to enforce such indemnification provisions. EDC shall have no right to claim indemnification or reimbursement for anticipatory profits or for incidental, special, consequential or indirect damages. The indemnification obligations of the Third-Party Contractors provided for under this subsection are separate and independent from Interconnection Customer's indemnification obligations set forth in Subsections 6.3.1 -6.3.6 and do not provide EDC with any additional indemnification rights against Interconnection Customer or any rights to claim more than damages or loss actually incurred and covered under the terms of this Agreement.

6.4 Force Majeure

- 6.4.1 As used in this Article, a Force Majeure Event shall mean any act of God, labor disturbance, act of the public enemy, war, acts of terrorism, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment through no direct, indirect, or contributory act of a Party, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of gross negligence or intentional wrongdoing.
- 6.4.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking and will take to mitigate the effects of the event on its performance, and if the initial notification was verbal, it should be promptly followed up with a written notification. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party shall be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be reasonably mitigated. The Affected Party shall use reasonable efforts to resume its performance as soon as possible in accordance with all applicable PSC standards.

6.5 Default

- 6.5.1 No default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement, or the result of an act or omission of the other Party.
- 6.5.2 Upon a default of this Agreement, the non-defaulting Party shall give written notice of such default to the defaulting Party. Except as provided in Article 6.5.3 the defaulting Party shall have 60 calendar days from receipt of the default notice within which to cure such default; provided however, if such default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the default notice; and, if cured within such time, the default specified in such notice shall cease to exist.
- 6.5.3 If a Party has made an assignment of this Agreement not specifically authorized by Article 6.1, fails to provide reasonable access pursuant to Article 2.3, is in default of its obligations pursuant to Article 7, or if a Party is in default of its payment obligations pursuant to Article 5 of this Agreement, the defaulting Party shall have 30 days from receipt of the default notice within which to cure such default.
- 6.5.4 If a default is not cured as provided for in this Article, or if a default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Article will survive termination of this Agreement.

Article 7. Insurance

7.1 Insurance Requirements for the State of Maryland or its Units and Liability of the State or its Units under this Agreement.

The Interconnection Customer shall provide EDC with evidence of self-insurance under a State of Maryland self-insurance program administered by the Maryland State Treasurer's Office pursuant to the Maryland Annotated Code, State Finance and Procurement Article, Title 9, Maryland Annotated Code, State Government Article, Sections 12-101 through 12-110 ("Maryland Tort Claims Act") and Title 25, Subtitle 2 of the Code of Maryland Regulations. Such self-insurance does not exclude coverage for the Interconnection Customer's liabilities undertaken pursuant to this Agreement. In the event that the Interconnection Customer has or obtains third-party comprehensive/general liability insurance in addition to its self-insurance coverage described herein at any time during the term of this Agreement, it shall add the EDC, its officers, employees and agents as additional insureds on this policy on the same basis as provided generally to other parties as of the effective date of such coverage and ending as of the date of termination thereof.

The Interconnection Customer's liability for any tort related claims, damages, losses or costs arising out of this Agreement shall be governed by Maryland Annotated Code, State

Government Article, Title 12, Subtitle 1; and the Interconnection Customer's liability for any contract related claims, damages, losses or costs arising out of this Agreement shall be governed by Maryland Annotated Code, State Government Article, Title 12, Subtitle 2.

