

**INTERCONNECTION AND POWER PURCHASE AGREEMENT –
100 kW or Less (MN STANDARD AGREEMENT)**

This Interconnection and Power Purchase Agreement – 100 kW or Less (MN Standard Agreement) (the “Agreement”) is made and entered into _____, 20____, by and among Missouri Basin Municipal Power Agency, d/b/a Missouri River Energy Services, 3724 West Avera Drive, PO Box 88920, Sioux Falls, SD 57109-8920, a body politic and corporate and public agency organized in Iowa and existing under the laws of the States of Iowa, Minnesota, North Dakota and South Dakota (“MRES”), _____, _____ “Local Utility”), and _____, _____ with an address as set forth in Schedule A hereto (“Customer”). MRES, Local Utility and Customer are each individually referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

A. Customer has installed, or plans to install, electric generating facilities rated at 100 kilowatts or less of electricity on certain real property owned or leased by Customer, which facilities and property are more particularly described in the MN Interconnection Application attached to this Agreement as Schedule A. The generating facilities are hereinafter referred to as the “Qualifying Facility”.

B. Local Utility is a municipal utility that owns and operates an electrical distribution system (the “Local Utility System”) and provides retail electric power to Customer and other customers.

C. MRES is a joint action agency that supplies wholesale electric power supply to Local Utility pursuant to a long-term exclusive supply contract that requires Local Utility to purchase from MRES all electric power supply in excess of that provided by the Western Area Power Administration.

D. Pursuant to a waiver/agreement with the Federal Energy Regulatory Commission under the Public Utility Regulatory Policies Act (“PURPA”), MRES is required to purchase power from “qualifying facilities,” as defined by PURPA, and Local Utility is required to interconnect, supply power to, and allow qualifying facilities to operate in parallel with the Local Utility System. MRES and Local Utility are also permitted, but not required, to take such actions with respect to electric generating facilities which do not constitute “qualifying facilities” under PURPA.

E. Customer desires to interconnect and operate the Qualifying Facility in parallel with the Local Utility System and sell power generated by the Qualifying Facility to MRES, and Local Utility and MRES are willing to do so pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, the Parties hereby agree as follows:

1. Scope and Purpose. This Agreement sets forth the terms and conditions under which the Qualifying Facility may be interconnected to, and operated in parallel with, the Local Utility System and under which MRES will purchase electrical energy generated by the Qualifying Facility. This Agreement does not constitute an agreement by MRES or Local Utility to deliver electrical energy generated by the Qualifying Facility or to provide any services to Customer except as described in this Agreement.

2. Interconnection Rules. The procedures and technical requirements governing the interconnection and operation of the Qualifying Facility are described in the documents of Local Utility entitled “MN Interconnection Process” (the “Procedures”) and “Technical Specifications Manual” (the “Requirements”), each as may be amended by Local Utility from time to time (collectively, the “Interconnection Rules”). Local Utility shall have the right to amend the Interconnection Rules from time to time in its sole discretion. The Interconnection Rules are incorporated and made part of this Agreement by this reference. Customer acknowledges it has received a copy of the Interconnection Rules and agrees to comply with the terms of the Interconnection Rules. In the event any terms of this Agreement conflict with the terms of the Interconnection Rules, the terms of this Agreement shall govern. All capitalized terms used in this Agreement shall have the meanings given them in the Interconnection Rules, unless otherwise expressly provided herein.

3. Point of Common Coupling. The point where the Interconnection Facilities connect with the Local Utility System is the Point of Common Coupling (“PCC”) as shown on the diagram in Schedule A. The diagram included in Schedule A shall depict the PCC, the location of meter(s), the point of delivery, and such other detail as may be required by Local Utility. Customer and Local Utility shall interconnect the Qualifying Facility to the Local Utility System at the PCC in accordance with the Interconnection Rules and all applicable laws, regulations and prudent utility practices. Local Utility and Customer shall each own and be responsible for the installation, maintenance and repair of the lines, wires, switches and other equipment on their respective sides of the PCC. Unless otherwise specified in Schedule B, Customer, at its cost, shall furnish, install, own, maintain and repair all interconnection equipment required at the PCC, in accordance with the Interconnection Rules and applicable laws, regulations and prudent utility practices. Final electrical connections between the Local Utility System and the Qualifying Facility shall be made by Local Utility.

