

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

November 1, 2016

Section
III

Page
54

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

If service is not connected, or after disconnection of service, the Cooperative shall promptly and automatically refund the Member’s deposit, plus accrued interest or the balance, if any, in excess of the unpaid bill for service furnished. A transfer of service from one premise to another within the service area of the Cooperative shall not be deemed a disconnection within the meaning of these sections, and no additional deposit may be demanded unless permitted by these sections. See also sections 302.2 and 351.9.

340. Small Power Production and Cogeneration. This section shall apply to the interconnection and parallel operation of all qualifying power generating installations as well as to electric utility service to such generating installations. If any part of these sections shall be in conflict with any other provision of this tariff, these sections shall control. By agreement, the Cooperative and Producer may establish additional or different terms, conditions, or rates of the sale or purchase of electricity.

340.1. Distributed Generation. It is the intent of the Cooperative to allow Members to install Distributed Generation (DG), provided the Member’s DG facility does not adversely affect the Cooperative. The Member must conduct his/her own analysis to determine the economic benefit of DG operation.

A DG facility that is not connected to the Cooperative’s system in any way is known as “stand-alone” or “isolated” DG. The Member may operate a DG facility in stand-alone or isolated fashion as long as such DG facility does not adversely affect the Cooperative’s system. A DG facility connected in any way to the Cooperative’s system shall be considered as “parallel”.

A Member may serve all loads behind the meter at the location serving the DG facility, but will not be allowed to service multiple meters, multiple consuming facilities or multiple Members with a single DG facility or under a single DG application without prior approval by the Cooperative.

DG facilities larger than 10 MW are not covered by this tariff and will be considered by the Cooperative on a case-by-case basis.

In advance of request for an interconnection, the Member must contact the Cooperative and complete the “Cooperative Agreement for Interconnection and

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

November 1, 2016

Section
III

Page
55

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

Parallel Operation of Distributed Generation.” As part of the application, the Member shall submit a plan detailing the electrical design, interconnection requirements, size and operational plans for the DG facility (the DG plan). Either at the time of submission or at any time during the review process, the Cooperative may require additional information or may require the DG plan to be prepared by a professional engineer registered in the state of Texas.

Prior to the review of the application and DG plan by the Cooperative, the Member shall pay an application fee, determined by the DG size. A separate fee must be submitted for each DG facility. In the case of DG facilities to be operated in parallel with the Cooperative’s system with no intention to export power to the Cooperative and that are of standard design and intended entirely as emergency or back-up power supply for the facility, the Cooperative may, at its sole discretion, waive the applicable fee.

341. Obtaining Interconnection. Any person or corporate entity owning or operating a qualifying power generating installation (hereafter “Member”) and desiring to interconnect with the Cooperative’s system shall:
- 341.1 Comply with Tariff. Apply for interconnection by completing all required agreement forms, provide an easement satisfactory to the Cooperative, and otherwise comply with the tariff of the Cooperative.
- 341.2 Provide Information. At least ninety (90) days in advance of interconnection, Member shall submit a plan showing the electrical design of the generating installation, including equipment for interconnection with the Cooperative’s distribution system. Member shall also provide such additional information as may be required by the Cooperative. The Cooperative and its Power Supplier, if requested by the Cooperative, will review the application and accompanying documents, plans, specifications, and other information provided and will return an interconnection analysis to the Member within sixty (60) days of receipt of final plans and specifications. Technical review will be consistent with guidelines established by the most recent IEEE Standard 1547 Guide for Distributed Generation Interconnection. The Member may be required by the Cooperative to provide proof that their DG facilities have been tested and certified by applicable

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

November 1, 2016

Section
III

Page
56

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

IEEE guidelines. If corrections or changes to the plans, specifications and other information are to be made by Member, the sixty (60) day period may be reinitialized when such changes or corrections are provided to the Cooperative. In addition, any changes to the site or project requiring new analysis by the Cooperative may require additional cost and a new DG plan. In the event Member's plan involves the use of non-standard equipment or design techniques, the Cooperative may require such plan be approved by a registered (State of Texas) professional engineer. Any review or acceptance of such plan by the Cooperative shall not impose any liability on the Cooperative and does not guarantee the adequacy of Producer's equipment to perform its intended function. The Cooperative disclaims any expertise or special knowledge relating to the design or performance of generating installations and does not warrant the efficiency, cost-effectiveness, safety, durability or reliability of generating installations.

- 341.3 Pay for Extension of Cooperative's Facilities. In the event it is necessary at the time of initial interconnection or at some future time for the Cooperative and/or its Power Supplier to modify electric delivery system in order to serve the Member's DG facilities and/or purchase or continue to purchase as approved herein, the output of the Member's DG facilities, or because the quality of power provided by the Member's DG adversely affects the Cooperative's and/or its Power Supplier's delivery system, the Member will be responsible to pay the Cooperative and/or its Power Supplier in advance for all costs of modifications required for the interconnection of the Member's DG facilities.