7.2 Insurance Requirements for Maryland Local Governmental Entities

- 7.2.1. In the event the Interconnection Customer is solely self-insured, it shall carry adequate insurance coverage as set forth below; provided, that the maximum comprehensive/general liability coverage that shall be continuously maintained by the Interconnection Customer of a 1 MW or above facility during the term shall be not less than \$250,000 for each occurrence, and an aggregate, if any, of at least \$500,000. Such self-insurance shall not exclude coverage for the Interconnection Customer's liabilities undertaken pursuant to this Agreement as a specific carve-out or exclusion to such self-insurance fund, subject to the limitations set forth herein. In no event shall a solely self-insured Interconnection Customer be required by the EDC to obtain additional insurance coverage in excess of the above amounts or to maintain insurance coverage in excess of its appropriations for its self-insurance fund. Further, the establishment of said self-insurance fund does not constitute a waiver of the immunities, liability caps, and defenses available to the Interconnection Customer. The Interconnection Customer shall provide EDC with evidence of such self-insurance.
- 7.2.2. In the event that the Interconnection Customer has or obtains third-party comprehensive/general liability insurance in addition to its self-insurance coverage described in 7.2.1 above on an entity wide basis at any time during the term of this Agreement, it shall add the EDC, its officers, employees and agents as additional insureds on this policy on the same basis as provided generally to other parties as of the effective date of such coverage.
- 7.2.3. The deductibles/self-insured retentions of the Interconnection Customer, where applicable, shall be disclosed to the EDC and subject to the minimum requirements set forth in 7.2.1, they may be reduced at the sole option of the Interconnection Customer.

7.3 Insurance Requirements – Contractors and Subcontractors

For the installation of a generator in excess of 1MW that requires an Interconnection Agreement, and where the Interconnection Customer utilizes a contractor or subcontractor for such installation, and to the extent consistent with applicable procurement laws, regulations, and policies, the Interconnection Customer shall require such contractors and subcontractors (collectively, "Third-Party Contractors") to carry, third-party commercial general liability insurance, including contractual liability coverage, to protect the EDC from and against claims, demands, actions, judgments, costs, expenses and liabilities which may arise or result, directly or indirectly, from or by reason of any loss, injury or damage related to the interconnection during the term of the Third-Party Contractor's contract relating to the Interconnection Customer's generator installation. The amounts of such commercial general liability insurance shall be at least \$1,000,000 as to any occurrence during the term of such contract. The Interconnection Customer shall require

that the Third-Party Contractors add the EDC, its officers, employees and agents and the Interconnection Customer as additional insureds on their commercial general liability insurance.

Such commercial general liability policy shall stipulate that the insurance afforded to the EDC and the Interconnection Customer as additional insureds shall apply as primary insurance. Any other insurance carried by the EDC and the Interconnection Customer will be excess only and shall not contribute with any insurance from the Third-Party Contractors. In the event of a conflict between any certificate issued or exclusions or carve-outs placed into a policy by either party, this Agreement shall control.

Article 8. Dispute Resolution

8.1 Good Faith.

A party shall attempt to resolve all disputes regarding interconnection as provided in this section promptly, equitably, and in a good faith manner.

8.2 Complaint Procedures.

When a dispute arises, a party may seek immediate resolution through complaint procedures available through the Maryland Public Service Commission, or an alternative dispute resolution process approved by the Maryland Public Service Commission, by providing written notice to the Maryland Public Service Commission and the other party stating the issues in dispute. Dispute resolution will be conducted in an informal, expeditious manner to reach resolution with minimal costs and delay. When available, dispute resolution may be conducted by phone.

8.3 Technical Master.

When disputes relate to the technical application of this section, the Maryland Public Service Commission may designate a technical master to resolve the dispute. The Maryland Public Service Commission may designate a Department of Energy National Laboratory, PJM Interconnection L.L.C., or a college or university with distribution system engineering expertise as the technical master. When the Federal Energy Regulatory Commission identifies a National technical dispute resolution team, the Maryland Public Service Commission may designate the team as its technical master. Upon designation by the Maryland Public Service Commission, the parties shall use the technical master to resolve disputes related to interconnection. Costs for a dispute resolution conducted by the technical master shall be established by the technical master, subject to review by the Maryland Public Service Commission.

8.4 Queue Position.

Pursuit of dispute resolution may not affect an Interconnection Customer with regard to consideration of an Interconnection Request or an Interconnection Customer's queue position.

8.5 Preservation of Rights.

If the Parties fail to resolve their dispute under the dispute resolution provisions of this Article, nothing in this Article shall affect any Party's rights to obtain equitable relief, including specific performance, as otherwise provided in this Agreement.

Article 9. Miscellaneous

9.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations.

9.2 Amendment

Modification of this Agreement shall be only by a written instrument duly executed by both Parties.