4. Installation, Operation and Maintenance of Qualifying Facility. Customer shall install, operate and maintain the Qualifying Facility in accordance with the terms of this section.

a. Responsibility; Standards. Customer shall install, operate, maintain, repair and inspect the Qualifying Facility and shall be fully responsible for the Qualifying Facility, unless otherwise provided herein. Customer’s installation, operation, maintenance and repair of the Qualifying Facility shall be in accordance with this Agreement, the Interconnection Rules, all applicable laws, regulations, ordinances and building codes, and, as applicable, the National Electrical Safety Code (“NESC”), American National Standards Institute (“ANSI”), Institute of Electrical and Electronic Engineers (“IEEE”), National Electrical Code (“NEC”), and Underwriter’s Laboratory (“UL”). In addition, Customer shall maintain the Qualifying Facility in accordance with applicable manufacturers’ recommended maintenance schedules.

b. Costs. Unless otherwise specified in Schedule B, Customer shall be responsible for all costs associated with the Qualifying Facility, including all costs of installation, operation, maintenance, inspection and repair. Customer shall pay for the actual cost of the Interconnection Facilities and Distribution Upgrades along with Local Utility's cost to commission the proposed DER system. An estimate of the interconnection costs are set forth in Schedule B.

c. Permits. Prior to installation of the Qualifying Facility, Customer shall obtain all environmental and other permits required by any governmental authorities to install, own and operate the Qualifying Facility. Customer shall maintain and comply with the requirements of all such permits during the term of this Agreement.

d. Disruption to Local Utility System. Customer shall design, install, equip, maintain, operate and repair the Qualifying Facility to ensure that the Local Utility System and Local Utility's service to other customers are not adversely affected by the Qualifying Facility, either due to disruptions to the Local Utility System or power quality issues.

e. Alterations. Customer shall not alter, modify or add to the Qualifying Facility without receiving a prior written determination of Local Utility, in accordance with the Interconnection Rules, as to whether the proposed alteration, modification or addition constitutes a Material Modification to the Interconnection Application. Not less than twenty (20) days prior to the commencement of any proposed alteration, modification or addition to the Qualifying Facility, Customer shall notify Local Utility of the proposal and provide Local Utility with all information reasonably required by Local Utility to review such proposal, including any change in generation capacity of the Qualifying Facility and any alterations to applicable interconnection equipment. Local Utility shall have ten (10) days to notify Customer in writing of Local Utility's final determination of the proposed modification.

f. Operator in Charge. Customer shall identify an individual (by name or title) who will act as "Operator in Charge" of the Qualifying Facility. This individual must be familiar with the terms of this Agreement, the Interconnection Rules, and any other laws, regulations or agreements that may apply to the Qualifying Facility.

5. Electric Service. Local Utility shall provide electric service to Customer for the electricity requirements of Customer not supplied by the Qualifying Facility. Such electric service shall be supplied by Local Utility under the rules and rate schedules of Local Utility applicable to Customer's class of service, as revised from time to time by Local Utility in its sole discretion.

6. Metering.

a. Metering Equipment. Local Utility shall purchase, own, install and maintain such metering equipment as is necessary to meter all electrical energy of the Qualifying Facility delivered to the Local Utility System, consistent with the metering arrangement elected pursuant to subsection (b) below. The metering equipment and cost responsibilities associated with such equipment are set forth in Schedule B. Local Utility

shall test the metering equipment on a scheduled basis. If the metering equipment fails to register proper amounts or the registration thereof becomes so erratic as to be meaningless, the energy delivered to the Local Utility System shall be determined by Local Utility from the best information available.

b. Metering Arrangement. The metering arrangement used to meter and record electrical energy delivered from the Qualifying Facility to the Local Utility System, and from the Local Utility to Customer, shall be as set forth in attached Schedule B.

7. Testing. Customer shall test the Qualifying Facility and interconnection equipment and provide to Local Utility all records of testing in accordance with the Interconnection Rules. Such testing shall occur prior to commencement of operation of the Qualifying Facility and periodically thereafter, in accordance with the Interconnection Rules or as otherwise requested by Local Utility. Local Utility and MRES shall have the right to witness all field testing and review all records prior to allowing the Qualifying Facility to commence normal operations. Such tests are for purposes of assuring the protection and operation of the Local Utility System and in no way represent any assurance of protection and operation of the Qualifying Facility.

8. Right of Access; Inspection. Local Utility and MRES shall have the right to inspect the Qualifying Facility and observe the Qualifying Facility's installation, commissioning, startup, operation and maintenance. Local Utility and MRES shall have access to the Qualifying Facility for any reasonable purpose in connection with the interconnection described in this Agreement or the Interconnection Rules or to provide service to other customers.