In the event the Cooperative, at any time in the future, changes primary voltage of facilities serving the DG facility such that the metering equipment, transformers, and/or any other Member-owned equipment must be changed to continue receiving service at the primary voltage level, the full cost of the change will be borne by the Member. In all cases, the Member shall pay the full cost of the installation of a visible load break disconnect switch by and to the sole specification of the Cooperative. The switch will be readily accessible to Cooperative personnel and of a type that can be secured in an open position by a Cooperative lock.

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

November 1, 2016

Section
III

Page
57

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

Each case shall be viewed individually considering (1) cost to provide service, (2) longevity of the load, (3) annual load factor, (4) possibility of other loads developing along the proposed line extension, (5) longevity, capacity, and dependability of power to be received by the Cooperative, (6) anticipated annual revenue, and (7) compatibility with planned system improvements. The Cooperative may require a Contract of up to five (5) years.

- 341.4 Sales to and Purchases from a DG Facility. All DG facilities shall be billed under one of the Cooperative’s Board approved rate tariffs. All sales of electric power and energy by the Cooperative to a Member shall be consistent with the applicable retail rate schedule established by the Cooperative as if there were no DG installation at the Member’s premises, including any charges in the Cooperative’s DG tariff rider. The Member shall pay all rates and charges so listed. Neither the Cooperative nor its Power Supplier is under any obligation to purchase power from a NQF. If the Cooperative is obligated to provide wheeling service and the Cooperative has a tariff for wheeling service, a DG Member requesting such wheeling service shall pay the Cooperative for wheeling service as provided in the Cooperative’s tariffs. Otherwise, wheeling service will not be provided. The Member shall be subject to any market changes related to the Member’s DG facility, including but not limited to scheduling, dispatching, and energy imbalance.

For QF<50 kW Where the Member Desires to Export Power. For power produced in excess of on-site requirements, the Member will be compensated by netting the Member’s kWh generation against the Member’s kWh consumption, referred to as “Net Metering”. The Cooperative shall bill the Member for the excess energy supplied by the Cooperative over and above the energy supplied by the Member during each billing period according to the Cooperative’s applicable retail rate schedule. When the energy supplied by the Member exceeds the energy supplied by the Cooperative during a billing period, the monthly charge and/or minimum bill of the retail rate schedule shall be billed by the Cooperative in addition to the monthly metering charge of \$10.00, and the excess energy shall be provided at no charge to the Cooperative. The Member shall sign an approved Contract for interconnection service with the Cooperative. In addition to all other

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

Section
III

November 1, 2016

Page
58

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

charges, the Cooperative may bill the Member for any additional facilities charges as determined by the Cooperative and appended to the interconnection agreement. The Cooperative may, at its sole discretion, and as approved by its wholesale power provider, purchase power from an NQF as described in this section.

For QF>50kW and <10 MW Where the Member Desires to Export Power. No Net Metering shall be used. The type of metering to be used shall be specified at the sole discretion of the Cooperative. The metering shall provide data so the Cooperative can determine each billing period the energy supplied to the Member by the Cooperative and the energy supplied to the Cooperative by the Member. At the sole discretion of the Cooperative, an approved load profile meter may be required which can remotely read by the Cooperative and/or its wholesale power provider through an approved communications link. Otherwise, the meter shall be read monthly by the Cooperative personnel and the Member shall be billed for the additional cost of reading the meter. The Cooperative shall bill the Member for the full energy used by the Member during each billing period according to the Cooperative's applicable retail rate schedule. In addition to all other charges, the Cooperative may add an additional monthly Member Charge for Members with DG facilities to recover any additional billing, meter reading and/or Member service costs. If approved by the Board of Directors, the Cooperative shall pay the Member on a monthly basis for the energy supplied by the Member to the Cooperative. The rate paid by the Cooperative to the Member shall be the Cooperative's avoided cost of generation as defined in the Cooperative's tariffs. The Member shall sign an approved agreement for interconnection of Distributed Generation with the Cooperative. In addition to all other charges, the Cooperative may bill the Member for any additional facilities charges as determined by the Cooperative and appended to the interconnection agreement. The Cooperative may, at its sole discretion, if approved by its wholesale power provider, purchase power from a NQF as described in this section.

The Cooperative shall not be required to make any purchases that will the Cooperative to no longer be in compliance with any applicable contracts or all-power contract requirements with its power supplier(s).