9.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

9.4 Waiver

9.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement shall not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

9.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from EDC. Any waiver of this Agreement shall, if requested, be provided in writing.

9.5 Entire Agreement

This Agreement, including all attachments, constitutes the entire Agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

9.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

9.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

9.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other governmental authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

9.9 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generator Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

9.10 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

9.10.1 Except as provided in Article 7, the creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

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

9.11 Sovereign Immunity/Governmental Immunity

Nothing contained in this Agreement shall be deemed to constitute a waiver of any immunity to which the Interconnection Customer may be entitled under the laws of the State or to which the officials or employees of the Interconnection Customer may be entitled under the laws of the State. Where the Interconnection Customer is a State entity, the Parties hereby acknowledge that the Interconnection Customer's sovereign immunity is waived only by virtue of, and to the extent set forth in, Title 12 of the State Government Article of the Annotated Code of Maryland.

Article 10. Notices

10.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____ E-mail _____

If to EDC:

EDC _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____ E-mail _____

10.2 Billing and Payment

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

If to Interconnection Customer

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

If to EDC

EDC: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

10.3 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating representative: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ E-Mail _____

EDC's Operating Representative: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

10.4 Changes to the Notice Information

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

Signatures follow on the next page.

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

For the Interconnection Customer:

Name: _____

Title: _____

Date: _____

For EDC:

Name: _____

Title: _____

Date: _____

Attachment 1

Definitions

Adverse System Impact - A negative effect, due to technical or operational limits on conductors or equipment being exceeded, that compromises the safety or reliability of the Electric Distribution System.

Applicable Laws and Regulations – All duly promulgated applicable federal, State and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Commissioning Test – Tests applied to a small generator facility by the applicant after construction is completed to verify that the facility does not create adverse system impacts. At a minimum, the scope of the commissioning tests performed shall include the commissioning test specified IEEE standard 1547 section 5.4 “Commissioning tests”.

Distribution Upgrades –A required addition or modification to the EDC's Electric Distribution System at or beyond the Point of Interconnection to accommodate the interconnection of a Small Generator Facility. Distribution upgrades do not include Interconnection Facilities.

Electric Distribution Company or EDC - Any electric utility entity subject to the jurisdiction of the Maryland Public Service Commission.

Electric Distribution System –The facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries from interchanges with higher voltage transmission networks that transport bulk power over longer distances. The voltage levels at which Electric Distribution Systems operate differ among areas but generally carry less than 69 kilovolts of electricity. Electric Distribution System has the same meaning as the term Area EPS, as defined in 3.1.6.1 of IEEE Standard 1547.

Facilities Study – An engineering study conducted by the EDC to determine the required modifications to the EDC’s Electric Distribution System, including the cost and the time required to build and install such modifications, as necessary to accommodate an Interconnection Request.

Governmental Authority – Any federal, State, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, EDC or any affiliate thereof.

IEEE Standard 1547 - The Institute of Electrical and Electronics Engineers, Inc. (IEEE) Standard 1547 (2003) "Standard for Interconnecting Distributed Resources with Electric Power Systems", as amended and supplemented, at the time the Interconnection Request is submitted.

IEEE Standard 1547.1 - The IEEE Standard 1547.1 (2005) "Conformance Test Procedures for Equipment Interconnecting Distributed Resources with Electric Power Systems", as amended and supplemented, at the time the Interconnection Request is submitted.

Interconnection Agreement or Agreement – This agreement between the Interconnection Customer and the EDC, which governs the connection of the Small Generator Facility to the EDC’s Electric Distribution

System, as well as the ongoing operation of the Small Generator Facility after it is connected to the EDC's Electric Distribution System.

Interconnection Customer – The entity proposing to interconnect a Small Generator Facility to the EDC's Electric Distribution System.

Interconnection Equipment – A group of components or integrated system connecting an electric generator with a local electric power system or an Electric Distribution System that includes all interface equipment including switchgear, protective devices, inverters or other interface devices. Interconnection Equipment may be installed as part of an integrated equipment package that includes a generator or other electric source.