9. Disconnection. The Qualifying Facility shall or may be disconnected from the Local Utility System at such times as described in, and in accordance with, the terms of this section.

a. Disconnection by Customer. Customer shall disconnect the Qualifying Facility from the Local Utility System upon the effective date of the termination of this Agreement as described in Section 15 below.

b. Disconnection by Local Utility. Local Utility shall have the right to disconnect, or cause Customer to disconnect, the Qualifying Facility from the Local Utility System for the following reasons: (i) to allow Local Utility to operate, construct, install, maintain, repair, replace or inspect any facilities of Local Utility; (ii) the disruption or potential disruption of the Local Utility System as described in Section 4(d) above; (iii) the presence of a condition which could cause injury or loss of life or damage to the Local Utility System or property of a third party; (iv) if Local Utility is required to disconnect by MRES or Local Utility's transmission provider; (v) Customer's noncompliance with the terms of this Agreement; (vi) the termination of this Agreement as provided in Section 15 below; or (vii) any other reason for disconnection as set forth in the Interconnection Rules. Local Utility shall use reasonable efforts to provide prior notice and coordination of any disconnection of the Qualifying Facility due to routine maintenance, repairs or modifications to the Local Utility System. Neither Local Utility nor MRES shall be liable to Customer for any damages, losses or other liabilities, including consequential damages, due to the disconnection of the Qualifying Facility as described in this section.

10. Interconnected Operation. Customer may operate interconnected with the Local Utility System only in accordance with this Agreement and the Interconnection Rules. Local Utility, MRES and Customer shall comply with all requirements of the transmission provider and any regulatory authorities having jurisdiction over distributed generation interconnected to the Local Utility System.

11. Energy Sales to MRES. MRES shall purchase all electrical energy generated by the Qualifying Facility which is received by the Local Utility System. The rate paid by MRES for such electrical energy shall be equal to the sum of: (a) the MRES PURPA rate for qualifying facilities of 100 kW or less, as adjusted from time to time by MRES in its discretion, and (b) the Loss Factor Adjustment, as adjusted from time to time by MRES and Local Utility in their discretion. The MRES PURPA rate and the Loss Factor Adjustment, along with their currently applicable amounts, are described in attached Schedule B. Customer shall receive payment for electrical energy sales to MRES through a credit on Customer's monthly invoice from Local Utility, which credit may be one month in arrears. MRES, in turn, shall credit the monthly wholesale power supply bill submitted by MRES to Local Utility in an amount equal to the electrical energy purchases of MRES from the Qualifying Facility during the preceding month. Local Utility shall provide to MRES, as soon as available following the end of each month, data indicating the amount of electrical energy purchased by MRES from the Qualifying Facility during the preceding month.

12. Limitation of Liability. Each Party's liability to the other Parties 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 its obligations under this Agreement shall be limited to the amount of direct damage actually incurred. In no event shall a Party be liable to another party under this Agreement for any punitive, incidental, indirect, special or consequential damages, including for loss of business opportunity or profits. In addition, and notwithstanding any other provision in this Agreement, Local Utility's liability to Customer under this Agreement shall be further limited as set forth in Local Utility's tariffs and/or terms and conditions for electric service, which limitations are incorporated herein by this reference.

13. Insurance. Customer shall maintain general liability insurance in accordance with the terms of the Interconnection Rules.

14. Default; Remedies. A Party shall be in default under this Agreement if such Party fails to comply with, observe or perform, or defaults in the performance of, any covenant or obligation under this Agreement and fails to cure the failure within thirty (30) days after receiving written notice from another Party, which notice shall identify the basis of the default. If a default is not cured within the cure period, the non-defaulting Party or Parties shall have the right to terminate this Agreement by written notice to the defaulting Party, shall be relieved of any further obligation under this Agreement, and shall be entitled to pursue all other damages and remedies available under this Agreement or at law or in equity.

