

**COOPERATIVE AGREEMENT FOR COGENERATION AND SMALL POWER
PRODUCTION FACILITIES**

THIS CONTRACT is entered into _____, 2017, by Federated Rural Electric Association (hereafter called "Cooperative") and _____ (hereafter called "QF").

RECITALS

The QF has installed electric generating facilities, consisting of _____ (Description of facilities), rated at ___ kilowatts of electricity, on property located at _____.

The QF is prepared to generate electricity in parallel with the Cooperative.

The QF's electric generating facilities meet the requirements of the rules adopted by the Cooperative on Cogeneration and Small Power Production and any technical standards for interconnection the Cooperative has established that are authorized by those rules.

The Cooperative is obligated under federal and Minnesota law to interconnect with the QF and to purchase electricity offered for sale by the QF.

A contract between the QF and the Cooperative is required.

AGREEMENTS

The QF and the Cooperative agree:

1. The Cooperative will sell electricity to the QF under the rate schedule in force for the class of customer to which the QF belongs.
2. The Cooperative will buy electricity from the QF under the appropriate rate schedule approved by the Cooperative. The QF elects the rate schedule category hereinafter indicated:

Applicable only to QF less than 40 kW.

- ___ a. Average retail cooperative energy rate.
- ___ b. Simultaneous purchase and sale billing rate.
- ___ c. Roll-over credits.
- ___ d. Time-of-day purchase rates.

Applicable only to QF 40 kW – 100 kW.

___ a. Time-of-day purchase rates.

A copy of the presently approved rate schedule is attached to this contract.

3. The rates for sales and purchases of electricity may change over the time this contract is in force, due to actions of the Cooperative, and the QF and the Cooperative agree that sales and purchases will be made under the rates in effect each month during the time this contract is in force.

4. The Cooperative will compute the charges and payments for purchases and sales for each billing period. Any net credit to the QF, other than kilowatt-hour credits under clause 2(d), will be made under one of the following options as chosen by the QF.

___ a. Credit to the QF's account with the Cooperative.

___ b. Paid by check or electronic payment service to the QF within 15 days of the billing date.

5. Renewable energy credits associated with generation from the facility are owned by:

_____.

6. The QF must operate its electric generating facilities within any rules, regulations, and policies adopted by the Cooperative.

7. The Cooperative's rules, regulations, and policies must conform to Minnesota Statute 216B.164 regarding Cogeneration and Small Power Production.

8. The QF will operate its electric generating facilities so that they conform to the national, state, and local electric and safety codes, and will be responsible for the costs of conformance.

9. The QF is responsible for the actual, reasonable costs of interconnection which are estimated to be \$_____. The QF will pay the Cooperative in this way:

10. The QF will give the Cooperative reasonable access to its property and electric generating facilities if the configuration of those facilities does not permit

disconnection or testing from the Cooperative's side of the interconnection. If the Cooperative enters the QF's property, the Cooperative will remain responsible for its personnel.

11. The Cooperative may stop providing electricity to the QF during a system emergency. The Cooperative will not discriminate against the QF when it stops providing electricity or when it resumes providing electricity.
12. The Cooperative may stop purchasing electricity from the QF when necessary for the Cooperative to construct, install, maintain, repair, replace, remove, investigate, or inspect any equipment or facilities within its electric system. The Cooperative will notify the QF before it stops purchasing electricity in this way:

13. The QF will keep in force general liability insurance, from a qualified insurance agency with a B+ or better rating by "Best", against personal or property damage due to the installation, interconnection, and operation of its electric generating facilities. The amount of insurance coverage will be \$_____.
14. The QF and Cooperative agrees to attempt to resolve all disputes arising hereunder promptly, equitably and a good faith manner.
15. In the event a dispute arises under this contract, refer to dispute resolution process in Cooperative Rules Implementing Minnesota Statute §216B.164.
16. This contract becomes effective as soon as it is signed by the QF and the Cooperative. This contract will remain in force until either the QF or the Cooperative gives written notice to the other that the contract is canceled. This contract will be canceled 30 days after notice is given.
17. Neither the QF or the Cooperative will be considered in default as to any obligation if the QF or the Cooperative is prevented from fulfilling the obligation due to an event of Force Majeure. However, the QF or Cooperative whose performance under this contract is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations.
18. This contract can only be amended or modified by mutual agreement in writing signed by the QF and the Cooperative.
19. The QF shall not assign its rights nor delegate it duties under the contract without the Cooperative's written consent. The Cooperative shall not unreasonably withhold its consent to the QF's proposed assignment of the contact.

20. The QF and the Cooperative shall at all times indemnify, defend, and save each other harmless from any and all damages, losses, claims, including claims and actions relating to injury or death of any person or damage to property, costs and expenses, reasonable attorneys' fees and court costs, arising out of or resulting from the QF's or the Cooperative's performance of its obligations under this agreement, except to the extent that such damages, losses or claims were caused by the negligence or intentional acts of the QF or the Cooperative.
21. The QF's and the Cooperative's liability to each other for failure to perform its obligations under this contract shall be limited to the amount of direct damage actually occurred. In no event, shall the QF or the Cooperative be liable to each other for any punitive, incidental, indirect, special, or consequential damages of any kind whatsoever, including for loss of business opportunity or profits, regardless of whether such damages were foreseen.
22. The Cooperative does not give any warranty, expressed or implied, to the adequacy, safety, or other characteristics of the QF's interconnected system.

THE QF AND THE COOPERATIVE HAVE READ THIS CONTRACT AND AGREE TO BE BOUND BY ITS TERMS. AS EVIDENCE OF THEIR AGREEMENT, THEY HAVE EACH SIGNED THIS CONTRACT BELOW ON THE DATE WRITTEN AT THE BEGINNING OF THIS CONTRACT.

QF

By: _____

MEMBER _____

COOPERATIVE

By: _____

CEO, General Manager _____

(Title)

Contract Version:

June XX, 2017