Interconnection Facilities – Facilities and equipment required by the EDC to accommodate the interconnection of a Small Generator Facility. Collectively, Interconnection Facilities include all facilities, and equipment between the Small Generator Facility and the Point of Interconnection, including modification, additions, or upgrades that are necessary to physically and electrically interconnect the Small Generator Facility to the Electric Distribution System. Interconnection Facilities are sole use facilities and do not include Distribution Upgrades.

Interconnection Request – An Interconnection Customer's request, in a form approved by the Maryland Public Service Commission, requesting the interconnection of a new Small Generator Facility, or to increase the capacity or operating characteristics of an existing Small Generator Facility that is interconnected with the EDC's Electric Distribution System.

Maryland Standard Small Generator Interconnection Rules – The most current version of the procedures for interconnecting Small Generator Facilities adopted by the Maryland Public Service Commission.

Parallel Operation or Parallel - The state of operation which occurs when a Small Generator Facility is connected electrically to the Electric Distribution System and the potential exists for electricity to flow from the Small Generator Facility to the Electric Distribution System.

Point of Interconnection - The point where the Small Generator Facility is electrically connected to the Electric Distribution System. Point of Interconnection has the same meaning as the term point of common coupling defined in 3.1.13 of IEEE Standard 1547.

Small Generator Facility - The equipment used by an interconnection customer to generate, or store electricity that operates in parallel with the Electric Distribution System with a nameplate capacity equal to or less than 10 MW. A Small Generator Facility includes an electric generator, prime mover, and the Interconnection Equipment required to safely interconnect with the Electric Distribution System or a local electric power system.

Witness Test— For lab certified or field approved equipment, verification (either by an on-site observation or review of documents) by the EDC that the interconnection installation evaluation required by IEEE Standard 1547 Section 5.3 and the commissioning test required by IEEE Standard 1547 Section 5.4 have been adequately performed. For interconnection equipment that has not been lab certified or field approved, the witness test shall also include the verification by the EDC of the on-site design tests as required by IEEE Standard 1547 Section 5.1 and verification by the EDC of production tests required by IEEE Standard 1547 Section 5.2. All tests verified by the EDC are to be performed in accordance with the test procedures specified by IEEE Standard 1547.1.

Attachment 2

Construction Schedule, Proposed Equipment & Settings

This attachment shall include the following:

1. The construction schedule for the Small Generator Facility
2. A one-line diagram indicating the Small Generator Facility, Interconnection Equipment, Interconnection Facilities, Metering Equipment, and Distribution Upgrades
3. Component specifications for equipment identified in the one-line diagram
4. Component settings
5. Proposed sequence of operations

Attachment 3

Description, Costs and Time Required to Build and Install EDC's Interconnection Facilities

EDC's Interconnection Facilities including any required metering shall be itemized and a best estimate of itemized costs, including overheads, shall be provided based on the Facilities Study.

Also, a best estimate for the time required to build and install EDC's Interconnection Facilities will be provided based on the Facilities Study.

Attachment 4

Operating Requirements for Small Generator Facilities Operating in Parallel

Applicable sections of EDC's operating manuals applying to the small generator interconnection shall be listed and Internet links shall be provided. Any special operating requirements not contained in EDC's existing operating manuals shall be clearly identified.

Attachment 5

Monitoring and Control Requirements

EDC monitoring and control requirements shall be clearly specified and a reference shall be provided to the EDC's written requirements documents from which these documents are derived along with an internet link to the requirements documents.

Attachment 6

Metering Requirements

Metering requirements for the Small Generator Facility shall be clearly indicated along with an identification of the appropriate tariffs that establish these requirements and an internet link to these tariffs containing accurate and timely updates.

Attachment 7

As Built Documents

After completion of the Small Generator Facility, the Interconnection Customer shall provide the EDC with documentation indicating the as built status of the following when it returns the Certificate of Completion to the EDC:

1. A one-line diagram indicating the Small Generator Facility, Interconnection Equipment, Interconnection Facilities, Metering Equipment, and Distribution Upgrades
2. Component specifications for equipment identified in the one-line diagram
3. Component settings
4. Proposed sequence of operations
5. Accurate as-built drawings for project operation and maintenance and future modifications.