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

November 1, 2016

Section
III

Page
59

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

341.5 Liability Insurance. Facilities 50 kW and smaller: Prior to interconnection, the Member must provide proof of adequate insurance. The amount of the insurance may be increased at the sole discretion of the Cooperative if the nature of the project so requires. The insurance policy will not be changed or canceled during its term without thirty (30) days written notice to the Cooperative. The Member shall provide proof of such insurance to the Cooperative upon request.

Facilities larger than 50 kW: Prior to interconnection, the Member must provide a certificate of insurance showing satisfactory liability insurance, including contractual liability insurance covering indemnity agreements which insures the Member and the Cooperative against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Member's generating equipment. The amount of such insurance coverage shall be not less than \$1,000,000 per occurrence. The amount of such coverage and the type of insurance coverage required shall be acceptable to the Cooperative and may be amended from time to time by the Cooperative at the sole discretion of the Cooperative.

341.6 Initial Interconnection. Upon satisfactory completion of the review process and execution of required agreements as outlined in this tariff, the Cooperative will begin installation of the interconnection of DG facilities. The interconnection will be completed as soon as practical after completion of the review process and execution of the necessary agreements/contracts. After completion of interconnection requirements and prior to the initiation of service, the Cooperative will conduct a final inspection of the facilities and interconnection to the Cooperative's distribution system. Upon satisfactory final inspection, the Cooperative will initiate service to the Member.

The Cooperative's review process and final inspection is intended as a means to safeguard the Cooperative's facilities and personnel. The Member acknowledges and agrees that any review or acceptance of such plans, specifications and other information by the Cooperative and/or its power supplier shall not impose any liability on the Cooperative and/or its power supplier and does not guarantee the adequacy of the Member's equipment or DG facility to perform its intended

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

November 1, 2016

Section
III

Page
60

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

function. The Cooperative and its power supplier disclaims any expertise of special knowledge relating to the design or performance of generating installations and does not warrant the efficiency, cost-effectiveness, safety, durability, or reliability of such DG installations.

- 341.7 Operation of Parallel Facility. With the exception of only the Cooperative's meter(s), the Member shall own and be solely responsible for all expense, installation, maintenance and operation of all facilities, including all power generating facilities, at and beyond the point of delivery as defined in the Cooperative's tariff. At its sole discretion, the Cooperative may locate Cooperative-owned metering equipment and transformers past the point of delivery.

The Member will furnish, install, operate and maintain in good order and repair all equipment necessary for the safe operation of DG facilities operated in parallel with the Cooperative distribution system. The Member's equipment will have capability to both establish and maintain synchronism with the Cooperative distribution system and to automatically disconnect and isolate the DG facility from the Cooperative distribution system. The Member's DG facility will be designed, installed, and maintained to be self-protected from normal and abnormal conditions on the Cooperative system including, but not limited to, overvoltage, undervoltage, overcurrent, frequency deviation, and faults. Self-protection will be compatible with all applicable Cooperative protection arrangements and operating policies. Additional protective devices and/or functions may be required by the Cooperative when, in the sole judgment of the Cooperative, the particular DG facility installation and/or the Cooperative system characteristics so warrant.

- 341.8 Refusal to Interconnect Service or Disconnection of Interconnection Service. The Cooperative may, at its sole discretion, prevent the interconnection or disconnect the interconnection of DG facilities due to reasons such as safety concerns, reliability issues, power quality issues, breach of interconnection contract or any other reasonable issue. Any disconnection may be without prior notice.

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

November 1, 2016

Section
III

Page
61

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

341.9 Access. Persons authorized by the Cooperative will have the right to enter the Member's property for purposes of testing, operating the disconnect switch, reading or testing the metering equipment, maintaining right-of-way or other DG facility equipment and/or Cooperative service requirement. Such entry onto the Member's property may be without notice.

If the Member erects or maintains locked gates or other barriers, the Member will furnish the Cooperative with convenient means to circumvent the barrier for full access for the above-mentioned reasons.

341.10 Safety Disconnect. The Member shall install a visible load break disconnect switch at the Member's expense and to the Cooperative's specifications. The switch will be located so as to be readily accessible to Cooperative personnel in a location acceptable to both the Member and Cooperative. The switch shall be a type that can be secured in an open position by a lock owned by the Cooperative. If the Cooperative has locked the disconnect switch open, the Member shall not operate or close the disconnect switch. The Cooperative shall have the right to lock the switch open when, in the judgement of the Cooperative:

- (1) It is necessary to maintain safe electrical operating and/or maintenance conditions.
- (2) The Member's DG adversely affects the Cooperative distribution system, or
- (3) There is a system emergency or other abnormal operating condition warranting disconnection.

The Cooperative reserves the right to operate the disconnect switch for the protection of the Cooperative system even if it affects the Member's DG facility. In the event the Cooperative opens and/or closes the disconnect switch:

- (1) The Cooperative shall not be responsible for energization or restoration of parallel operation of the DG facility.
- (2) The Cooperative will make reasonable efforts to notify the Member.

