

FOR BOARD ACTION

Agenda Item # 9

Meeting Date:

8/30/11

SUBJECT:

Large Generator Interconnection Agreement

PREPARED BY:

Randy Anderton, Manager of Engineering

ITEM DESCRIPTION:

In 2003 FERC issued Order No. 2003 titled, "Standardization of Generator Interconnection Agreements and Procedures." Below is the summary language from the FERC Order No. 2003:

"The Federal Energy Regulatory Commission (Commission) is amending its regulations under the Federal Powers Act to require public utilities that own, control, or operate facilities for transmitting electric energy in interstate commerce to file revised open access transmission tariffs containing standard generator interconnection procedures and a standard agreement that the Commission is adopting in this order and to provide interconnection service to devices used for the production of electricity having a capacity of more than 20 megawatts. A non-public utility that seeks voluntary compliance with the reciprocity condition of the open access transmission tariff may satisfy this condition by adopting these procedures and this agreement."

Since RPU is a non-public utility as defined by FERC, it wasn't required for RPU to adopt the items mentioned in the above order in 2003. Currently RPU has not had any large generator interconnections and is not aware of any potential interconnections. Management believes that it is in RPU's best interest to adopt a large generator interconnection agreement and be prepared in the event a large generator wishes to connect to RPU's transmission system. Management has modified the FERC pro-forma large generator interconnection agreement based upon input from VanNess Feldman, the City Attorney, and using examples of what other non-public utilities have done. This document will be posted on RPU's website and be made available to the public.

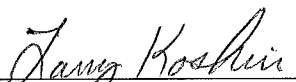
Since the Agreement is over 100 pages, only a summary is included with this For Board Action form. A full copy will be available at the Board meeting, or can be sent to you upon request.

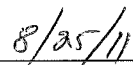
FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Not Applicable

UTILITY BOARD ACTION REQUESTED:

Management requests that the Utility Board request Common Council approve the adoption of the Large Generator Interconnection Agreement.


General Manager


Date

ROCHESTER PUBLIC UTILITIES

Revised August 5, 2011.



LARGE GENERATOR
INTERCONNECTION AGREEMENT (LGIA)

Revised August 5, 2011.

This document has been approved and revised according to the revision history recorded below. This document is reviewed and modified from time to time when needed or required. This document is also available on RPU's website www.rpu.org.

REVISION HISTORY		
Date	Revision Description	Revised by
8/14/09	Original Version	RLA
7/29/11	Added Revision History page	RLA
8/5/11	Modified first paragraph of Section 5.3 (per Terry Adkins)	RLA

TABLE OF CONTENTS

	Page
Recitals	- 1 -
Article 1. Definitions	- 2 -
Article 2. Effective Date, Term,, and Termination	- 12 -
2.1 Effective Date	- 12 -
2.2 Term of Agreement	- 12 -
2.3 Termination Procedures	- 12 -
2.3.1 Written Notice	- 12 -
2.3.2 Default	- 12 -
2.4 Termination Costs	- 13 -
2.5 Disconnection	- 14 -
2.6 Survival	- 14 -
Article 3. Regulatory Filings	- 14 -
3.1 Filing	- 14 -
Article 4. Scope of Service	- 15 -
4.1 Interconnection Product Options	- 15 -
4.1.1 Energy Resource Interconnection Service	- 15 -
4.1.1.1 The Product	- 15 -
4.1.1.2 Transmission Delivery Service Implications	- 15 -
4.1.2 Network Resource Interconnection Service	- 16 -
4.1.2.1 The Product	- 16 -
4.1.2.2 Transmission Delivery Service Implications	- 16 -
4.2 Provision of Service	- 18 -
4.3 Performance Standards	- 18 -
4.4 No Transmission Delivery Service	- 19 -
4.5 Interconnection Customer Provided Services	- 19 -
Article 5. Interconnection Facilities Engineering, Procurement, & Construction - 19 -	
5.1 Options	- 19 -
5.1.1 Standard Option	- 19 -
5.1.2 Alternate Option	- 19 -
5.1.3 Option to Build	- 20 -
5.1.4 Negotiated Option	- 20 -
5.2 General Conditions Applicable to Option to Build	- 21 -

