

APPLICATION AND APPROVAL PROCESS

Applications will be submitted by the Member and reviewed and processed by Kenergy according to either Level 1 or Level 2 processes defined below.

Kenergy may reject an Application for violations of any applicable code, standard, or regulation related to reliability or safety; however, Kenergy will work with the Member to resolve those issues to the extent practicable. Members may contact Kenergy regarding status of an Application or with questions prior to submitting an Application.

An eligible Member-generator shall mean a retail electric Member of Kenergy with a generating facility that:

- (1) Has a rated capacity of not greater than (45) kilowatts for net metering, (100) Kilowatts if the excess is to be sold to Kenergy;
- (2) Is located on the Member's premises;
- (3) Is owned and operated by the Member;
- (4) Is connected in parallel with Kenergy's electric distribution system; and
- (5) Has the primary purpose of supplying all or part of the Member's own electricity requirements.

Should Kenergy determine, in its sole discretion, that the proposed generating facility does not meet all the above criteria, the Kenergy reserves the right to reject the Application and deny service.

LEVEL 1

A Level 1 Application shall be used if the generating facility is inverter-based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 "Inverters, Converters, Controllers and Interconnection System Equipment for Use with Distributed Energy Resources" (UL 1741). Kenergy will approve the Level 1 Application if the generating facility also meets all of the following conditions:

- (1) For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section's most recent annual one-hour peak load. A line section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.

- (2) If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.
- (3) If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240-volt service, its addition shall not create an imbalance between the two sides of the 240-volt service of more than 20% of the manufacturer's rating of the service transformer.
- (4) If the generating facility is to be connected to three-phase, three wire primary utility distribution lines, the generator shall appear as a phase-to-phase connection at the primary utility distribution line.
- (5) If the generating facility is to be connected to three-phase, four wire primary utility distribution lines, the generator shall appear to the primary utility distribution line as an effectively grounded source.
- (6) The interconnection will not be on an "area" or "spot network". "Area" and "spot networks" are systems in which multiple transformers are interconnected on the secondary side and multiple primary voltage circuits are used to feed the transformers. A "spot network" is typically used to serve a single building and all the transformers are in one location. An "area network" typically serves multiple members with secondary conductors covering multiple city blocks and with transformers at various locations.
- (7) Kenergy does not identify any violations of any applicable provisions of Institute of Electrical and Electronics Engineers Standard 1547(IEEE 1547), "Standard for Interconnecting Distributed Resources with Electric Power Systems."
- (8) No construction of facilities by Kenergy on its own system will be required to accommodate the generating facility.

If the generating facility does not meet all of the above listed criteria, Kenergy, in its sole discretion, may either: 1) approve the generating facility under the Level 1 Application if Kenergy determines that the generating facility can be safely and reliably connected to Kenergy's system; or 2) deny the Application as submitted under the Level 1 Application.

Kenergy shall notify the Member whether the Application is approved or denied, based on the criteria provided in this section.

If the Application lacks complete information, Kenergy shall notify the Member that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the time to process the Application.

The approval will be subject to successful completion of an initial installation inspection and witness test. The Member shall notify Kenergy within 3 business days of completion of the

generating facility installation and schedule an inspection and witness test with Kenergy to occur within 10 business days of completion of the generator facility installation or as otherwise agreed to by Kenergy and the Member. The Member may not operate the generating facility until successful completion of such inspection and witness test, unless Kenergy expressly permits operational testing not to exceed two hours. If the installation fails the inspection or witness test due to noncompliance with any provision in the Application and Kenergy approval, the Member shall not operate the generating facility until any and all noncompliance is corrected and re-inspected by Kenergy.

If the Application is denied, Kenergy will supply the Member with reasons for denial. The Member may resubmit under Level 2 if appropriate

LEVEL 2

A Level 2 Application is required under any of the following:

- (1) The generating facility is not inverter based;
- (2) The generating facility uses equipment that is not certified by a nationally recognized testing laboratory to meet the requirements of UL, 1741; or
- (3) The generating facility does not meet one or more of the additional conditions under Level 1. Kenergy will approve the Level 2 Application if the generating facility meets Kenergy's technical interconnection requirements, which are based on IEEE 1547.

Kenergy will process the Level 2 Application within 30 business days of receipt of a complete Application. Within that time Kenergy will respond in one of the following ways:

- (1) The Application is approved and Kenergy will provide the Member with an interconnection Agreement to sign.
- (2) If construction or other changes to Kenergy's distribution system are required, the cost will be the responsibility of the Member. Kenergy will give notice to the Member and offer to meet to discuss estimated costs and construction timeframe. Should the Member agree to pay for costs and proceed, Kenergy will provide the Member with an interconnection Agreement to sign within a reasonable time.
- (3) The Application is denied. Kenergy will supply the Member with reasons for denial and offer to meet to discuss possible changes that would result in Kenergy approval. Member may resubmit Application with changes.

If the Application lacks complete information, Kenergy shall notify the Member that additional information is required, including a list of such additional information.

The Member may not operate the generating facility until an Interconnection Agreement is signed by the Member and all necessary conditions stipulated in the agreement are met.