The Member will not bypass the disconnect switch at any time for any reason.

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

Section
III

November 1, 2016

Page
62

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

341.11 Signage. Signage shall be placed by the Cooperative at the Member's expense and located at the disconnect indicating the purpose of the switch along with contact names and numbers of both the Member and the Cooperative. Members with DG facilities as defined in this tariff which are solely for the purpose of emergency backup or peak shaving without intent to export power shall not operate their DG facilities at any time unless visibly disconnected from the Cooperative system. At its sole discretion, the Cooperative may require the Member to install at his/her own expense an interlocking switch for the purpose of insuring the Member's facilities do not operate in parallel with the Cooperative's facilities. Should the Cooperative lose power serving the Member's DG facilities for any reason, Members with DG facilities shall not operate their DG facilities unless visibly disconnected from the Cooperative distribution system.

341.12 Metering/Monitoring. The Cooperative shall specify, install and own all metering equipment. Facilities \leq 50 kW will be metered by one of the following methods, at the sole discretion of the Cooperative:

- (1) Installing a single meter which runs forward and backward, or
- (2) Installing two meters, each measuring the flow of energy in a single direction and netting the energy consumption between the two meters to determine the net monthly flow of energy.

Facilities > 50 kW

- (1) Power transfer at the point of interconnection will be measured by metering equipment as installed and specified at sole discretion of the Cooperative.
- (2) There shall be no net metering.

The meter shall be read at a time or times of month determined at the Cooperative's sole discretion for acquiring metering data. The Member shall provide the Cooperative an approved communications link at the Member's cost for this purpose, if so requested by the Cooperative. The type of communications link and metering equipment measuring purchase of power by the Cooperative shall be installed and specified at the sole discretion of the Cooperative. The

<p>Tariff for Electric Service HILCO Electric Cooperative, Inc.</p> <p>November 1, 2016</p>	<p>Section III</p> <hr/> <p>Page 63</p>
<p><u>SECTION TITLE:</u></p> <p>SERVICE RULES AND REGULATIONS: Part 2 –Electric Service</p> <p>APPLICABLE TO ALL AREAS SERVED</p>	

Cooperative may, at its sole discretion, require the Member to pay the Cooperative in advance for metering and monitoring equipment and installation expense. Meter testing shall follow the Cooperative’s standard policy on metering testing and accuracy. At its sole discretion, the Cooperative may meter the facility at primary or secondary level.

The Member will notify the Cooperative in writing thirty (30) days in advance of making any change affecting the characteristics, performance or protection of the DG facility. If any modification undertaken by the Member will create or has created conditions which may be unsafe or adversely affect the Cooperative system, the Member shall immediately correct such conditions or be subject to immediate disconnection from the Cooperative distribution system.

The Member will test all aspects of the protection systems up to and including tripping of the generator and interconnection point at start-up and thereafter as required. Testing will verify all protective set points and relay/breaker trip timing and shall include procedures to functionally test all protective elements of the system. The Cooperative may witness the testing. The Member must maintain records of all maintenance activities, which the Cooperative may review at reasonable times.

For systems greater than 500 kW, a log of generator operations shall be kept. At a minimum, the log shall include the date, generator time on, generator time off, and megawatt and megavar output. The Cooperative may review such logs at reasonable times.

The DG installation owned and installed by the Member shall be installed and operated subject to and in accordance with the terms and conditions set forth in the Cooperative’s rules, regulations, bylaws, rates and tariffs, as amended from time to time, and if applicable, approved by the Cooperative’s board of directors, which are incorporated herein by reference, and in compliance with all applicable federal, state, and local laws, regulations, zoning codes, building codes, safety rules, environmental restrictions, ordinances and regulations, including without limitation, Electric Reliability Council of Texas (ERCOT) Independent System Operator (ISO) directives and ERCOT guidelines, and in accordance with industry standard prudent engineering practices.

Tariff for Electric Service
HILCO Electric Cooperative, Inc.

Section
III

November 1, 2016

Page
64

SECTION TITLE:

SERVICE RULES AND REGULATIONS: Part 2 –Electric Service

APPLICABLE TO ALL AREAS SERVED

341.13 DG Application Fees. Prior to review of the application and DG plan by the Cooperative, the Member shall pay an application fee as indicated below. A separate fee must be submitted for each DG facility.

DG Size	Application Fee	Additional Engineering Fee
< 5 kW	\$50.00	None
5 kW to 30 kW	\$100.00 (Isolated) \$250.00 (Parallel)	As Required
31 kW to 100 kW	\$250.00 (Isolated) \$750.00)Parallel	As Required
101 kW to 1 MW	\$1,000.00	As Required
Over 1 MW to 10 MW	\$2,750.00	As Required