5.3	Liquidated Damages	- 22 -
5.4	Power System Stabilizers	- 23 -
5.5	Equipment Procurement	- 23 -
5.6	Construction Commencement	- 24 -
5.7	Work Progress	- 24 -
5.8	Information Exchange	- 25 -
5.9	Limited Operation	- 25 -
5.10	Interconnection Customer's Interconnection Facilities ('ICIF')....	- 25 -
	5.10.1 Interconnection Customer's Interconnection Facility	
	Specifications	- 25 -
	5.10.2 Transmission Provider's Review	- 26 -
	5.10.3 ICIF Construction	- 26 -
5.11	Transmission Provider's Interconnection Facilities Construction	- 26 -
5.12	Access Rights	- 27 -
5.13	Lands of Other Property Owners	- 27 -
5.14	Permits	- 27 -
5.15	Early Construction of Base Case Facilities	- 28 -
5.16	Suspension	- 28 -
5.17	Taxes	- 29 -
	5.17.1 Interconnection Customer Payments Not Taxable	- 29 -
	5.17.2 Representations and Covenants	- 29 -
	5.17.3 Indemnification for the Cost Consequences of Current Tax	
	Liability Imposed Upon the Transmission Provider	- 30 -
	5.17.4 Tax Gross-Up Amount	- 31 -
	5.17.5 Private Letter Ruling or Change or Clarification of Law	- 31 -
	5.17.6 Subsequent Taxable Events	- 32 -
	5.17.7 Contests	- 32 -
	5.17.8 Refund	- 33 -
	5.17.9 Taxes Other Than Income Taxes	- 35 -
	5.17.10 Transmission Owners Who Are Not Transmission	
	Providers - 35 -	
5.18	Tax Status	- 35 -
5.19	Modification	- 36 -
	5.19.1 General	- 36 -
	5.19.2 Standards	- 36 -
	5.19.3 Modification Costs	- 36 -
Article 6.	Testing and Inspection	- 37 -
6.1	Pre-Commercial Operation Date Testing and Modifications	- 37 -
6.2	Post-Commercial Operation Date Testing and Modifications	- 37 -
6.3	Right to Observe Testing	- 37 -

6.4	Right to Inspect	37 -
Article 7.	Metering	38 -
7.1	General	38 -
7.2	Check Meters	38 -
7.3	Standards	38 -
7.4	Testing of Metering Equipment	38 -
7.5	Metering Data	39 -
Article 8.	Communications	39 -
8.1	Interconnection Customer Obligations	39 -
8.2	Remote Terminal Unit	40 -
8.3	No Annexation	40 -
Article 9.	Operations	40 -
9.1	General	40 -
9.3	Transmission Provider Obligations	41 -
9.4	Interconnection Customer Obligations	41 -
9.5	Start-Up and Synchronization	41 -
9.6	Reactive Power	41 -
9.6.1	Power Factor Design Criteria	41 -
9.6.2	Voltage Schedules	42 -
9.6.2.1	Governors and Regulators	42 -
9.6.3	Payment for Reactive Power	43 -
9.7	Outages and Interruptions	43 -
9.7.1	Outages	43 -
9.7.1.1	Outage Authority and Coordination	43 -
9.7.1.2	Outage Schedules	44 -
9.7.1.3	Outage Restoration	44 -
9.7.2	Interruption of Service	45 -
9.7.3	Under-Frequency and Over Frequency Conditions	46 -
9.7.4	System Protection and Other Control Requirements	46 -
9.7.4.1	System Protection Facilities	46 -
9.7.5	Requirements for Protection	47 -
9.7.6	Power Quality	48 -
9.8	Switching and Tagging Rules	48 -
9.9	Use of Interconnection Facilities by Third Parties	48 -
9.9.1	Purpose of Interconnection Facilities	48 -
9.9.2	Third Party Users	48 -
9.10	Disturbance Analysis Data Exchange	49 -
Article 10.	Maintenance	49 -

10.1	Transmission Provider Obligations	- 49 -
10.2	Interconnection Customer Obligations	- 49 -
10.3	Coordination	- 49 -
10.4	Secondary Systems	- 49 -
10.5	Operating and Maintenance Expenses	- 50 -
Article 11.	Performance Obligation	- 50 -
11.1	Interconnection Customer Interconnection Facilities	- 50 -
11.2	Transmission Provider's Interconnection Facilities	- 50 -
11.3	Network Upgrades and Distribution Upgrades	- 50 -
11.4	Network Upgrades for Affected Systems	- 50 -
11.5	Provision of Security	- 51 -
11.6	Interconnection Customer Compensation	- 51 -
	11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition	- 52 -
Article 12.	Invoice	- 52 -
12.1	General	- 52 -
12.2	Final Invoice	- 52 -
12.3	Payment	- 52 -
12.4	Disputes	- 53 -
Article 13.	Emergencies	- 53 -
13.1	Definition	- 53 -
13.2	Obligations	- 53 -
13.3	Notice	- 54 -
13.4	Immediate Action	- 54 -
13.5	Transmission Provider Authority	- 54 -
	13.5.1 General	- 54 -
	13.5.2 Reduction and Disconnection	- 55 -
13.6	Interconnection Customer Authority	- 55 -
13.7	Limited Liability	- 56 -
Article 14.	Regulatory Requirements and Governing Law	- 56 -
14.1	Regulatory Requirements	- 56 -
14.2	Governing Law	- 56 -
Article 15.	Notices	- 57 -
15.1	General	- 57 -
15.2	Billings and Payments	- 57 -
15.3	Alternative Forms of Notice	- 57 -
15.4	Operations and Maintenance Notice	- 57 -

