

LARGE GENERATOR INTERCONNECTION

This policy is applicable to all generators greater than 20 MW interconnecting to the NPPD transmission system. It is being established so that the District is in substantial compliance with the Federal Energy Regulatory Commission (FERC) Order 2003 – Standardization of Generator Interconnection Agreements and Procedures. Detailed procedures and standard forms of agreement for an interconnection request, various studies, and an interconnection agreement are included in the District Standard.

FERC Order 2003 applies to public utilities as defined in the Federal Power Act. The District, as a state political subdivision, is not a public utility under this definition and is, therefore, not subject to this FERC Order. However, FERC can order the District to provide interconnection service pursuant to Section 210 of the Federal Power Act. Further, FERC has established a reciprocity requirement for public power utilities, which requires that public power utilities provide comparable service to eligible customers similar to the service it provides to itself. Therefore, to the extent allowed by Nebraska State law and subject to the District's financial, operational, contractual, and other legal requirements, the District is voluntarily establishing this new policy. In so doing, the District will provide comparable treatment to other utilities and private developers that request interconnection of their generator to the District's transmission system as the District provides to its own generation resources.

BASICS OF INTERCONNECTION SERVICE

In accordance with FERC Order 2003, a request for interconnection service does not constitute a request for transmission service. Transmission service to deliver the output of the generating resource must be requested through the District's transmission service procedures. The District will require that the interconnection customer submit a transmission service request before it will perform the System Impact Study, as described herein.

The District will offer Network Resource Interconnection Service, but will not offer Energy Resource Interconnection Service, as defined in FERC Order 2003. The District is concerned that the Energy Resource Interconnection Service product would degrade the long-term reliability of the District's transmission system because it provides for interconnection of generation resources without requiring upgrades to the transmission system. The District will treat itself comparably by not offering Energy Resource Interconnection Service to its own generation resources.

The District will provide the interconnection customer with a written report describing in detail its findings for each of the required interconnection studies, but the District will not provide the interconnection customer with transmission modeling databases it develops to conduct the studies. The District may choose to utilize consultants to conduct certain

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interconnection studies, depending on work load and the number of interconnection requests, but that decision will be solely the District's to make.

The interconnection customer will be required to pay for the cost of all interconnection studies and the transmission interconnection facilities and network upgrades required to interconnect the generator to the District's transmission system. The District will provide a credit for the cost of the network upgrades funded by the interconnection customer, and apply this credit against transmission service charges under the District's T-2 Transmission Rate Schedule until the total amount of the cost of the network upgrades has been paid back.

The District, as a member of the NERC (North American Electric Reliability Corporation) and the MRO (Midwest Reliability Organization), will conduct all interconnection studies in accordance with NERC and MRO planning standards. All interconnection studies must be submitted to the appropriate MAPP (Mid-Continent Area Power Pool) committees for approval.

The District may conduct interconnection studies outside of the standard procedure as directed by the NPPD Board or management, such as special aggregated or grouped studies for the integration of wind resources.

INTERCONNECTION REQUEST

To initiate an interconnection request, the interconnection customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form included in the District Standard, and (iii) demonstration of Site Control, as defined in the District Standard, or an additional deposit of \$10,000. Such deposits will be applied toward the cost of the required interconnection studies. The District will provide written acknowledgement of the interconnection request, identify any deficiencies, and arrange to hold a scoping meeting with the customer in a reasonable time frame.

OASIS POSTING AND QUEUE POSITION

The District will maintain a listing of all generator interconnection requests on its OASIS (Open Access Same-Time Information System) home page on the MAPP OASIS node. The listing will include all of the pertinent data concerning the interconnection request, including the status of each interconnection request. The District will identify its own generation interconnection requests, but will not disclose the identity of any third party interconnection requests. The District will not post notices of all meetings held to discuss matters pertaining to its own generation interconnection requests, nor will the District provide a transcript of those meetings to third parties.

The District will assign a queue position based upon the date and time of receipt of the valid interconnection request. The queue position will be used to determine the order of

performing the interconnection studies and determination of cost responsibility for the transmission facilities necessary to accommodate the interconnection request.

WITHDRAWAL OF AN INTERCONNECTION REQUEST

The interconnection customer may withdraw its request at any time. In addition, if the interconnection customer fails to adhere to all of the requirements as specified in the District Standard, such as submittal of necessary information to conduct the studies, the District will deem the interconnection request to have been withdrawn. In this case, any deposit associated with the interconnection request as described above, in excess of the cost to perform the interconnection studies up to the date of withdrawal, will be considered non-refundable. The interconnection request will be removed from the queue.

FEASIBILITY STUDY

In the normal course of conducting the District's operations as a vertically-integrated utility and performing integrated resource planning to meet the contractual obligations of its wholesale and retail customers, the District may have a business need to conduct various types of transmission Feasibility Studies for potential future generation expansions and additions. In addition, generation resources, such as wind, are more appropriately studied in an aggregated or grouped manner, rather than incrementally, since they tend to be remote from the existing transmission system. The intent of these types of Feasibility Studies is to plan the most efficient transmission system to interconnect generation resources. Because of the unique nature of these types of Feasibility Studies, the District will conduct these studies outside the normal interconnection queue process.