TERMS AND CONDITIONS FOR INTERCONNECTION

To interconnect to Kenergy's distribution system, the Member's generating facility shall comply with the following terms and conditions:

- (1) Kenergy shall provide the Member metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Member requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Member's expense.
- (2) The Member shall install, operate, and maintain, at Member's sole cost and expense, any control, protective, or other equipment on the Member's system required by Kenergy's technical interconnection requirements based on IEEE 1547, the National Electric Code "NEC", accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility is parallel with Kenergy's electric system. Member shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from Kenergy, the Member shall demonstrate generating facility compliance.
- (3) The generating facility shall comply with, and the Member shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Kenergy's rules, regulations, and Kenergy's Service Regulations as contained in Kenergy's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, Member shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.
- (4) Any changes or additions to Kenergy's system required to accommodate the generating facility shall be considered excess facilities. Member shall agree to pay Kenergy for actual costs incurred for all such excess facilities prior to construction.
- (5) Member shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Kenergy's electric system. At all times when the generating facility is being operated in parallel with Kenergy's electric system, Member shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Kenergy to any of its other Members or to any electric system

interconnected with Kenergy's electric system. Member shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Kenergy's ability to meet its primary responsibility of furnishing reasonably adequate service to its Members.

- (6) Member shall be responsible for protecting, at Member's sole cost and expense, the generating facility from any condition or disturbance on Kenergy's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that Kenergy shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of Kenergy.
- (7) After initial installation, Kenergy shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to Member, Kenergy shall have access at reasonable times to the generating facility to perform reasonable onsite inspections to verify that the installation, maintenance, and operation of the generating facility comply with the requirements of this tariff.
- (8) For Level 1 and 2 generating facilities, where required by Kenergy, an eligible Member shall furnish and install on Member's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Member's energy generating equipment from Kenergy's electric service under the full rated conditions of the Member's generating facility. The external disconnect switch (EDS) shall be located adjacent to Kenergy's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the Member shall be responsible for ensuring that the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Kenergy personnel at all times. Kenergy may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under Kenergy's safety and operating protocols. Kenergy shall establish a training protocol for line workers on the location and use of the EDS, and shall require that the EDS be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.
- (9) Kenergy shall have the right and authority at Kenergy's sole discretion to isolate the generating facility or require the Member to discontinue operation of the generating facility if Kenergy believes that: (a) continued interconnection and parallel operation of the generating facility with Kenergy's electric system creates or contributes (or may create or contribute) to a system emergency on either Kenergy's or Member's electric system; (b) the generating facility is not in compliance with the requirements of this agreement, and the noncompliance adversely affects the safety, reliability, or power quality of Kenergy's electric system; or (c) the generating facility interferes with the operation of Kenergy's electric system. In non-

emergency situations, Kenergy shall give Member notice of noncompliance including a description of the specific noncompliance condition and allow Member a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when Kenergy is unable to immediately isolate or cause the Member to isolate only the generating facility, Kenergy may isolate the Member's entire facility.

- (10) Member shall agree that, without the prior written permission from Kenergy, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection " which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.
- (11) To the extent permitted by law, the Member shall protect, indemnify, and hold harmless Kenergy and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorney's fees, for or on account of any injury or death of persons or damage to property caused by the Member or the Member's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the Member's generating facility or any related equipment or any facilities owned by Kenergy except where such injury, death or damage was caused or contributed to by the fault or negligence of Kenergy or its employees, agents, representatives, or contractors. The liability of Kenergy to the Member for injury to person and property shall be governed by the tariff(s) for the class of service under which the Member is taking service.
- (12) The Member shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy) for both Level 1 and Level 2 generating facilities. Member shall, upon request, provide Kenergy with proof of such insurance at the time that application is made.
- (13) By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Kenergy does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.
- (14) A Member's generating facility is transferable to other persons or service locations only after notification to Kenergy has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, Member, or location, Kenergy will verify that the installation is in compliance with this tariff and provide written notification to the Member(s) within 20 business days. If the installation is no longer in compliance with this tariff, Kenergy will notify the Member in writing and list what must be done to place the facility in compliance.
- (15) The Member shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

Application for Interconnection

Use this application form only for a generating facility that is inverter based and certified by a nationally recognized testing Laboratory to meet the requirements of UL 1741.

Submit this Application to:

Email (sheath@kenegy.com)

Or mail

Kenergy Corp,
P. O. Box 18,
Henderson, KY 42419-0018

If you have questions regarding this Application or its status, contact Kenergy at: (800)844-4832

Member Name: _____ Account Number: _____

Member Address: _____

Member Phone No.: _____ Project Contact Person: _____

Phone No.: E-mail Address (Optional): _____

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating Facilities: _____

Member E-Mail Address: _____

Energy Source: Solar Wind Hydro Biogas Biomass

Inverter Manufacturer and Model #: _____

Inverter Power Rating: _____ KW

Power Rating of Energy Source (ie., solar panels, wind turbine): _____ KW

Attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.

Attach site drawing or sketch showing location of Kenergy's meter, energy source, Kenergy accessible disconnect switch, and inverter.

Attach single line drawing showing all electrical equipment from Kenergy's metering location to the energy source including switches, fuses, breakers, panels, transformers, inverters, energy source, wire size, equipment ratings, and transformer connections.

Expected Start-up Date: _____