Article 16.	Force Majeure	- 57 -
Article 17.	Default	- 58 -
17.1	Default	- 58 -
17.1.1	General	- 58 -
17.1.2	Right to Terminate	- 58 -
Article 18.	Indemnity, Consequential Damages and Insurance	- 59 -
18.1	Indemnity	- 59 -
18.1.1	Indemnified Person	- 59 -
18.1.2	Indemnifying Party	- 59 -
18.1.3	Indemnity Procedures	- 59 -
18.2	Consequential Damages	- 60 -
18.3	Insurance	- 60 -
Article 19.	Assignment	- 63 -
Article 20.	Severability	- 63 -
Article 21.	Comparability	- 64 -
Article 22.	Confidentiality	- 64 -
22.1	Confidentiality	- 64 -
22.1.1	Term	- 64 -
22.1.2	Scope	- 64 -
22.1.3	Release of Confidential Information	- 65 -
22.1.4	Rights	- 65 -
22.1.5	No Warranties	- 65 -
22.1.6	Standard of Care	- 66 -
22.1.7	Order of Disclosure	- 66 -
22.1.8	Termination of Agreement	- 66 -
22.1.9	Remedies	- 66 -
22.1.10	Disclosure to FERC, its Staff, or a State	- 67 -
Article 23.	Environmental Releases	- 68 -
Article 24.	Information Requirements	- 68 -
24.1	Information Acquisition	- 68 -
24.2	Information Submission by Transmission Provider	- 68 -
24.3	Updated Information Submission by Interconnection Customer ..	- 69 -
24.4	Information Supplementation	- 69 -
Article 25.	Information Access and Audit Rights	- 70 -

25.1	Information Access	- 70 -
25.2	Reporting of Non-Force Majeure Events	- 70 -
25.3	Audit Rights.....	- 71 -
25.4	Audit Rights Periods.....	- 71 -
	25.4.1 Audit Rights Period for Construction-Related Accounts and Records.....	- 71 -
	25.4.2 Audit Rights Period for All Other Accounts and Records.....	- 71 -
25.5	Audit Results	- 72 -
Article 26.	Subcontractors	- 72 -
26.1	General.....	- 72 -
26.2	Responsibility of Principal	- 72 -
26.3	No Limitation by Insurance.....	- 72 -
Article 27.	Disputes.....	- 72 -
27.1	Submission	- 72 -
27.2	External Arbitration Procedures	- 73 -
27.3	Arbitration Decisions.....	- 73 -
27.4	Costs	- 73 -
Article 28.	Representations, Warranties, and Covenants.....	- 74 -
28.1	General.....	- 74 -
	28.1.1 Good Standing.....	- 74 -
	28.1.2 Authority.....	- 74 -
	28.1.3 No Conflict.....	- 74 -
	28.1.4 Consent and Approval.....	- 74 -
Article 29.	Joint Operating Committee	- 75 -
Article 30.	Miscellaneous	- 76 -
30.1	Binding Effect.....	- 76 -
30.2	Conflicts	- 76 -
30.3	Rules of Interpretation	- 76 -
30.4	Entire Agreement.....	- 76 -
30.5	No Third Party Beneficiaries	- 77 -
30.6	Waiver.....	- 77 -
30.7	Headings.....	- 77 -
30.8	Multiple Counterparts.....	- 77 -
30.9	Amendment	- 77 -
30.10	Modification by the Parties.....	- 77 -
30.11	Authorship of Agreement.....	- 77 -
30.12	No Partnership	- 78 -

30.13 Compliance with Applicable Reliability Standards.....- 78 -

Appendix A - Interconnection Facilities, Network Upgrades, and Distribution Upgrades

Appendix B – Milestones

Appendix C – Interconnection Details

Appendix D – Security Arrangements Details

Appendix E – Commercial Operation Date

Appendix F – Addresses for Delivery of Notices and Billings

Appendix G – Requirements of Generators Relying on Newer Technologies

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this ____ day of _____ 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Large Generating Facility), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Transmission Provider and/or Transmission Owner"). Interconnection Customer and Transmission Provider each may be referred to as a "Party" or collectively as the "Parties."

Recitals

WHEREAS, Transmission Provider operates the Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

WHEREAS, Interconnection Customer and Transmission Provider have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used or Rochester Public Utility's Open Access Transmission Tariff (Tariff).



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to adopt the "Large Generator Interconnection Agreement."

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of August, 2011.

President

Secretary