Normally, the District would forgo the Feasibility Study for a single specific interconnection request and proceed directly to the System Impact Study. The reason for this is that under the FERC procedures, a Feasibility Study is to consist of a power flow and short circuit analysis, whereas the System Impact Study will consist of those same analyses, with the only addition being to perform a stability analysis. This will result in a less costly and more efficient overall interconnection process. However, the District will provide the option of conducting a Feasibility Study at the interconnection customer's request. The interconnection customer will be required to execute a standard form of Interconnection Feasibility Agreement, as contained in the District Standard, and submit a deposit of \$10,000. The Feasibility Study will evaluate the thermal and voltage impacts on the transmission system under both system intact and contingency conditions, and the impacts of the generation addition on flowgates in the MAPP region. Based on the Feasibility Study results, the District will identify the interconnection facilities and network upgrades, along with preliminary cost estimates and schedule to construct the necessary facilities to interconnect the generator. A final written report will be provided to the interconnection customer, and the District will meet with the customer to review

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the report. The District will make its best efforts to complete the Feasibility Study in a reasonable time frame.

SYSTEM IMPACT STUDY

The District will provide the interconnection customer an agreement for an Interconnection System Impact Study in the form provided in the District Standard. The interconnection customer must execute the agreement, provide a demonstration of Site Control, and submit a deposit of \$50,000. The deposit will be applied to the cost of performing the study. The interconnection customer will be responsible for the actual cost to perform the study. In addition, the interconnection customer must submit a transmission service request for delivery of the generation output. After meeting with the interconnection customer, the District will provide a non-binding, good faith estimate of the cost and time frame to complete the System Impact Study.

The System Impact Study will evaluate the impact of the proposed generator interconnection on the reliability of the transmission system. The study will consist of power flow analysis, a short circuit analysis, and a stability analysis. In addition, the study will evaluate the impact on flowgates in the MAPP region. The study will include a list of transmission facilities that are required to interconnect the generator and a non-binding, good faith estimate of the cost responsibility and time to construct.

FACILITIES STUDY

Upon completion of the System Impact Study, the District will provide to the interconnection customer an Interconnection Facilities Study Agreement in the form provided in the District Standard. The interconnection customer must execute the agreement, provide all the required technical data, and submit a deposit of \$100,000. The deposit will be applied to the cost to perform the study. The interconnection customer will be responsible for the actual cost to perform the study. The District will provide the interconnection customer a non-binding, good faith estimate of the cost and time frame to complete the Facilities Study.

The Facilities Study will specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the System Impact Study in accordance with good utility practice to physically and electrically connect the generator to the transmission system. The Facilities Study will also identify the facilities, estimated cost and time frame to construct the Interconnection Facilities and Network Upgrades, as defined in the District Standard. The District will meet with the interconnection customer to review the results of the Facilities Study and consider any comments the interconnection customer may have.

LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA)

After completion of the Facilities Study, the District will provide the interconnection customer with an LGIA in the form provided in the District Standard. The District will meet with the interconnection customer to discuss and resolve any issues concerning the LGIA. The interconnection customer must execute the LGIA, provide reasonable evidence of Site Control and that certain milestones, as described in the District Standard, toward the development of the generator have been met by the interconnection customer.

The LGIA will identify the Interconnection Facilities, which includes both the District-owned Interconnection Facilities and Interconnection Customer-owned Interconnection Facilities. Interconnection Customer-owned Interconnection Facilities means all facilities and equipment that are located between the generator and the point of change of ownership between the District and the interconnection customer. The interconnection customer will be responsible, at its expense, to obtain regulatory approvals and permits, design, procure, construct, and operate and maintain all of the customer-owned Interconnection Facilities, subject to the approval of the District. District-owned Interconnection Facilities means all facilities and equipment from the point of change of ownership to the point of interconnection to the District's transmission system. Interconnection Facilities are sole-use facilities that must be paid for by the interconnection customer.

The LGIA will also identify Network Upgrades, which means additions, modifications and upgrades to the District's transmission system required at or beyond the point of interconnection. The cost of the Network Upgrades must be paid for by the interconnection customer; however, the interconnection customer will receive a credit on its transmission service billing once the interconnection customer starts taking transmission service pursuant to the District's T-2 Transmission Service Rate Schedule. The credit will apply until all of the funds provided by the interconnection customer for the Network Upgrades have been paid back to the interconnection customer.

Arrangements for payment by the interconnection customer for the District-owned Interconnection Facilities and Network Upgrades will be specified in the LGIA.

The District will make reasonable efforts to complete the construction of the District-owned Interconnection Facilities and the Network Upgrades in accordance with the schedule identified in the LGIA, but the District will not provide liquidated damage payments as required in FERC Order 2003.

The LGIA will specify required operating procedures and applicable NERC standards to which the interconnecting customer must adhere to ensure the safe and reliable operation of the District's transmission system.

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Document Approval / Review Information		
Author:	Paul Malone	Next Review Date: 07-01-08
Reviewed By:	Ed Wagner	Date Reviewed: 07-13-07
Approved By:	Ron Asche Board of Directors	Date Approved: 07-13-07
Revision History		
Revision Date	Revised By	Revision Description