**Bandera Electric Cooperative Interconnection Guide**

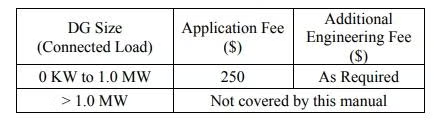
**Step 1: Determine the Category of Distributed Generation Facility**

1. Connection Level Category
2. Power Export Category
3. Qualifying or Non-Qualifying Category
4. Size Category

**Step 2: Service Request**

1. The Member must meet all the Cooperative’s membership and service requirements in  
   addition to the requirements in the Manual
2. Anyone owning or operating a DG facility in parallel with the Cooperative’s system must  
   notify the Cooperative of the existence, location and category of the DG facility

**Step 3: Submit a DG Plan**

1. As a part of the application, the Member shall submit a general plan of the proposed  
   generator installation showing the electrical design of the generating installation including  
   all major equipment for interconnection with the Cooperative’s system (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.
2. In the case of multiple facilities, a separate application including any required application  
   fees shall be submitted by the Member for each interconnection point desired.
3. The Member will provide such additional information as may be reasonable required and  
   requested by the cooperative to evaluate the DG plan.
4. The Cooperative may, at its discretion, waive the required application fee and other  
   provisions in the case of a proposed generation installation which is planned  
   (i) to be operated in parallel with the Cooperative’s system, (ii) with no intention to export  
   power to the Cooperative and (iii) that are of standard design and intended entirely as  
   emergency or back-up power supply for the facility
5. A non-refundable application fee will be required to be paid by the Member before the Cooperative will consider the application as indicated below.

**Step 4: Cooperative and Power Supplier Review Process**

1. In cases where the generation installation is to be operated in parallel with the  
   Cooperative’s system and is intended to export power to the Cooperative’s system; the  
   Cooperative at its sole discretion may conduct a full interconnection study to determine  
   the impact of the generating facility on the Cooperative’s system. The Member will be  
   required to reimburse the Cooperative for the full amount of the interconnection study in  
   addition to any application fee(s). The Cooperative will bill the Member for the exact cost  
   of the study on a biweekly basis.
2. The Cooperative will complete the interconnection study and/or review of the DG plan  
   within sixty (60) days following receipt of a completed application and payment of any  
   required fee(s). The Cooperative will undertake any interconnection study in the order in  
   which the complete applications have been received by the Cooperative on a non-discriminatory basis.
3. In the event the Member’s plan involves the use of non-standard equipment or design  
   techniques, the Cooperative may require the Member to obtain approval of the proposed  
   DG plan by a professional engineer registered in the state of Texas. 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 the Member’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.
4. Technical review will be consistent with guidelines established by the most recent IEEE  
   Standard 1547 Standard for Interconnecting Distributed Resources with Electric Power  
   System. The Member may be required by the Cooperative to provide proof that Member's  
   DG Facilities have been tested and certified by applicable IEEE guidelines.
5. If corrections or changes to the plans, specifications and other information are to be made  
   by the Member, the 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. The cost will be determined by the Cooperative and shall be paid by the Member.
6. In the event it is necessary at some future time for the Cooperative in its sole discretion to modify its electric delivery systems in order to serve the Member’s DG facilities and/or purchase or continue to purchase the output of the Member’s DG facilities, or because the quality of the power provided by the Member’s DG adversely affects the Cooperative’s electric delivery system, the Member will reimburse the Cooperative for all costs necessary to modify or change out any electrical equipment required to continue to safely establish the interconnection of the Member’s DG facilities with the Cooperative’s system after the electric delivery system modification is completed

**Step 5: Line Extension and Modifications to Cooperative Facilities**

1. As a part of the interconnection analysis performed by the Cooperative, the Member will  
   be provided with an estimate of any line extension or other cost to be incurred in providing  
   electric delivery service to the Member’s DG facility.
2. Notwithstanding the Cooperative’s line extension policy, the Member shall pay in advance  
   the full cost of the construction of any transmission, substation, distribution,  
   transformation, metering, protective, or other facilities or equipment which, at the sole  
   discretion of the Cooperative and/or its Power supplier, is required to serve the Member’s  
   DG facility.
3. In the event it is necessary at some future time for the Cooperative in its sole discretion to  
   modify electric delivery systems in order to serve the Member’s DG facilities and/or  
   purchase or continue to purchase the Member’s output, or because the quality of the power  
   provided by the Member’s DG adversely affects the Cooperative’s delivery system, or  
   because the Cooperative desires to change primary voltage or make other changes in its  
   electric delivery system, the Member will reimburse the Cooperative for all costs  
   necessary to modify or change out any electrical equipment required to continue to safely  
   establish the interconnection of the Member’s DG facilities with the Cooperative’s system  
   after the electric delivery system modification is completed.
4. 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.

**Step 6: Meet All Applicable Regulations**

1. The DG facility 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, the most  
   recent IEEE Standard 1547 Standard for Interconnecting Distributed Resources with Electric  
   Power System applicable ANSI standards, including ANSI C84.1 Range A, Electric  
   Reliability Council of Texas (ERCOT) market rules, including the ERCOT Nodal Protocols  
   and Operating Procedures, and in accordance with industry standard prudent engineering  
   practices.

**Step 7: Employ Liability Insurance**

1. When required by law, the Member, at the Member’s own expense, shall carry and maintain  
   Worker’s Compensation insurance covering the Member's employees. In such cases, the  
   Member, at the Member’s own expense, shall be required to carry Employer’s Liability Insurance. These coverages are to provide for the payment to the Member’s employees and/or their dependent’s Worker’s Compensation benefits, including Occupational Disease benefits in accordance with the law of the state of Texas the Member hereby waives all rights of subrogation that the Member’s insurers may have against the Cooperative, and its directors, officers and employees. Regardless of the legal requirements, the Cooperative recommends the Member obtain adequate insurance

**Step 8: Sign Interconnection Agreement**

1. The Member will sign and deliver to the Cooperative an “Agreement for Interconnection and  
   Parallel Operation of Distributed Generation” (Interconnection Agreement) for each  
   interconnection point as detailed in this manual

**Step 9: Initial Interconnection**

1. Upon satisfactory completion of the review process and execution of required agreements  
   as outlined in this Manual, the Cooperative will notify the Member.
2. The Member shall notify the Cooperative in writing at least fourteen (14) days in advance of energizing the  
   generation installation and permit the Cooperative or its agents to inspect and test any or  
   all protective equipment required for the interconnection.
3. The Cooperative’s review process and final inspection is intended as a means to safeguard  
   the Cooperative’s facilities and personnel. The Member must acknowledge and agree 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 function. The Cooperative and its Power  
   Supplier 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 such DG installations.