15. Term. This Agreement shall take effect upon execution by all Parties hereto and shall remain in effect unless terminated in accordance with this section. This Agreement may be terminated as follows: (a) any Party may terminate this Agreement at any time upon ninety (90)

days' written notice to the other Parties; (b) Local Utility or MRES may terminate this Agreement at any time upon thirty (30) days' written notice to the other Parties if the Qualifying Facility is not, or at any time ceases to be, a "qualifying facility" under PURPA; (c) any Party may terminate this Agreement after a default under Section 14 above; and (d) MRES may terminate this Agreement upon sixty (60) days' written notice to the other Parties in the event MRES determines that its purchase of electrical energy generated by the Qualifying Facility under Section 11 above would result in cost greater than those which MRES would incur if it did not make such purchases, as permitted by the PURPA waiver/agreement described in Recital D above. In the event this Agreement is terminated pursuant to subsection (d), Local Utility and Customer shall enter into a new agreement which defines their respective rights and obligations with respect to the interconnection and operation of the Qualifying Facility to and with the Local Utility System in accordance with PURPA.

16. Force Majeure. For purposes of this Agreement, a force majeure event is any event that is beyond the reasonable control of the affected Party and that the affected Party is unable to prevent by exercising reasonable diligence, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war, terrorism, public disorder, rebellion or insurrection; floods, hurricanes, earthquakes, lightning, storms or other acts of God; explosions or fires; strikes, work stoppages or labor disputes; embargoes; and sabotage. If a force majeure event prevents a Party from fulfilling its duties under this Agreement, such Party shall promptly notify the other Party in writing and shall keep the other Party informed on a continuing basis of the scope and duration of the force majeure event. The affected Party shall specify the circumstances of the force majeure event, its expected duration, and the steps being taken to mitigate the effect of the event. The affected Party shall be entitled to suspend or modify its performance under this Agreement but will use reasonable efforts to resume its performance as soon as possible.

17. Non-Warranty. Neither by inspection, if any, nor by non-rejection or in any other way does Local Utility or MRES give or make any warranty, express or implied, as to the adequacy, safety or other characteristics of any lines, wires, switches, or other equipment or structures owned, installed or maintained by Customer.

18. Assignment. Customer may assign this Agreement to an entity or individual to whom Customer transfers ownership of the Qualifying Facility, so long as Customer obtains prior written consent of Local Utility and MRES, which consent shall not be unreasonably withheld, and such assignee agrees in writing to assume all obligations of Customer under this Agreement. Local Utility and/or MRES may assign this Agreement upon written notice to Customer.

19. No Waiver. The failure of a Party to insist, on any occasion, upon strict performance of any provision of this Agreement shall not be construed as a waiver or relinquishment of the obligations, rights or duties imposed upon the Parties.

20. Notices. Notices given under this Agreement shall be deemed to have been given when delivered in person or by mail, postage prepaid, to the respective addresses of the Parties set forth in the opening paragraph of this Agreement. Such addresses may be changed by written notification to the other Parties.

21. Severability. If any provision of this Agreement is adjudged by any court of competent jurisdiction to be illegal or unenforceable, such provision shall be deemed separate and independent, and the remainder of this Agreement shall remain in full force and effect.

22. Entire Agreement; Amendments. This Agreement, including the Interconnection Rules and all Schedules hereto, constitutes the entire agreement and understanding between the Parties concerning the subject matter of this Agreement. The Parties are not bound by or liable for any statement, representation, promise, understanding or undertaking of any kind or nature, whether written or oral, with regard to the subject matter hereof not set forth or provided for herein. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for in this Agreement, which agreements are unaffected by this Agreement. This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

23. Dispute Resolution. The city council or city-appointed body governing the Local Utility has authority to consider and determine disputes, if any, that arise under this Agreement. The Parties agree to use good faith efforts to resolve all disputes in accordance with the dispute resolution process adopted by the Local Utility's governing body pursuant to Minnesota Statutes §216B.164.

24. Governing Law; Jurisdiction. This Agreement and the rights and obligations of the Parties hereunder shall be construed in accordance with and shall be governed by the laws of the State of Minnesota.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Interconnection and Power Purchase Agreement – 100 kW or Less (Standard Agreement) to be signed by their respective duly authorized representatives.

(Print Utility Name)

(Print Customer Name)

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

MISSOURI BASON MUNICIPAL POWER AGENCY
d/b/a MISSOURI RIVER ENERGY SERVICES

By: _____
Title: _____
Date: _____

SCHEDULE A
INTERCONNECTION APPLICATION (ATTACH)

SCHEDULE B
METERING ARRANGEMENT AND PURCHASE RATE

1. MRES PURPA Rate. The rate to be paid by MRES for electrical energy purchased from the Qualifying Facility under Section 11 of the Agreement shall be equal to the MRES PURPA rate for 100 kW or less, as established by MRES in its sole discretion each year or upon other intervals as determined by MRES. The 20 ____ MRES PURPA rate for 100 kW or less is \$_____/kWh. MRES shall notify Local Utility, and Local Utility shall notify Customer, of any change in such rate adopted by MRES. Customer's right to payments under Section 11 is subject to Customer's compliance with the terms, covenants and conditions of the Agreement.

