

**CONTRACT FOR COGENERATION AND
SMALL POWER PRODUCTION FACILITIES**

THIS CONTRACT is entered into _____, _____, by _____, a municipal utility under Minnesota law (hereafter called "Utility") 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 a customer of the Utility located within the assigned electric service territory of the Utility.
- The QF is prepared to generate electricity in parallel with the Utility.
- The QF's electric generating facilities meet the requirements of the rules adopted by the Utility on Cogeneration and Small Power Production and any technical standards for interconnection the Utility has established that are authorized by those rules.
- The Utility 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 Utility is required.

AGREEMENTS

The QF and the Utility agree:

1. The Utility will sell electricity to the QF under the rate schedule in force for the class of customer to which the QF belongs.
2. The Utility will buy electricity from the QF under the current rate schedule filed with the city council or city-appointed body governing the utility. The QF elects the rate schedule category hereinafter indicated:

_____ a. Average retail utility rate.

- QF capacity must be less than 40 kW.

____ b. Simultaneous purchase and sale billing rate.

- QF capacity must be less than 40 kW.

____ c. Roll-over credits.

- QF capacity must be less than 40 kW.

____ d. Time-of-day purchase rate.

- QF capacity must be 40 kW or more and less than or equal to 100 kW.

A copy of the presently filed 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 Utility or of the State of Minnesota, and the QF and the Utility 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 Utility 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(c), will be made under one of the following options as chosen by the QF:

____ a. Credit to the QF's account with the Utility.

____ 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 Utility not prohibited by the Minnesota Public Utilities Commission's rules on Cogeneration and Small Power Production. The Utility's rules, regulations, and policies must be consistent with the Minnesota Public Utilities Commission's rules on Cogeneration and Small Power Production, as required under Minnesota Statutes §216B.164, subdivision 9.

7. The QF will not enter into an arrangement whereby electricity from the generating facilities will be sold to an end user in violation of the Utility's or any other electric utility's exclusive right to provide electric service in its service area under Minnesota Statutes, Sections 216B.37-44.

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 Utility in this way:

_____.

10. The QF will give the Utility reasonable access to its property and electric generating facilities if the configuration of those facilities does not permit disconnection or testing from the Utility's side of the interconnection. If the Utility enters the QF's property, the Utility will remain responsible for its personnel.

11. The Utility may stop providing electricity to the QF during a system emergency. The Utility will not discriminate against the QF when it stops providing electricity or when it resumes providing electricity.

12. The Utility may stop purchasing electricity from the QF when necessary for the Utility to construct, install, maintain, repair, replace, remove, investigate, or inspect any equipment or facilities within its electric system.

The Utility will notify the QF before it stops purchasing electricity in this way:

_____.

13. The QF will keep in force liability insurance against personal or property damage due to the installation, interconnection, and operation of its electric generating facilities. The amount of insurance coverage will be \$_____ (The amount must be consistent with the Utility's distributed generation tariff under Minnesota Statutes §216B.1611, subdivision 3, clause 2.

14. The Utility and the QF agree to attempt to resolve any dispute arising hereunder promptly and in a good faith manner.

15. The city council or city-appointed body governing the Utility has authority to consider and determine disputes, if any, that arise under this contract pursuant to Minnesota Statutes §216B.164, subd. 9.

16. This contract becomes effective as soon as it is signed by the QF and the Utility. This contract will remain in force until either the QF or the Utility 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 Utility will be considered in default as to any obligation if the QF or the Utility is prevented from fulfilling the obligation due to an event of Force Majeure. However, the QF or Utility 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 Utility.

19. Each Party will be responsible for its own acts or omissions and the results thereof to the extent authorized by law and shall not be responsible for the acts or omissions of any others and the results thereof.

20. The QF's and the Utility'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 Utility 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.

21. The Utility does not give any warranty, expressed or implied, to the adequacy, safety, or other characteristics of the QF's interconnected system.

22. This contract contains all the agreements made between the QF and the Utility. The QF and the Utility are not responsible for any agreements other than those stated in this contract.

THE QF AND THE UTILITY 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: _____

UTILITY

By: _____

(Title)