2. Loss Factor Adjustment. The MRES PURPA rate for 100 kW or less, as described in Section 1 above, shall be increased by a percentage factor to reflect the savings resulting from reduced Local Utility System losses associated with electrical energy purchased from the Qualifying Facility under Section 11 of the Agreement. The Local Utility's current Loss Factor Adjustment is ____%, so the Loss Factor Adjustment to the 20____ MRES PURPA rate, in dollars, will be \$____ (\$____ x 0.0____), causing the total combined rate paid for power purchased from the Qualifying Facility to be \$_____/kWh. Local Utility and MRES shall establish the Loss Factor Adjustment each year or upon other intervals as they determine, and Local Utility shall notify Customer of any change in this factor.

3. Metering Arrangement.
 - a. Less than 40 kW QFs. A customer with a Qualifying Facility with a capacity of less than 40 kW can elect one of the following metering arrangements to measure the electrical energy generated by the Qualifying Facility which is received by the Local Utility System for purchase by MRES (**Customer to select one by initialing Net Metering or Dual Metering below**):
 - i. ____ **Net Metering**. The metering shall be such that power delivered to Customer by Local Utility shall be netted against power received by Local Utility from the Qualifying Facility, pursuant to Minnesota Rules § 7835.3300. Local Utility's monthly invoice to Customer will indicate: (a) a credit to Customer if the power received by Local Utility from the Qualifying Facility exceeds the power provided by Local Utility to Customer or (b) the payment due by Customer to Local Utility if the power delivered by Local Utility to Customer exceeds the power received by Local Utility from the Qualifying Facility. The rate to be used to determine payment under subsection (a) for any net excess power received by the Local Utility System shall be the rate described in Section 11 of the Agreement.

 - ii. ____ **Dual Metering**. The metering shall be such that all power received by the Local Utility from the Qualifying Facility (net of Customer's own use) shall be measured separately from power delivered from Local Utility to Customer, pursuant to Minnesota Rules § 7835.3400. The meter measuring power delivered to Customer shall not permit

reduction of measured power already delivered to Customer during periods when the Qualifying Facility generation exceeds Customer demand (i.e. no netting allowed). Local Utility shall credit Customer's monthly bill for power received by the Local Utility System and purchased by MRES. The rate paid by MRES for electrical energy generated by the Qualifying Facility which is received by the Local Utility System shall be the rate described in Section 11 of the Agreement.

- b. 40 kW to 100 kW QFs. If the capacity of Customer's Qualifying Facility is 40 kW or more and less than or equal to 100 kW, then the metering arrangement to measure the electrical energy generated by the Qualifying Facility which is received by the Local Utility System for purchase by MRES shall be such that all power received by the Local Utility from the Qualifying Facility (net of Customer's own use) shall be measured separately from power delivered from Local Utility to Customer, pursuant to Minnesota Rules § 7835.3400. The meter measuring power delivered to Customer shall not permit reduction of measured power already delivered to Customer during periods when the Qualifying Facility generation exceeds Customer demand (i.e. no netting allowed). Local Utility shall credit Customer's monthly bill for power received by the Local Utility System and purchased by MRES. The rate paid by MRES for electrical energy generated by the Qualifying Facility which is received by the Local Utility System shall be the rate described in Section 11 of the Agreement.
- c. Customer acknowledges and agrees that time-of-day purchase rates under Minnesota Rules § 7835.3500 are not available under this Agreement due to metering and technology limitations of Local Utility and Customer.
4. Environmental Attributes. Power purchased by MRES from the Qualifying Facility does not include any environmental attributes (i.e., renewable energy credits), if any, associated with the environmental character of the Qualifying Facility, nor any federal income tax credits for renewable energy that are accruable to Customer with respect to the Qualifying Facility.
5. Interconnection Costs. The Qualifying Facility is responsible for the actual, reasonable costs of interconnection which are estimated to be \$_____. The Qualifying Facility will pay Local Utility as follows:
6. Metering Equipment. Local Utility is responsible for furnishing the following metering equipment, if any:

Local Utility's cost responsibility, if any, associated with the metering equipment is as follows: