THE NEW MEXICO INTERCONNECTION MANUAL

(To be Used in Conjunction with New Mexico Public Regulation Commission Rule 17.9.568 NMAC, Interconnection of Generating Facilities with a Rated Capacity Up to and Including 10 MW Connecting to a Utility System)

New Mexico Public Regulation Commission

P. O. Box 1269

1120 Paseo de Peralta

Santa Fe, New Mexico 87504

Publication Date: July 29, 2008

THE NEW MEXICO INTERCONNECTION MANUAL

To be Used in Conjunction with New Mexico Public Regulation Commission
Rule 17.9.568 NMAC, Interconnection of Generating Facilities with a Rated Capacity Up to and Including 10 MW Connecting to a Utility System

OUTLINE

EXHIBITS

1. OVERVIEW

1.1 Objective:
The purpose of 17.9.568 NMAC and this Manual is to set forth common interconnection requirements and a common interconnection process based on a common screening process for Utilities and Interconnection Customers to expeditiously interconnect Generating Facilities in a safe and reliable manner.

1.2 Applicability:
The interconnection standards and procedures described in this Manual apply to Generating Facilities with a Rated Capacity up to and in cluding 10 MW. The interconnection standards and procedures described in 17.9.569 NMAC apply only to Generating Facilities with a Rated Capacity greater than 10 MW. The Parties shall use the procedures and forms described in this Manual and 17.9.568 NMAC for interconnections of Generating Facilities with rated capacities up to and including 10 MW unless the Parties mutually agree to use a different procedure or form consistent with the Public Utility Act.

1.3 Definitions:
Capitalized terms used in this Manual shall have the meanings specified in Section 12.

1.4 Applicable Requirements:
The Generating Facility shall be designed to conform with all of the applicable requirements in this Manual, including Exhibit 2. In the event of a conflict between Commission Rule 17.9.568 NMAC and this Manual, the provisions of the rule shall control.

2. APPLICATION INSTRUCTIONS:

2.1. References:
References in this Manual to Interconnection Agreement are to the generator interconnection agreements in the Exhibits to this Manual.

2.2. Pre-Application:

It is recommended that an Interconnection Customer have a pre-application discussion with the Utility. Each Utility shall designate an employee or office from which information on the application process and on the Utility System can be obtained through informal requests from the Interconnection Customer presenting a proposed Generating Facility for a specific site. The Utility shall comply with reason able requests for information. If the information requested is proprietary or confidential, the Utility shall provide the information after the Interconnection Customer making the request enters in to a confidentiality agreement. The Utility shall not provide confidential or proprietary information that it is prohibited from providing even if it is party to a confidentiality agreement.

2.3 Interconnection Application:

A. The Interconnection Customer shall submit an Interconnection Application to the Utility (see Exhibits 1A or 1B), together with the fees or deposit required by this Manual or 17.9.568.12(A) NMAC. The Interconnection Application shall be dated and time-stamped upon receipt by the Utility. The original date-and time-stamp applied to the Interconnection Application at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in this Manual.

B. The Interconnection Customer shall be notified of receipt by the Utility within **three (3) Business Days** of such receipt. Notification may be to an e-mail address or fax number provided by the Interconnection Customer. The Utility shall notify the Interconnection Customer within **ten (10) Business Days** of the receipt of the Interconnection Application as to whether the Interconnection Application is complete or incomplete.

C. If the Interconnection Application is incomplete, the Utility shall provide, along with the notice that the Interconnection Application is incomplete, a written list detailing all information that must be provided to complete the Interconnection Application. The Interconnection Customer shall have **ten (10) Business Days** after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide either the listed information or a request for an extension of time within the deadline, the Interconnection Application will be demed to be withdrawn. An Interconnection Application will be deemed complete upon submission of the listed information to the Utility.

D. **Queue Position:** The Utility shall place Interconnection Applications in a first come, first served order per feeder and per substation based upon the date- and time-stamp of the Interconnection Application. The order of each Interconnection Application will be used to determine the cost responsibility for the Upgrades necessary to accommodate the interconnection. At the Utility's option, Interconnection Applications may be studied serially or in clusters for the purpose of the System Impact Study.

3. GENERAL REVIEW OF THE PROCESS:

3.1 Review Process:

This review process allows for rapid approval for the interconnection of those Generating Facilities that do not require an interconnection study. The review process includes a screening by the Utility to determine if a Supplemental Review is required. The general guidelines for the interconnection review process are shown in Table 1.

Table 1 - General Guidelines for the Interconnection Process

Interconnection Review Process*	Application Type	Likely DG System Size
Simplified Interconnection Process	Simplified Application (See Exhibit 1A)	0 ≤ 10 kW
Fast Track Process with or without Supplemental Review	Standard Application (See Exhibit 1B)	>10 kW & ≤ 2.0 MW
Full Interconnection Study Process	Standard Application (See Exhibit 1B)	>2.0 MW & ≤ 10 MW
Case Specific Study Process	Standard Application (See Exhibit 1B)	>10 MW

***These guidelines are provided to indicate the review process that most applications will follow. The technical requirements in the screening process will determine which review process must be followed. Neither the type of application nor the system size will guarantee a specific interconnection review process.**

3.2 Description of General Review Path:

The Utility shall utilize the interconnection screening process shown in Figure 1 that results in four general review paths for proposed interconnection of Generating Facilities:

A. **Simplified Interconnection** - For Certified Inverter-based Generating Facilities with a power rating of 10 kilowatts (kW) or less on radial or Network Systems under certain conditions;

B. **Fast Track with or without Supplemental Review** - For certified Generating Facilities that pass certain specified screens and likely would have a power rating of 2.0 megawatts (MW) or less, or

C. **Full Interconnection Study** - For Generating Facilities that have a power rating of 10 megawatts (MW) or less and do not qualify for the Simplified or Fast Track process.

D. **Case Specific Review Process**: For Generating Facilities with a Rated Capacity greater than 10 megawatts (MW), which shall be conducted pursuant to 17.9.569 NMAC.

3.3 Determinations for Further Review:

Failure to pass any screen of the review process means only that further review and/or studies are required before the Generating Facility can be approved to interconnect to the utility's Distribution System. It does not mean that the Generating Facility cannot be interconnected.

3.4 Review Process Determination:

These guidelines are provided to indicate the review process that most applications will follow. The technical requirements in the screening process will determine which review process must be followed. Neither the type of application submitted nor the size of the Generating Facility will guarantee a specific interconnection review process.

3.5 Supplemental Review:

Supplemental Review is not a Full Interconnection Study. Supplemental Review is a process wherein the Utility further reviews an Interconnection Application that fails one or more of the initial review screens. Under some circumstances, Supplemental Review may be unnecessary. See section 7 of this Manual.

4. UTILITY REVIEW FLOW CHART:

The flow charts provided in Figure 1 and 2 are illustrations of the review process to be used by the Utility to evaluate Interconnection Applications. Detail about the screens is described in Section 6, Screening Criteria.

FIGURE 1: UTILITY REVIEW PROCESS FOR INTERCONNECTION

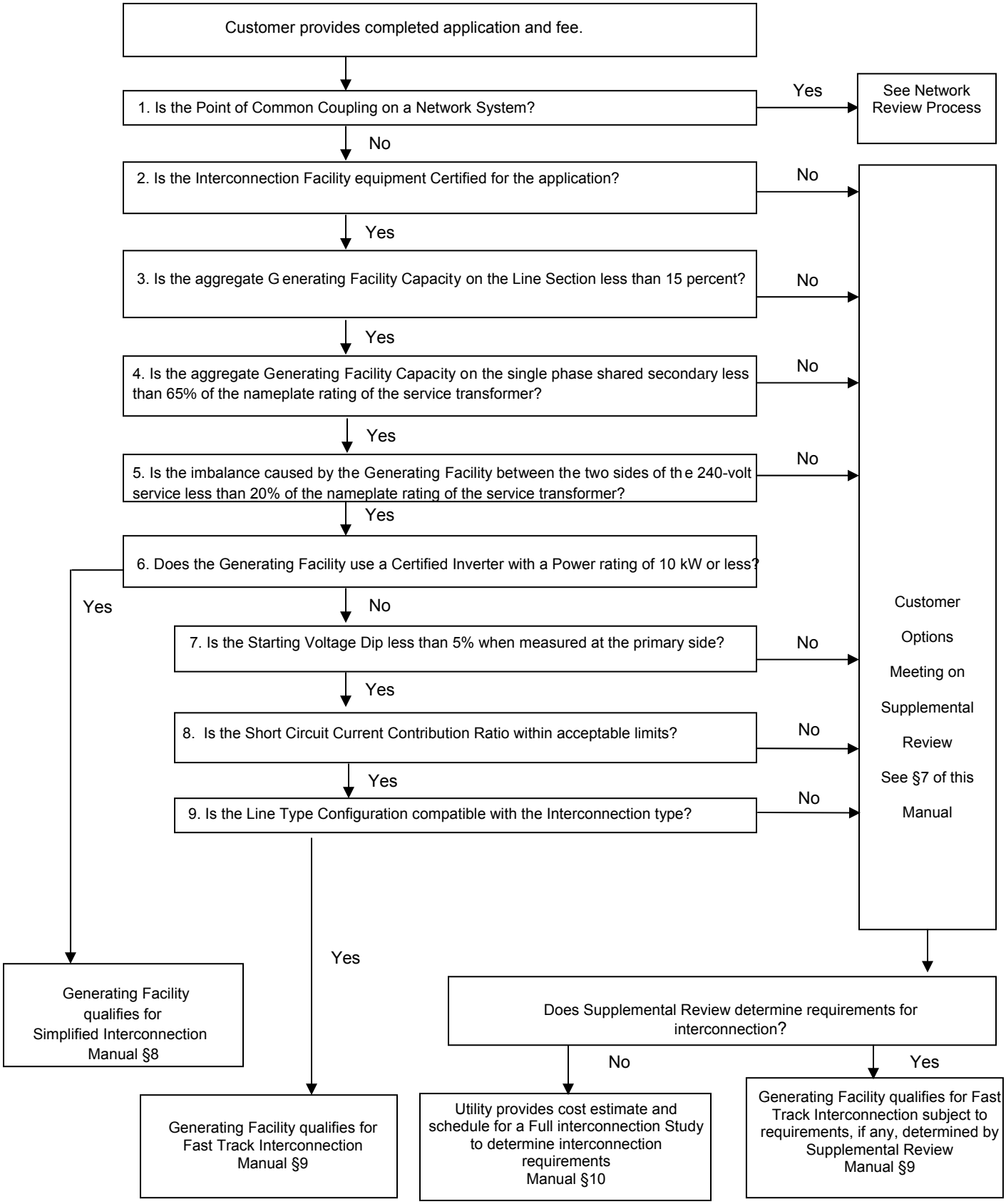
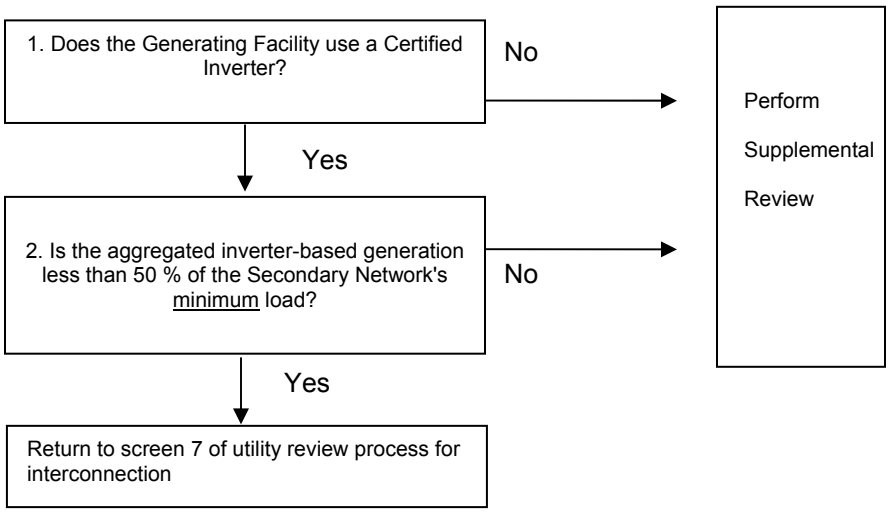


Figure 2: Utility Review Process for Interconnection to Network Systems



Screens 4 and 5 apply only to single-phase interconnections.

5. SCREEN CRITERIA:

Utilities shall use the following screen criteria as applicable, to evaluate Interconnection Applications.

Screen 1: Is the Point of Common Coupling on a Network System?

- If Yes, the Utility will review the proposed interconnection to a Network System as shown in the flowchart in Figure 2.
- If No, continue to next screen.

The significance of Screen 1: Special considerations must be given to Generating Facilities proposed to be installed on networked Distribution Systems because of the design and operational aspects of network protectors. There are no such considerations for radial Distribution Systems

Screen 2: Is the Interconnection Facility equipment certified for the application?

- If Yes, continue to next screen.
- If No, the Generating Facility or Interconnection Facilities do not qualify for Simplified Interconnection. Perform Supplemental Review.

Screen 3: Is the aggregate Generating Facility capacity on the Line Section less than 15% of Line Section peak load?

- If Yes, continue to next screen.
- If No, the Generating Facility does not qualify for Simplified Interconnection.

Perform Supplemental Review to determine cumulative impact on Line Section.

A. For interconnection of a proposed Generating Facility to a distribution circuit, the "aggregate Generation Facility capacity" includes the proposed Generating Facility but excludes generation that does not run in parallel with the utility for greater than 10 minutes.

B. For interconnection of a proposed Generating Facility to a distribution circuit, the "aggregate Generation Facility capacity", including the proposed Generating Facility, on the Line Section shall not exceed 15% of the Line Section's annual peak load as most recently measured at the substation or calculated for the Line Section.

C. For Highly Seasonal Circuits only, the "aggregate Generation Facility capacity", including the proposed Generating Facility, on the Line Section shall not exceed 15% of two times the Minimum Daytime Loading.

The significance of Screen 3:

1. *Low penetration of Generating Facility installations will have a minimal impact on the operation and load restoration efforts of the utility's Distribution System.*

2. *The operating requirements for a high penetration of Generating Facilities may be different since the impact on utility's Distribution System will no longer be minimal and, therefore, require additional study or controls.*

3. *In Line Sections that are not highly seasonal, there will be minimal impact on the operation and load restoration efforts of the utility's Distribution System when aggregate Generating Facility capacity is less than 15%. For penetration in excess of 15%, the impact on the Utility's Distribution System operating requirements may no longer be minimal, and therefore, may require additional study.*

4. *Highly Seasonal Circuits include those with heavy irrigation loads in the summer or snowmaking loads in the winter. In Highly Seasonal Circuits, the 15% of Line Section annual peak load criterion could result in aggregate Generating Facility capacity exceeding load on the Line Section at times. Therefore, a lower threshold is applied for Highly Seasonal Circuits.*

5. *Aggregate Generating Facility capacity does not include generators that rarely run in parallel with the utility's Distribution System, such as back-up and emergency generators, because those generators have minimal impact on the Distribution System.*

Screen 4: For single phase interconnections only -- Is the aggregate generation capacity on the Shared Secondary, including the proposed Generating Facility, less than 65% of the nameplate rating of the service transformer?

- If Yes, continue to next screen.
- If No, the Generating Facility does not qualify for Simplified Interconnection. Perform Supplemental Review.

If the proposed Generating Facility is to be interconnected on a single-phase Shared Secondary, the aggregate Generating Facility capacity on the Shared Secondary, including the proposed Generating Facility, shall not exceed 65% of the transformer nameplate rating.

Screen 5: For single phase interconnections only -- Is the imbalance between the two sides of the 240 volt service less than 20% of the nameplate rating of the service transformer?

- If Yes, continue to next screen.
- If No, the Generating Facility does not qualify for Simplified Interconnection. Perform Supplemental Review.

If the proposed Generating Facility is single-phase and is to be interconnected on a center tap of a 120/240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.

Screen 6: Does the Facility use a Certified Inverter with a capacity rating of 10 kW or less?

- If Yes, the Generating Facility qualifies for Simplified Interconnection. Skip remaining screens.
- If No, continue to next screen.

Screen 7: Is the starting voltage dip less than 5% and have the flicker requirements of IEEE 519 been met?

- If Yes, continue to next screen.
- If No, perform Supplemental Review.

The Generating Facility must conform with two tests to pass Screen 7.

1. The first test is for starting voltage dip. The Utility has two options for determining whether the starting voltage dip is acceptable. The option to be used is at the Utility's discretion:

   a. Option 1: The Utility may determine that the Generating Facility's starting in-rush current is equal to or less than the continuous ampere rating of the Interconnection Customer's service equipment.

   b. Option 2: The Utility may determine the impedances of the service distribution transformer (if present) and the secondary conductors to the Interconnection Customer's service equipment and perform a voltage dip calculation. Alternatively, the Utility may use tables or nomographs to determine the voltage dip. Voltage dips caused by starting a Generating Facility must be less than 5%, when measured at the primary side (high side) of a dedicated distribution transformer serving the Generating Facility, for primary interconnections. The 5% voltage dip limit applies to the distribution transformer low side if the low side is shared with other customers and to the high side if the transformer is dedicated to the Interconnection Customer.

2. The second test is conformance with the relationship between voltage fluctuation and starting frequency presented in the table for flicker requirements in IEEE 519.

The significance of Screen 7:

1. *This Screen addresses potential voltage fluctuation problems that may be caused by Generating Facilities that start by motoring or large induction generators.*
2. *When starting, the Generating Facility should have minimal impact on the service voltage to other utility customers.*

3. *Properly designed inverter-based Generating Facilities should conform with the requirements of this screen.*

Screen 8: Is the Short Circuit Current Contribution Ratio within acceptable limits?

- If Yes, continue to next screen.
- If No, Perform Supplemental Review.

Screen 8 consists of two criteria; both of which must be met when applicable:

1. When measured at the primary side (high side) of a dedicated distribution transformer serving a Generating Facility, the sum of the Short Circuit Current Contribution Ratios of all Generating Facilities connected to utility's Distribution System circuit that serves the Generating Facility must be less than or equal to 0.1, and
2. When measured at the secondary side (low side) of a shared distribution transformer, the short circuit current contribution of the proposed Generating Facility must be less than or equal to 2.5% of the interrupting rating of the Generating Facility's service equipment. Total fault current cannot exceed interrupting capability of service equipment.

The significance of Screen 8: If the Generating Facility passes this screen it should have minimal impact on the utility Distribution System's short circuit duty, fault detection sensitivity, relay coordination or fuse-saving schemes.

Screen 9: Is the Line Type Configuration compatible with the interconnection type?

- If Yes, the Generating Facility qualifies for Fast Track Interconnection.
- If No, Perform Supplemental Review.

The purpose of Screen 9 is to identify the primary distribution line configuration that will serve the Generating Facility. Based on the type of interconnection to be used for the Generating Facility, the utility will determine from Table 2 if the proposed Generating Facility passes the screen.

Table 2

Primary Distribution Line Type Configuration	Type of Interconnection to be Made to Primary Distribution Line	Results/Criteria
Three-phase, three wire	Any type	Pass Screen
Three-phase, four wire	Single-phase, line-to-neutral	Pass Screen
Three-phase, four wire (For any line that has such a section OR mixed three wire and four wire)	All others	To pass, aggregate GF Nameplate Rating must be less than or equal to 10% of Line Section peak load

The significance of Screen 9: If the primary distribution line serving the Generating Facility is of a "three-wire" configuration, or if the Generating Facility's distribution transformer is single-phase and connected in a line-to-neutral configuration, then there is no concern about over-voltages to the utility's, or other customers' equipment caused by loss of system neutral grounding during the operating time of the non-islanding protective function.

6. NETWORK SCREENING PROCESS:

Notwithstanding Network Screens 1-2 below, each Utility may incorporate into its interconnection standards, any change in interconnection guidelines related to Network Systems pursuant to standards developed under IEEE 1547 and subparts when applicable for interconnections to Network Systems. To the extent the new IEEE standards or guides conflict with the interconnection standards set forth in this Section 6, the new standards or guides shall apply.

Network Screen 1: Does the Generating Facility use a Certified Inverter?

- If Yes, continue to next screen.
- If No, the Generating Facility does not qualify for Simplified Interconnection. Perform Supplemental Review.

Network Screen 2: Is the aggregated inverter-based generation less than 50% of the Secondary Network's <u>minimum</u> load?

- If Yes, the Generating Facility qualifies for Fast Track Process**.**
- If No, the Generating Facility does not qualify for Fast Track Process. Perform Supplemental Review.

The significance of Network Screen 2: For interconnection of a proposed Generating Facility to the load side of network protectors, the proposed Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed 50% of the Secondary Network's minimum load.

7. CUSTOMER OPTIONS MEETING AND SUPPLEMENTAL REVIEW:

7.1 Customer Options Meeting:

Within **ten (10) Business Days** of the Utility's completion of its initial review, the Utility shall offer to convene a Customer Options Meeting with the Utility to review possible Interconnection Customer facility modifications or the screen analysis and related results to determine what further steps are needed to permit the Generating Facility to be connected safely and reliably. At the time of notification of the Utility's determination, or at the Customer Options Meeting, the Utility shall:

A. Offer to perform facility modifications or minor modifications to the Utility's electric System (e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Utility's electric System and offer to continue the screening process; or

B. Offer to perform a Supplemental Review if the Utility concludes that the Supplemental Review might determine that the Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs and time of such review; or

C. Offer to continue evaluating the Interconnection Application under the Full Interconnection Study Process.

7.2 Supplemental Review:

A. If the Interconnection Customer agrees to a Supplemental Review, as described in this Section, the Interconnection Customer shall agree in writing within **fifteen (15) Business Days** of the offer, and submit a deposit for the estimated costs provided by the utility. The Interconnection Customer shall be responsible for the Utility's actual costs for conducting the Supplemental Review. The Interconnection Customer shall pay any review costs that exceed the deposit within **twenty (20) Business Days** of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced costs, the Utility will return such excess within **twenty (20) Business Days** of the invoice without interest. Within **ten (10) Business Days** following receipt of the deposit for a Supplemental Review, the Utility will complete the Supplemental Review. A Small Utility that uses a consultant to review an Interconnection Application may extend each of the time deadlines for review of the Fast Track Process by a period not to exceed **twenty (20) Business Days** provided that the Small Utility shall make a good faith effort to complete the review sooner.

B. If the Generating Facility can be interconnected safely and reliably, the Utility shall forward an executable interconnection agreement to the Interconnection Customer within **five (5) Business Days.**

1. If Interconnection Customer facility modifications are required to allow the Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under this Manual, the Utility shall forward an executable interconnection agreement to the Interconnection Customer within **five (5) Business Days** after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's cost.

2. If minor modifications to the Utility's electric System are required to allow the Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under the Fast Track Process, the Utility shall forward an executable interconnection agreement to the Interconnection Customer **within ten (10) Business Days** that requires the Interconnection Customer to pay the costs of such System modifications prior to interconnection.

C. If the Utility cannot determine within **ten (10) Business Days** that the Generating Facility can be interconnected safely and reliably, the Utility shall, if the Interconnection Customer agrees, continue to evaluate the Interconnection Application using the Full Interconnection Study Process.

8. SIMPLIFIED INTERCONNECTION-10 KW INVERTER PROCESS:

8.1 Availability:

The Simplified Interconnection process is available to an Interconnection Customer proposing to interconnect its Generating Facility to a non-Network System using a Certified Inverter that is 10 kW or smaller. The application process uses an all-in-one document that includes a simplified Interconnection Application, simplified procedures, and a brief set of terms and conditions.

8.2 Interconnection Application:

The Interconnection Customer completes the applicable Interconnection Application set forth in the Exhibits to this Manual, and submits it to the Utility.

8.3 Contact Information:

The Interconnection Customer must provide its contact information. If another Person is responsible for interfacing with the Utility, that contact information must be provided on the Application.

8.4 Notification of Receipt:

The Utility acknowledges to the Interconnection Customer receipt of the Interconnection Application within **three (3) Business Days** of receipt.

8.5 Notification of Application Status:

The Utility evaluates the Interconnection Application for completeness and notifies the Customer within **ten (10) Business Days** of receipt that the Interconnection Application is or is not complete and, if not, advises the Interconnection Customer what material is missing.

8.6 Initial Review:

Within **fifteen (15) Business Days o**f receipt of a complete Interconnection Application, the Utility shall conduct an initial review, which shall include the following criteria:

A. Applicable Screens: Screens 1 through 6. For interconnections to a Utility's Network System, the proposed Generating Facilities must also pass the Network Screening Process in Section 6, above.

B. No construction of facilities by the Utility on its own system shall be required to accommodate the Generating Facility.

8.7 Completed Application:

Unless the Utility determines and demonstrates that the Generating Facility cannot be interconnected safely and reliably, the Utility will provide the Interconnection Customer the

completed Interconnection Application in the form of Exhibit 1A, subject to the terms and conditions for simplified interconnections provided in Exhibit 3A.

8.8 Testing and Certification of Completion:

A. Following receipt of the completed Interconnection Application, Exhibit 1A, the Interconnection Customer may proceed with operational testing not to exceed two hours.

B. Upon completion, the Interconnection Customer provides written notice of completion to the Utility. Prior to parallel operation, the Utility may inspect the Generating Facility for compliance with standards, which may include a witness test, and may schedule appropriate metering replacement, if necessary. If the inspection is not satisfactory, the Utility has the right to disconnect the Generating Facility. The Utility is obligated to complete the inspection within **ten (10) Business Days** of the receipt of the notice of completion.

C. Within five (5) Business Days of the Utility's completion of inspection and testing or the Utility's waiver of the right to inspect and test, the Utility notifies the Interconnection Customer in writing, which may be delivered by fax or e-mail, that interconnection of the Generating Facility is authorized.

9. FAST TRACK PROCESS:

9.1 Availability:

The Fast Track Process is available to an Interconnection Customer if the Generating Facility is generally no larger than 2.0 MW and if the Interconnection Customer's proposed Generating Facility meets the codes, standards, and certification requirements of this Manual.

9.2 Notification of Receipt:

A Utility will acknowledge to the Interconnection Customer receipt of the Interconnection Application within **three (3) Business Days** of receipt.

9.3 Initial Review:

Within **fifteen (15) Business Days** after the Utility notifies the Interconnection Customer that it has received a complete Interconnection Application, the Utility shall perform an initial review using the screens set forth below and shall notify the Interconnection Customer of the results. A Small Utility that uses a consultant to review an Interconnection Application may extend each of the time deadlines for review of the Fast Track Process by a period not to exceed **twenty (20) Business Days** provided that the Small Utility shall make a good faith effort to complete the review sooner.

9.4 Applicable Screens:

All Screens 1-9. For interconnections to a Utility's Network System, the proposed Generating Facilities must also pass the network screening criteria.

A. If the proposed interconnection passes the screens, the Interconnection Application shall be approved and the Utility will provide the Interconnection Customer an executable interconnection agreement in the form of Exhibit 3B within **five (5) Business Days** after the determination.

B. If the proposed interconnection fails the screens, but the utility determines that the Generating Facility may nevertheless be interconnected the Utility will provide the Interconnection Customer an executable interconnection agreement in the form of Exhibit 3B within **five (5) Business Days** after the determination.

C. If the proposed interconnection fails the screens, but the Utility does not or cannot determine from the initial review that the Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the utility shall provide the Interconnection Customer with the opportunity to attend a Customer Options Meeting.

D. The Utility shall notify the Interconnection Customer and provide copies of the data and analyses underlying its conclusion within **five (5) Business Days**, if the Utility makes any of the following determinations:

1. The Interconnection Application cannot be approved without minor modifications at minimal cost,
2. The Interconnection Application cannot be approved without a Supplemental Review or other additional studies or actions by the Utility, or
3. The Interconnection Application may result in a significant cost to address safety, reliability, or power quality problems.

9.5 Inspection and Notification:

A. Following receipt of the completed executable Interconnection Agreement, the Interconnection Customer may proceed with operational testing not to exceed two hours.

B. Upon completion, the Interconnection Customer provides written notice of completion to the Utility. Prior to parallel operation, the Utility shall inspect the Generating Facility for compliance with standards and the Utility may attend any required commissioning tests pursuant to IEEE 1547.1. If the inspection is not satisfactory, the Utility has the right to disconnect the Generating Facility. The Utility is obligated to complete the inspection within **ten (10) Business Days** of the receipt of the notice of completion.

C. Within **five (5) Business Days** of the Utility's completion of inspection and testing or the Utility's waiver of the right to inspect and test, the Utility notifies the Interconnection Customer in writing, which may be delivered by fax or e-mail, that interconnection of the Generating Facility is authorized.

D. The Interconnection Customer shall notify the Utility if there is any anticipated change in the proposed date of initial interconnected operations of the Generating Facility.

10. FULL INTERCONNECTION STUDY:

10.1 Availability:

The Full Interconnection Study process shall be used for an Interconnection Customer proposing to interconnect its Generating Facility with the Utility's System if the Generating Facility is not larger than 10 MW and (1) does not include a Certified Equipment Package, or (2) includes a Certified E quipment Package but did not pass the Fast Track Process or the Simplified Interconnection 10 kW Inverter Process. A Full Interconnection Study shall provide an in-depth engineering review of the interconnection addressing all aspects of generator performance and grid interaction and take into account the unique circumstances that require the Full Interconnection Study

10.2 Notification of Receipt:

The Utility shall notify the Interconnection Customer of the receipt of the Interconnection Application or the transfer from the Simplified or Fast Track interconnection procedures within **three (3) Business Days**.

10.3 Notification of Application Status:

The Utility shall evaluate the Interconnection Application and notify the Interconnection Customer within **ten (10) Business Days** of receipt that the Interconnection Application is complete or incomplete. If the Interconnection Application is incomplete, the Utility shall provide notice to the Interconnection Customer and a written list that describes all information that must be provided to complete the Interconnection Application. When the Interconnection Application is complete, the Utility shall assign a queue position based on the date of receipt of the completed Interconnection Application.

10.4 Scoping Meeting:

The Utility will conduct an initial review that includes a scoping meeting with the Interconnection Customer, if applicable, within **ten (10) Business Days** of determination that an Interconnection Application is complete. At the scoping meeting the Utility shall provide pertinent information such as: the available fault current at the proposed location, the existing peak loading on the lines in the general vicinity of the proposed Generation Facility, and the configuration of the distribution lines at the proposed Point of Common Coupling. By mutual agreement of the Parties, the Feasibility Study, Impact Study or Facilities Study may be waived.

10.5 Feasibility Study:

At the Interconnection Customer's request and within **five (5) Business Days** of the scoping meeting, the Utility will provide a good faith estimate of the cost and time to undertake a Feasibility Study that provides a preliminary review of the potential impacts on the Distribution System from the proposed interconnection and a proposed Feasibility Study agreement. The Feasibility Study will provide a preliminary review of short circuit currents, including

contribution from the proposed Generation Facility, and coordination and potential overloading of distribution circuit protection devices. If the Interconnection Customer agrees to the Feasibility Study, the Interconnection Customer shall provide an executed agreement and a deposit for the estimated costs provided by the Utility.

10.6 Impact Study:

If the Feasibility Study determines that an Impact Study is not required, the Impact Study may be waived by mutual agreement. If an Impact Study is required, within **ten (10) Business Days** of the completion of the Feasibility Study, the Utility shall provide to the Interconnection Customer an Impact Study agreement, including a cost estimate for the Impact Study. Once the Interconnection Customer executes the Impact Study agreement and pays a deposit pursuant to the good faith estimate contained therewith, the Utility shall conduct the Impact Study.

10.7 Interconnection Equipment:

For Generating Facilities that use certified interconnection equipment, no review of the interconnection equipment is required.

10.8 Utility System Modifications:

A. If the Utility determines that the Utility's electric System modifications required to accommodate the proposed interconnection are not substantial, the Impact Study will identify the scope and cost of the modifications as defined in the Impact Study results and no Facilities Study shall be required.

B. If the Utility determines that the System modifications to the utility's electric System are substantial, the results of the Impact Study will provide a good faith estimate for the modification costs (within ± 25 percent). The detailed costs of, and the electric System modifications necessary to interconnect the proposed Generating Facility shall be identified in a Facilities Study to be completed by the Utility.

10.9 Facilities Study:

A Facilities Study agreement, with a good faith estimate of the cost of completing the Facilities Study, shall be submitted to the Interconnection Customer for approval. Once the Interconnection Customer executes the Facilities Study agreement and pays pursuant to the terms thereof, the Utility shall conduct the Facilities Study.

10.10 Interconnection Agreement:

Within **five (5) Busines s Days** of completion of the Impact Study and/or Facilities Study, the Utility shall send the Interconnection Customer an executable interconnection agreement including a quote for any required electric System modifications. Within **thirty (30) Business Days** of the receipt of an interconnection agreement, the Interconnection Customer shall execute and return the interconnection agreement.

10.11 Interconnection Milestones:

The Facilities Study shall indicate the milestones for completion of the Interconnection Customer's installation of its Generation Facility and the Utility's completion of any electric System modifications, and the milestones from the Facilities Study (if any) shall be incorporated into the interconnection agreement.

10.12 Generating Facility Installation Compliance:

The Utility shall inspect the completed Generating Facility installation for compliance with requirements and attend any required commissioning tests pursuant to IEEE Standard 1547.1. Provided that any required commissioning tests are satisfactory, the Utility shall notify the Interconnection Customer in writing that operation of the Generating Facility. The Interconnection Customer shall notify the Utility if there is any anticipated change in the proposed date of initial interconnected operations of the Generating Facility.

11. OPERATING REQUIREMENTS:

11.1 Power Quality:

Power quality, including but not limited to harmonic limits and flicker requirements, shall be consistent with recommendations in IEEE 1547.

11.2 Disconnection:

If the Utility determines that any equipment connected to the Utility's System is problematic or unsafe, the Utility may disconnect the Generating Facility from the Utility's System and provide the Interconnection Customer with written justification for its determination.

12. DEFINITIONS:

Business Day means Monday through Friday, excluding holidays observed by the Utility.

Certified Equipment Package means interconnection equipment that has been tested and listed by a nationally recognized testing and certification laboratory (NRTL) for continuous interactive operation with a utility grid and meets the definition for certification under Order 2006, issued by the Federal Energy Regulatory Commission on May 12, 2005, in Docket No. RM02-12-000. The extent of the equipment package is defined by the type test performed to certify the package under 1547.1.

Certified Inverter means an inverter that has been tested and listed by a nationally recognized testing and certification laboratory (NRTL) for continuous interactive operation with a utility grid and meets the definition for certification under Order 2006, issued by the Federal Energy Regulatory Commission on May 12, 2005, in Docket No. RM02-12-000.

Distribution System means the Utility's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades means the additions, modifications, and upgrades to the Utility's Distribution System at or beyond the Point of Common Coupling to facilitate interconnection of the Generating Facility and render the service necessary to effect the Interconnection Customer's operation of on-site generation. Distribution Upgrades do not include Interconnection Facilities.

Facility Study means the facilities study that specifies and estimates the cost of the equipment, engineering, procurement, and construction work (including overheads) needed to implement the conclusions of the System Impact Study.

Feasibility Study means the study that identifies any potential adverse System impacts that would result from the interconnection of the Generating Facility.

Generating Facility means the Interconnection Customer's device for the production of electricity identified in the Interconnection Application, including all generators, electrical wires, equipment, and other facilities owned or provided by the Interconnection Customer for the purpose of producing electric power.

Grid Network means a Secondary Network system with geographically separated network units where the network-side terminals of the network protectors are interconnected by low-voltage cables that span the distance between sites. The low-voltage cable circuits of Grid Networks are typically highly meshed and supplied by numerous network units. Grid Network is also commonly referred to as area network or street network.

Highly Seasonal Circuit means a circuit with a ratio of annual peak load to off-season peak load greater than six (6).

Impact Study means a System impact study that identifies and details the electric System impacts that would result if the proposed Generating Facility were interconnected without project modifications or electric System modifications, focusing on the adverse System impacts identified in the Feasibility Study, or to study potential impacts, including but not limited to those identified in the scoping meeting. A System Impact Study shall evaluate the impact of the proposed interconnection on the reliability of the electric System.

Interconnection Application means the request by an Interconnection Customer to interconnect a new Generating Facility, or to increase the capacity or make a material modification to the operating characteristics of an existing Generating Facility that is interconnected with the Utility's System.

Interconnection Costs means the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administration incurred by the Utility which are directly related to the installation and maintenance of the physical facilities necessary to permit

interconnected operations with a Generating facility to the extent such costs are in excess of the corresponding costs which the Utility would have incurred if it had not engaged in interconnected operations but instead generated an equivalent amount of power itself or purchased an equivalent amount of power from other sources. Interconnection costs do not include any costs included in the calculation of avoided costs pursuant to 17.9.570 NMAC.

Interconnection Customer means any person that proposes to interconnect its Generating Facility with the Utility's System.

Interconnection Facilities means the Utility's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Common Coupling, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Utility's System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades.

Line Section means that portion of a Utility's System connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

Minimum Daytime Loading means the lowest daily peak in the year on the Line Section.

Network System means a collection of Spot Networks, Secondary Networks, or combinations of such networks on a Primary Network Feeder or Primary Network Feeders that supply them. This may also consist of primary feeders networked ("tied together") to supply connected loads.

Network Transformer means a transformer designed for use in a vault to feed a variable capacity system of interconnected secondaries.

Party means the Utility and the Interconnection Customer separately or in combination.

Person for purposes of this Manual means an individual, firm, partnership, company, rural electric cooperative organized under Laws 1937, Chapter 100 or the Rural Electric Cooperative Act, corporation or lessee, trustee or receiver appointed by any court.

Point of Common Coupling means the point where the Interconnection Facilities connect with the Utility's System.

Power Conversion Unit (PCU) means an inverter or AC generator, not including the energy source.

Primary Network Feeder means a feeder that supplies energy to a Network System or the combination of a Network System and other radial loads. Dedicated Primary Network Feeders are feeders that supply only Network Transformers for the Grid Network, the Spot Network, or both. Non-dedicated Primary Network Feeders, sometimes called combination feeders, are feeders that supply both Network Transformers and non-network load.

Qualifying Facility means a cogeneration facility or a small power production facility which meets the criteria for qualification contained in 18 C.F.R. Section 292.203.

Rated Capacity. means the total AC nameplate rating of the Power Conversion Unit(s) at the Point of Common Coupling.

Secondary Network means the low-voltage circuits supplied by the network units (the Network Transformer and its associated network protector).

Secondary Network System means an AC power Distribution System in which Customers are served from three-phase, four-wire low-voltage circuits supplied by two or more Network Transformers whose low-voltage terminals are connected to the low-voltage circuits through network protectors. The Secondary Network system has two or more high-voltage primary feeders, with each primary feeder typically supplying multiple Network Transformers, depending on network size and design. The Secondary Network system includes automatic protective devices intended to isolate faulted primary feeders, Network Transformers, or low-voltage cable sections while maintaining service to the customers served from the low-voltage circuits.

Shared Secondary means any connection on the secondary side of a distribution transformer that serves more than one customer.

Short Circuit Current Contribution Ratio means the ratio of the Generating Facility's short circuit contribution to the short circuit contribution provided through the Utility's Distribution System for a three-phase fault at the high voltage side of the distribution transformer connecting the Generating Facility to the Utility's System.

Small Utility means a Utility that serves less than 50,000 customers.

Spot Network means a Secondary Network system consisting of two or more network units at a single site. The low-voltage network side terminals of these network units are connected together with bus or cable. The resulting interconnection structure is commonly referred to as the "paralleling bus" or "collector bus." In Spot Networks, the paralleling bus does not have low-voltage ties to adjacent or nearby Secondary Network systems. Such Spot Networks are sometimes called isolated spot networks to emphasize that there are no low-voltage connections to network units at other sites.

Study Process means the procedure for evaluating an Interconnection Application that includes the Full Interconnection Study scoping meeting, Feasibility Study, System Impact Study, and Facilities Study.

System means the facilities owned, controlled, or operated by the Utility that are used to provide electric service under a Utility's tariff.

System Emergency means a condition on a Utility's System that is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property.

Upgrade means the required additions and modifications to the Utility's System at or beyond the Point of Common Coupling. Upgrades do not include Interconnection Facilities.

Utility means a utility or public utility as defined in NMSA 62-3-3 (G) serving electric customers subject to the jurisdiction of the Commission.

Socorro Electric Cooperative Inc.

NMPRC RULE 568 EXHIBIT 1A

Simplified Interconnection Application-Certified Inverter-Based Generating Facilities

With a Rated Capacity up to and including 10kW AC

Please return completed application to Socorro Electric Cooperative, Inc. This Application is considered complete when it provides all applicable and correct information required below. Additional information to evaluate the Application may be required.

Processing Fee

A fee of $50 must accompany this Application.

Interconnection Customer

Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Engineering Firm (If Applicable): _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

_____

Generating Facility Information: _____

Location (if different from above): _____

GPS Location: _____

Electric Service Company: _____

Account Number: _____

Generator 10 kW Inverter Process: _____

Inverter Manufacturer: _____ Model _____

Nameplate Rating: _____ (kW) _____ (kVA) _____ (AC Volts)

Single Phase _____ Three Phase _____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover: Photovoltaic Reciprocating Engine Fuel Cell Turbine
Other (describe) _____

Energy Source: Solar Wind Hydro Diesel Natural Gas Fuel Oil
Other (describe) _____

Is the equipment UL1741 Listed? Yes ____ No ____

If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: _____ Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Attachment 3 of the Generator Interconnection Procedures (SGIP), or the QRU has reviewed the design or tested the proposed Generating Facility and is satisfied that it is safe to operate.

List components of the Generating Facility equipment package that are currently certified:

	Equipment Type	Certifying Entity
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Generating Facility No Larger than 10kW contained in the New Mexico Interconnection Manual, Exhibit 3A and return the notice of completion when the Generating Facility has been installed.

Signed:_____ Date: _____

Title:_____

Utility Signature

The undersigned Utility agrees to abide by the Terms and Conditions contained in the New Mexico Interconnection Manual, Exhibit 3A and that optional paragraph 6.0 Indemnification □ applies □ does not apply.

Signed:_____ Date: _____

Title:_____

EXHIBIT 2
Certification Codes and Standards

IEEE 1547-2003 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

IEEE 1547.1-2005 ---

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2005), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withst and Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms

NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

EXHIBIT 3A

Simplified Interconnection

Terms and Conditions for

Generating Facilities With a Rated Capacity up to and Including 10kW

1.0 Construction of the Facility

The Interconnection Customer (the "Customer") may proceed to construct the Generating Facility when the utility approves the Interconnection Application (the "Application") and returns it to the Customer.

2.0 Interconnection and Operation

The Customer may operate Generating Facility and interconnect with the utility's electric system once all of the following have occurred:

2.1 Upon completing construction, the Customer will cause the Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and

2.2 The Customer returns the Certificate of Completion to the utility, and

2.3 The utility has completed its inspection of the Generating Facility. All inspections must be conducted by the utility, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The utility shall provide a written statement that the Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place.

2.4 The utility has the right to disconnect the Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

3.0 Safe Operations and Maintenance

The Customer shall be fully responsible to operate, maintain, and repair the Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 Access

The utility shall have access to the disconnect switch and metering equipment of the Generating Facility at all times. The utility shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 Disconnection

The utility may temporarily disconnect the Generating Facility upon the following conditions:

5.1 For scheduled outages per notice requirements in the utility's tariff or Commission rules.

5.2 For unscheduled outages or emergency conditions pursuant to the utility's tariff or Commission rules.

5.3 If the Generating Facility does not operate in the manner consistent with these Terms and Conditions.

5.4 The utility shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 Indemnification [Optional]

The Interconnection Customer shall indemnify and hold harmless the Utility against all damages, expenses and other obligations to third parties attributable to the negligence, strict liability or intentional acts of the Interconnection Customer. The Utility shall indemnify and hold harmless the Interconnection Customer against all damages, expenses and other obligations to third parties attributable to the negligence, strict liability or intentional acts of the Utility. The terms "Utility" and "Interconnection Customer," for purposes of this indemnification provision, include their officers, directors, trustees, managers, members, employees, representatives, affiliates, successors and assigns.

7.0 Insurance

All Generating facilities with a rated capacity of 10kW or less are strongly urged to obtain liability insurance to cover risks, liablities, and consequences which may arise as a result of interconnection with the Utility System.

8.0 Limitation of Liability

Except in the event of acts of willful misconduct, each Party's liability to the other Party for failure to perform its obligations under this Agreement, shall be limited to the amount of direct damage actually incurred. Neither Party shall be liable to the other Party for any punitive, incidental, indirect, spevial, or consequential damages of any kind whatsoever, including for loss of business opportunity or profits, regardless of whether such damages were foreseen.

Notwithstanding any other provision in this Agreement, with respect to Utility's provision of electric service to any customer including the Interconnection Customer, the Utility's liability to such customer shall be limited as set forth in the Utility's tariffs and terms and conditions for electric service, and shall not be affected by the terms of this Agreement.

9.0 Termination

The agreement to interconnect may be terminated under the following conditions:

9.1 **By the Customer:** By providing written notice to the utility.

9.2 **By the utility:** If the Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

9.3 **Permanent Disconnection:** In the event the is Agreement is terminated, the utility shall have the right to disconnect its facilities or direct the Customer to disconnect its Generating Facility.

9.4 **Survival Rights:** This Agreement shall continue in effect after termination to the extent necessary to allow or require either Party to fulfill rights or obligations that arose under the Agreement.

10.0 Assignment/Transfer of Ownership of the Facility

This Agreement shall survive the transfer of ownership of the Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the utility.

EXHIBIT 3B

Interconnection Agreement
Generating Facilities With a Rated Capacity No Greater than 10 MW and Not Qualified for Simplified Interconnection

This Generating Facility Interconnection Agreement ("Agreement") is entered into by and between _____ ("Utility") and _____ ("Interconnection Customer"). The Interconnection Customer and the Utility are sometimes referred to in this Agreement jointly as "Parties" or individually as a "Party".

In consideration of the mutual promises and obligations stated in this Agreement and its appendices, the Parties agree as follows:

I. SCOPE AND PURPOSE

A) This Agreement is intended to provide for the Interconnection Customer to interconnect and operate the Generating Facility in parallel with the Utility's System. Appendix A provides a one-line diagram of the Generating Facility and the Point of Common Coupling. Appendix B provides a description of the Generating Facility and its location.

B) This Agreement contains the terms and conditions under which the Interconnection Customer may interconnect the Generating Facility to the Utility. This Agreement does not authorize the Interconnection Customer to export power or constitute an agreement to purchased or wheel the Interconnection Customer's power. Other services that the Interconnection Customer may require from the Utility, or others, may be covered under separate agreements.

C) This Agreement allows for the occasional and inadvertent export of energy to the Utility, though it does not constitute an agreement by the Utility to purchase or pay for any energy, inadvertently or intentionally exported.

D) This Agreement does not constitute a request for, nor the provision of any transmission delivery service or any local distribution delivery service.

E) The technical requirements for interconnection are provided in New Mexico Administrative Code 17.9.568, which incorporates by reference the New Mexico Interconnection Manual ("Manual"). Rule 17.9.568 and the Manual are incorporated and made part of this Agreement by this reference.

II. DEFINITIONS

"Agreement" means this Generating Facility Interconnection Agreement and its appendices.

"Business Day" means Monday through Friday, excluding holidays observed by the Utility.

"Commission" means the New Mexico Public Regulation Commission.

"Generating Facility" means the Interconnection Customer's device for the production of electricity identified in the Interconnection Application, including all generators, electrical wires, equipment, and other facilities owned or provided by the Interconnection Customer for the purpose of producing electric power.

"Generator" means any device producing electrical energy, including rotating generators driven by wind, steam turbines, internal combustion engines, hydraulic turbines, solar panels, fuel cells, or any other electric producing device, including energy storage technologies.

"Interconnection Application" means the request by an Interconnection Customer to interconnect a new Generating Facility, or to increase the capacity or make a material modification to the operating characteristics of an existing Generating Facility that is interconnected with the Utility's System.

"Interconnection Customer" is the person or entity so defined in the first paragraph of this Agreement.

"Interconnection Facilities" means the Utility's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Common Coupling, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Utility's System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades.

"Manual" is the New Mexico Interconnection Manual incorporated by reference into New Mexico Administrative Code 17.9.568.

"Point of Common Coupling" means the point where the Interconnection Facilities connect with the Utility's System.

"Rated Capacity" when used with respect to solar PV systems means 85% of the combined DC name plate rating of the solar panels. When used with respect to any other Generating Facility, Rated Capacity means the name plate rating of the Generating Facility.

"System" means the facilities owned, controlled, or operated by the Utility that are used to provide electric service under a Utility's tariff.

"System Emergency" means a condition on the Utility's System that is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property.

"Upgrade" means the required additions and modifications to the Utility's System at or beyond the Point of Common Coupling. Upgrades do not include Interconnection Facilities.

"Utility" is the entity so defined in the first paragraph of this Agreement.

III. GENERATING FACILITY DESCRIPTION

A) A single-line diagram of the Generating Facility is attached to and made part of this Agreement as Appendix A. The single line diagram shows the general arrangement of how the Generating Facility is interconnected with the Utility's System and shows all major equipment, including visual isolation equipment, Point of Common Coupling, ownership of equipment and meter location(s).

B) A description of the Generating Facility is attached to and made a part of this Agreement as Appendix B. Appendix B is standard form that provides the engineering and operating information about the Generating Facility, including the Generating Facility's Rated Capacity and scheduled operational (on-line) date.

IV. RESPONSIBILITIES OF THE PARTIES

A) The Parties shall perform all obligations of this Agreement in accordance with all applicable laws and regulations.

B) The Interconnection Customer shall design, construct, operate and maintain the Generating Facility inaccordance with the equipment manufacturers' recommended maintenance schedules, the Manual and applicable laws and regulations, including local building codes and other applicable ordinances.

C) Interconnection of the Generating Facility in no way effects the Utility's obligation to serve the Utility's customer at whose location the Generating Facility is sited pursuant to the tariffs applicable to the customer's class of service.

D) The Interconnection Customer is responsible for the actual costs to interconnect and test the Generating Facility with the Utility to the extent required by the Manual. Estimates of these costs are out lined in Appendix C. While estimates, for budgeting purposes, have been provided in Appendix C, the actual costs are still the responsibility of the Interconnection Customer, even if they exceed the estimated amount(s). All costs, for which the Interconnection Customer is responsible, must be reasonable under the circumstances of the design and construction.

E) The Inter connection Customer shall grant to the Utility, at no expense to the Utility, all easements and rights-of-way necessary for the Utility to install, operate, maintain, replace, and remove the Utility's Interconnection Facilities and Upgrades, including, but not limited to, adequate and continuous access rights to property owned or controlled by the Interconnection Customer. If any part of the Interconnection Facilities or Upgrades is to be installed on property owned by any person who is not a party to this Agreement, the Interconnection Customer shall, at no expense to the Utility, obtain f rom the owner of the property all such necessary easements and rights-of-way for the Utility. The Utility has no obligation to commence procurement, installation or construction of the Utility's Interconnection Facilities or Upgrades until the Interconnection Customer has provided all documents the Utility deems necessary to enable the Utility to obtain and record such easements and rights-of-way.

F) Upgrades:

   a) The Utility shall design, construct, operate and maintain the Upgrades outlined in Appendix C in a good and workmanlike manner, and in

accordance with standard design and engineering practices , the Manual and applicable laws and regulations, including local building codes and other applicable ordinances.

b) Once installed, the Upgrades shall be owned and operated by the Utility and all costs associated with the operating and maintenance of the Upgrades, after the Generating Facility is operational, shall be the responsibility of the Utility, unless otherwise agreed.

c) The Interconnection Customer grants permission for the Utility to begin construction and to procure the necessary facilities and equipment to complete the installation of the Upgrades, as outlined in Appendix C. The Interconnection Customer may, for any reason, cancel or modify the Generating Facility project, so that any or all of the Upgrades are not required to be installed. If for any reason, the Generating Facility project is canceled or modified, so that any or all of the Upgrades are not required, the Interconnection Customer shall be responsible for all costs incurred by the Utility, including, but not limited to the additional costs to remove and/or complete the installation of the Upgrades. The Interconnection Customer shall provide written notice to the Utility of cancellation or modification. Upon receipt of a cancellation or modification notice, the Utility shall take reasonable steps to minimize additional costs to the Interconnection Customer, where reasonably possible.

G) Payments:

1) The Interconnection Customer shall provide for the payment of its obligations under this Agreement in one of the following ways:

i. The Interconnection Customer may pay the Utility the costs identified in Appendix C at the time the Parties execute this Agreement; or

ii. The Interconnection Customer may pay the Utility in accordance with Section IV.G(2) if, at the time the Parties execute this Agreement, the Interconnection Customer provides reasonably adequate assurance of its creditworthiness to the Utility. Reasonably adequate assurance may be satisfied by evidence of the Interconnection Customer's creditworthiness, or a letter of credit in an amount sufficient to cover the costs id entified in Appendix C, or a guaranty from another entity accompanied by evidence of that entity's creditworthiness.

2) If the Interconnection Customer provides for assurance of creditworthiness in accordance with Section I V.G(1)(ii), the Utility will invoice the Interconnection Customer monthly for all amounts expended and all amounts for which the Utility has become obligated since the execution of this Agreement or the prior monthly invoice. The Interconnection Customer will pay each such invoice within 20 days.

V. TERM AND TERMINATION

A) This Agreement becomes effective when the Interconnection Customer and the Utility have both signed this Agreement. The Agreement shall continue in full force and effect until the earliest date that one of the following events occurs:

1) The Parties agree in writing to terminate the Agreement;

2) The Interconnection Customer terminates this Agreement by written notice to the Utility prior to the completion of the final acceptance testing of the Generating Facility by the Utility;
3) The Utility terminates this Agreement after 30 days written notice to the Interconnection Customer if the Interconnection Customer has failed to comply with the payment or creditworthiness terms of Section IV.G and has not taken appropriate corrective action;
4) The Utility terminates this Agreement after three days written notice to the Interconnection Customer if the Interconnection Customer does not obtain and deliver the easements and rights-of-way described in Section IV.E to the Utility within 90 days of the Utility's request for such easements and rights-of-way;
5) Once the Generating Facility is operational, the Interconnection Customer terminates this Agreement after 30 days written notice to the Utility, unless otherwise agreed; or,
6) The Utility terminates this Agreement after 30 days written notice to the Interconnection Customer if the Interconnection Customer fails to:

   i. take all corrective actions specified in the Utility's written notice that the Generating Facility is out of compliance with the terms of this Agreement or the Manual within the time frame set forth in such notice, provided that the terms and timeframes stated by the Utility conform to this Agreement and the Manual; or

   ii. to complete construction of the Generating Facility within 24 months of the date of this Agreement or as otherwise agreed.

B) Upon termination of this Agreement the Utility may disconnected the Generating Facility from the Utility's System. The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing, at the time of the termination.

VI. OPERATIONAL ISSUES

A) Costs: Each Party will, at its own cost and expense, operate, maintain, repair and inspect, and shall be fully responsible for, the facilities which it now or hereafter may own, unless otherwise specified.
B) Right of Access: At all times, the Utility's personnel shall have access to the disconnect switch of the Generating Facility for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement, to meet its obligation to operate the Utility safely and to provide service to its customers. If necessary for the purposes of this Agreement, the Interconnection Customer shall allow the Utility access to the Utility's equipment and facilities located on the premises.
C) Cooperation and Coordination: Both the Utility and the Interconnection Customer shall communicate and coordinate their operations, so that the normal operation of the Utility does not unduly effect or interfere with the normal

operation of the Generating Facility and the Generating Facility does not unduly effect or interfere with the normal operation of the Utility. Under abnormal operations of either the Generating Facility or the Utility system, the responsible Party shall provide timely communication to the other Party to allow mitigation of any potentially negative effects of the abnormal operation of their system.

D) Disconnection of Unit: The Utility may disconnect the Generating Facility as reasonably necessary for the following reasons: termination of this Agreement; non-compliance with this Agreement; System Emergency, and routine maintenance, repairs and modifications to the Utility's System. When reasonably possible the Utility shall provide prior notice to the Interconnection Customer explaining the reason for the disconnection. If prior notice is not reasonably possible the Utility shall after the fact, provide information to the Interconnection Customer as to why the disconnection was required. The Utility shall expend reasonable effort to reconnect the Generating Facility in a timely manner and to mitigate damages and losses to the Interconnection Customer.

E) Modifications to the Generating Facility: The Interconnection Customer shall notify the Utility in writing of any proposed modifications to the Generating Facility that could affect the Utility's System, providing twenty (20) Business Days notice or as many days notice as is reasonably possible. The notice shall provide all information needed by the Utility as part of the review described in this paragraph. Modifications that could affect the Utility's System include any change affecting the Generating Facility's Rated Capacity and any modification of Interconnection Facilities, which include without limitation: protective systems, generation control systems, transfer switches/breakers, voltage transformers and current transformers. When reasonably possible the Interconnection Customer agrees not to make any material modifications to the Generating Facility until the Utility has approved the modifications, in writing, which approval shall not be unreasonably withheld. The Utility shall not take longer than ten (10) Business Days to review and respond to the proposed modifications after the receipt of the information required to review the modifications, and if the Utility fails to respond within ten (10) Business Days, the modification(s) shall be considered to be approved by the Utility. When it is not reasonably possible for the Interconnection Customer to provide prior written notice of modifications, the Interconnection Customer shall provide written notice to the Utility as soon as reasonably possible after the modifications have been made.

F) Permits and Approvals: The Interconnection Customer shall obtain all environmental and other permits lawfully required by governmental authorities prior to the construction of the Generating Facility. The Interconnection Customer shall also maintain these applicable permits and compliance with these permits during the term of this Agreement.

VII. INDEMNIFICATION AND LIMITATION OF LIABILITY

A) The Interconnection Customer shall indemnify and hold harmless the Utility against all damages, expenses and other obligations to third parties attributable to the negligence, strict liability or intentional acts of the Interconnection Customer. The Utility shall indemnify and hold harmless the Interconnection Customer against all damages, expenses and other obligations to third parties attributable to the negligence, strict liability or intentional acts of the Utility. The terms "Utility" and "Interconnection Customer," for purposes of this indemnification provision, include their officers, directors, trustees, managers, members, employees, representatives, affiliates, successors and assigns.

B) Except in the event of acts of willful misconduct, each Party's liability to the other Party for failure to perform its obligations under this Agreement, shall be limited to the amount of direct damage actually incurred. Neither Party shall be liable to the other Party 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.

C) Notwithstanding any other provision in this Agreement, with respect to Utility's provision of electric service to any customer including the Interconnection Customer, the Utility's liability to such customer shall be limited as set forth in the Utility's tariffs and terms and conditions for electric service, and shall not be affected by the terms of this Agreement.

VIII. DISPUTE RESOLUTION

A) Each Party agrees to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner.

B) In the event a dispute arises under this Agreement, the Parties may mutually agree to submit the dispute to mediation by a mutually acceptable mediator or either party may request that the New Mexico Public Regulatory Regulation Commission designate a facilitator to assist the Parties to resolve their dispute.

IX. INSURANCE

[*This Section shall either state that "the Interconnection Customer is not required to maintain insurance unless so ordered by the Commission for good cause upon the petition of a Utility" or, for Generating Facilities with Rated Capacity greater than 250 kW, the Utility may include the following provisions:*

A) *The Interconnection Customer shall maintain, during the term of the Agreement, general liability insurance from a qualified insurance agency with a B+ or better rating by "Best" and with a combined single limit of not more than one million dollars ($1,000,000). Such general liability insurance shall include coverage against claims for damages resulting from (i) bodily injury, including wrongful death; and (ii) property damage arising out of the Interconnection Customer's ownership and/or operation of the Generating Facility under this Agreement.*

B) *The general liability insurance required by Section IX.A shall, by endorsement to the policy or policies, (a) include the Utility as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide*

that the Utility shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for the payment of premium for such insurance; and (d) provide for thirty (30) calendar days written notice to the Utility prior to cancellation, termination, alteration, or material change of such insurance.

C) *The Interconnection Customer shall furnish the insurance certificates and endorsements required by Sections IX.A and IX.B to the Utility prior to the initial operation of the Generating Facility. Thereafter, the Utility shall have the right to periodically inspect or obtain a copy of the original policy or policies of insurance.*

D) *The general liability insurance required by Section IX.A shall state that coverage provided is primary and is not excess to or contributing with any insurance or self-insurance maintained by the Utility.*

E) *The Interconnection Customer may elect to self-insure rather than complying with Sections IX.A through IX.D if:*

1) *The Interconnection Customer provides to the Utility, at least thirty (30) days prior to the date of initial operation, a plan reasonably acceptable to the Utility to self-insure to a level of coverage equivalent to that required under Section IX.A; and,*

2) *The Interconnection Customer agrees to immediately obtain the coverage required under Section IX.A if the Interconnection Customer fails to comply with its self-insurance plan.*

F) *Failure of the Interconnection Customer or Utility to enforce the minimum levels of insurance does not relieve the Interconnection Customer from maintaining such levels of insurance or relieve the Interconnection Customer of any liability.*

G) *All insurance certificates, statements of self-insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following address:*

[Utility]
Attention: Manager of Generation Insurance

_____

_____

X. MISCELLANEOUS

A) Force Majeure: Force majeure shall mean any cause beyond the control of the Party affected, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, [labor dispute,] labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence, it shall be unable to overcome. If either Party, because of force majeure, is rendered wholly or partly unable to perform its obligations

under this Agreement, except for the obligation to make payments of money, that Party shall be excused from whatever performance is affected by the force majeure to the extent so affected, provided that:

1) the nonperforming Party, within a reasonable time after the occurrence of the force majeure, gives the other Party written notice describing the particulars of the occurrence;
2) the suspension of performance is of no greater scope and of no longer duration than is required by the force majeure; and
3) the nonperforming Party uses its best efforts to remedy its inability to perform. [This subparagraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the disputes.]

B) Notices: Any written notice, demand, or request required or authorized in connection with this Agreement shall be deemed properly given if delivered in person, sent by first class mail with postage prepaid, or sent by electronic mail as specified below:

1) To the Utility:

_____

_____

_____

Email: _____

2) To the Interconnection Customer:

_____

_____

_____

_____

Email: _____

2) A Party may change its address for notices at any time by providing the other Party written notice of the change, in accordance with this Section.
3) The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, phone numbers and electronic mail addresses may be communicated or revised by one Party's notice to the other Party.

C) Assignment: The Interconnection Customer shall not assign its rights nor delegate its duties under this Agreement without the Utility's written consent.

Any assignment or delegation the Interconnection Customer makes without the Utility's written consent shall not be valid. The Utility shall not unreasonably withhold its consent to the Generating Entities assignment of this Agreement.

D) Non-waiver: None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

E) Governing Law and Inclusion of Utility's Tariffs and Rules:
   1) This Agreement shall be interpreted, governed and construed under the laws of the State of New Mexico as if executed and to be performed wholly within the State of New Mexico without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.
   2) The interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the tariff schedules and Commission rules applicable to the electric service provided by the Utility, which tariff schedules and Commission rules are hereby incorporated into this Agreement by this reference.
   3) Notwithstanding any other provisions of this Agreement, the Utility shall have the right to unilaterally file with the Commission, pursuant to the Commission's rules and regulations, an application for change in rates, charges, classification, service, tariff or rule or any agreement relating thereto.

F) Amendment and Modification: This Agreement can only be amended or modified by a writing signed by both Parties.

G) Entire Agreement: This Agreement, including its Appendices, constitutes the entire Agreement between the Parties with regard to the interconnection of the Generating Facility of the Parties at the Point(s) of Common Coupling expressly provided for in this Agreement and supersedes all prior agreements or understandings, whether verbal or written. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on the promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the incorporated attachments and appendices.

H) Confidential Information: Except as otherwise a greed or provided herein, each Party shall hold in confidence and shall not disclose confidential information, to any person (except employees, officers, representatives and agents, who agree to be bound by this section). Confidential information shall be clearly marked as such on each page or otherwise affirmatively identified. If a court, government agency or entity with the right, power, and authority to do so, requests or requires either Party, by subpoena, oral disposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose

confidential information, that Party shall provide the other Party with prompt notice of such request(s) or requirements(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this Agreement. In the absence of a protective order or waiver the Party shall disclose such confidential information which, in the opinion of its counsel, the party is legally compelled to disclose. Each Party will use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any confidential information so furnished.

I) Non-warranty: Neither by inspection, if any, or non-rejection, nor in any other way, does the Utility give any warranty, expressed or implied, as to the adequacy, safety, or other characteristics of any structures, equipment, wires, appliances or devices owned, installed or maintained by the Interconnection Customer or leased by the Interconnection Customer from third parties, including without limitation the Generating Facility and any structures, equipment, wires, appliances or devices appurtenant thereto.

J) No Partnership: This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

XI. SIGNATURES

IN WITNESS WHERE OF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives. This Agreement is effective as of the last date set forth below.

Interconnection Customer

By: _____

Name: _____

Title : _____

Date: _____

Utility

By: _____

Name: _____

Title: _____

Date: _____

TITLE 17 PUBLIC UTILITIES AND UTILITY SERVICES
CHAPTER 9 ELECTRIC SERVICES
PART 568 INTERCONNECTION OF GENERATING FACILITIES WITH A RATED CAPACITY UP TO AND INCLUDING 10 MW CONNECTING TO A UTILITY SYSTEM

17.9.568.1 ISSUING AGENCY: New Mexico Public Regulation Commission.
[17.9.568.1 NMAC - N, 10/15/08]

17.9.568.2 SCOPE:

A. This rule, and the definitions, standards, procedures and screening processes described in the New Mexico *interconnection manual*, separately published and incorporated into this rule by reference, apply to every electric utility including rural electric cooperatives and investor-owned utilities operating within the state of New Mexico that is subject to the jurisdiction of the New Mexico public regulation commission. These standards and procedures apply to both qualifying and non-qualifying facilities.

B. The standards and procedures described in this rule (17.9.568 NMAC) and the **manual** apply only to the interconnection of generating facilities with a rated capacity up to and including 10 MW. The standards and procedures described in 17.9.569 NMAC apply to the interconnection of generating facilities with a rated capacity greater than 10 MW.

C. All interconnection contracts between a utility and an interconnection customer existing at the time 17.9.568 NMAC is adopted shall automatically continue in full force and effect. Any changes made to existing interconnection contracts shall conform to the provisions of 17.9.568 NMAC
[17.9.568.2 NMAC - N, 10/15/08]

17.9.568.3 STATUTORY AUTHORITY: This rule is adopted under the authority vested in this commission by the New Mexico Public Regulation Commission Act, NMSA 1978, Section 8-8-1 et seq. and the Public Utility Act, NMSA 1978, Section 62-3-1 et seq.
[17.9.568.3 NMAC - N, 10/15/08]

17.9.568.4 DURATION: Permanent.
[17.9.568.4 NMAC - N, 10/15/08]

17.9.568.5 EFFECTIVE DATE: October 15, 2008, unless a later date is cited at the end of a section
[17.9.568.5 NMAC - N, 10/15/08]

17.9.568.6 OBJECTIVE: The purpose of this rule and the **manual** is to set forth common interconnection requirements and a common interconnection process based on a common screening process for utilities and interconnection customers to expeditiously interconnect generating facilities with a rated capacity up to and including 10 MW in a safe and reliable manner. The parties shall use the procedures and forms set forth in this rule 17.9.568 NMAC and the **manual** for the interconnection of generating facilities with a rated capacity up to and including 10kW. The parties shall use the procedures and forms in this rule 17.9.568 NMAC and the **manual** for the interconnection of generating facilities with a rated capacity greater than 10 kW and up to and including 10 MW unless they mutually agree to other procedures or forms that are consistent with the Public Utility Act.
[17.9.568.6 NMAC - N, 10/15/08]

17.9.568.7 DEFINITIONS: Terms used in this rule 17.9.568 NMAC shall have the following meanings.

A. Business day means Monday through Friday, excluding holidays observed by the utility.

B. Certified equipment package means interconnection equipment that has been tested and listed by a nationally recognized testing and certification laboratory (NRTL) for continuous interactive operation with a utility grid and meets the definition for certification under order 2006, issued by the federal energy regulatory commission on May 12, 2005, in docket no. RM02-12-000. The extent of the equipment package is defined by the type of test performed to certify the package under IEEE 1547.1.

C. Certified inverter means an inverter that has been tested and listed by a nationally recognized testing and certification laboratory (NRTL) for continuous interactive operation with a utility grid and meets the definition for certification under order 2006, issued by the federal energy regulatory commission on May 12, 2005, in docket no. RM02-12-000.

D. Distribution system means the utility's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

E. Distribution upgrade means the additions, modifications, and upgrades to the utility's distribution system at or beyond the point of common coupling to facilitate interconnection of the generating facility and render the service necessary to effect the interconnection customer's operation of on-site generation. Distribution upgrades do not include interconnection facilities.

F. Facilities study means the study that specifies and estimates the cost of the equipment, engineering, procurement, and construction work (including overhead costs) needed to implement the conclusions of the system impact study.

G. Feasibility study means the study that identifies any potential adverse system impacts that would result from the interconnection of the generating facility.

H. Generating facility means the interconnection customer's device for the production of electricity identified in the interconnection application, including all generators, electrical wires, equipment, and other facilities owned or provided by the interconnection customer for the purpose of producing electric power.

I. Grid network means a secondary network system with geographically separated network units where the network-side terminals of the network protectors are interconnected by low-voltage cables that span the distance between sites. The low-voltage cable circuits of grid networks are typically highly meshed and supplied by numerous network units. Grid network is also commonly referred to as area network or street network.

J. Highly seasonal circuit means a circuit with a ratio of annual peak load to the lowest monthly peak load greater than six (6).

K. Impact study means a study that identifies and details the electric system impacts that would result if the proposed generating facility were interconnected without project modifications or electric system modifications, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scoping meeting. An impact study shall evaluate the impact of the proposed interconnection on the reliability of the electric system.

L. Interconnection application means the request by an interconnection customer to interconnect a new generating facility, or to increase the capacity or make a material modification to the operating characteristics of an existing generating facility that is interconnected with the utility’s system.

M. Interconnection customer means any person that proposes to interconnect its generating facility with the utility's system.

N. Interconnection facilities means the utility's interconnection facilities and the interconnection customer's interconnection facilities. Collectively, interconnection facilities include all facilities and equipment between the generating facility and the point of common coupling, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the generating facility to the utility's system. Interconnection facilities are sole use facilities and shall not include distribution upgrades.

O. Line section means that portion of a utility’s electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

P. Manual means the New Mexico *interconnection manual* and its exhibits separately published and incorporated into this rule by reference.

Q. Network system means a collection of spot networks, secondary networks, or combinations of such networks on a primary network feeder or primary network feeders that supply them. This may also consist of primary feeders networked (“tied together”) to supply connected loads.

R. Network transformer means a transformer designed for use in a vault to feed a variable capacity system of interconnected secondaries.

S. Party means the utility and the interconnection customer separately or in combination.

T. Person, for purposes of this rule, means an individual, firm, partnership, company, rural electric cooperative organized under Laws 1937, Chapter 100 or the rural electric cooperative act, corporation or lessee, trustee or receiver appointed by any court.

U. Point of common coupling means the point where the interconnection facilities connect with the utility's system.

V. Primary network feeder means a feeder that supplies energy to a network system or the combination of a network system and other radial loads. Dedicated primary network feeders are feeders that supply only network transformers for the grid network, the spot network, or both. Non-dedicated primary network feeders, sometimes called combination feeders, are feeders that supply both network transformers and non-network load.

W. Power conversion unit (PCU) means an inverter or AC generator, not including the energy source.

X. Qualifying facility means a cogeneration facility or a small power production facility which meets the criteria for qualification contained in 18 C.F.R. Section 292.203.

Y. Rated capacity means the total AC nameplate rating of the power conversion unit(s) at the point of common coupling.

Z. Secondary network system means an AC power distribution system in which customers are served from three-phase, four-wire low-voltage circuits supplied by two or more network transformers whose low-voltage terminals are connected to the low-voltage circuits through network protectors. The secondary network system has two or more high-voltage primary feeders, with each primary feeder typically supplying multiple network transformers, depending on network size and design. The secondary network system includes automatic protective devices intended to isolate faulted primary feeders, network transformers, or low-voltage cable sections while maintaining service to the customers served from the low-voltage circuits.

AA. Small utility means a utility that serves less than 50,000 customers.

BB. Spot network means a secondary network system consisting of two or more network units at a single site. The low-voltage network side terminals of these network units are connected together with bus or cable. The resulting interconnection structure is commonly referred to as the “paralleling bus” or “collector bus.” In spot networks, the paralleling bus does not have low-voltage ties to adjacent or nearby secondary network systems. Such spot networks are sometimes called isolated spot networks to emphasize that there are no low-voltage connections to network units at other sites.

CC. Study process means the procedure for evaluating an interconnection application that includes the scoping meeting, feasibility study, impact study, and facilities study.

DD. System means the facilities owned, controlled, or operated by the utility that are used to provide electric service under a utility’s tariff.

EE. System emergency means a condition on a utility system that is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property.

FF. Upgrade means the required additions and modifications to the utility's system at or beyond the point of common coupling. Upgrades do not include interconnection facilities.

GG. Utility means a utility or public utility as defined in NMSA 62-3-3 (G) serving electric customers subject to the jurisdiction of the commission.

[17.9.568.7 NMAC - N, 10/15/08]

17.9.568.8 APPLICABLE CODES AND STANDARDS:

A. The interconnection customer shall install, operate, and maintain the generating facility and the interconnection equipment in a safe manner in accordance with the rules for safety and reliability set forth in the latest editions of the *national electrical code*, other applicable local, state, and federal electrical codes, and prudent electrical practices.

B. In order to qualify for any interconnection procedures, each generating facility generator shall be in conformance with the following codes and standards as applicable:

(1) IEEE 1547 standard for interconnecting distributed resources with electric power systems or equivalent IEEE 1547.1;

(2) IEEE standard conformance test procedures for equipment interconnecting distributed resources with electric power systems or equivalent; and

(3) UL 1741 Inverters, converters and controllers for use in independent power systems or equivalent.

C. The interconnection equipment package shall be considered certified for interconnected operation if the equipment package has been tested and listed by a nationally recognized testing and certification laboratory (NRTL) for continuous interactive operation with a utility grid and meets the definition for certification under order 2006, issued by the federal energy regulatory commission on May 12, 2005, in docket no. RM02-12-000.

D. The generating facility shall be designed to conform with all of the applicable requirements in the **manual**.

[17.9.568.8 NMAC - N, 10/15/08]

17.9.568.9 INTERCONNECTION APPLICATION:

A. An interconnection customer shall submit its interconnection application to the utility using **manual** exhibit 1A or 1B as applicable, together with the fees specified in 17.9.568.12 NMAC. The utility shall record the date and time on the face of the interconnection application upon receipt by the utility. The original date and time recorded by the utility on the interconnection application at the time of its original submission shall be

accepted as the date and time on which the interconnection application was received for the purposes of any timetable established in this rule or the **manual**. Following submission of the interconnection application, the parties will follow the procedures and time requirements described in the **manual**.

B. The utility shall place interconnection applications in the order they are received. The order of each interconnection application will be used to determine the cost responsibility for the upgrades necessary to accommodate the interconnection. At the utility's option, interconnection applications may be studied serially or in clusters for the purpose of the system impact study.

[17.9.568.9 NMAC - N, 10/15/08]

17.9.568.10 INTERCONNECTION APPLICATION REVIEW PROCESS: The utility shall utilize the interconnection screening process and the screen criteria described in the **manual**. That screening process results in the application of one of the three general review paths described as follows:

A. simplified interconnection: for certified inverter-based facilities with a power rating of 10 kilowatts (kW) or less on radial or network systems under certain conditions;

B. fast track: for certified generating facilities that pass certain specified screens; or

C. full interconnection study: for generating facilities that have a power rating of 10 megawatts (MW) or less and do not qualify for the screens under the simplified interconnection process or fast track process.

[17.9.568.10 NMAC - N, 10/15/08]

17.9.568.11 INTERCONNECTION APPLICATION REVIEW FLOW CHART AND SCREEN CRITERIA: Utilities shall use the screen criteria described in the **manual** to evaluate all interconnection applications.

[17.9.568.11 NMAC - N, 10/15/08]

17.9.568.12 GENERAL PROVISIONS APPLICABLE TO INTERCONNECTION APPLICATIONS:

A. An interconnection customer shall pay the following application fee to the utility at the time it delivers its interconnection application to the utility:

(1) $50 if the proposed generating facilities will have a rated capacity less than or equal to 10 kW;

(2) $100 if the proposed generating facilities will have a rated capacity greater than 10 kW and less than or equal to 100 kW; or

(3) $100 + $1 per kW if the proposed generating facilities will have a rated capacity greater than 100 kW.

B. In addition to the fees authorized by this rule, a small utility may collect from the interconnection customer the reasonable costs incurred to obtain necessary expertise from consultants to review interconnection applications for generating facilities with rated capacities greater than 10 kW. A small utility shall provide a good faith estimate of the costs of such consultants to an interconnection customer within ten (10) business days of the date the interconnection application is delivered to the utility.

C. Commissioning tests of the interconnection customer's installed equipment shall be performed pursuant to applicable codes and standards, including IEEE 1547.1 “IEEE standard conformance test procedures for equipment interconnecting distributed resources with electric power systems.” A utility must be given at least five (5) business days written notice of the tests, or as otherwise mutually agreed to by the parties, and may be present to witness the commissioning tests. An interconnection customer shall reimburse a utility for its costs associated with witnessing commissioning tests performed pursuant to the **manual** except that a utility may not charge a fee in addition to the application fee for the cost of witnessing commissioning tests for inverter-based generating facilities that have rated capacities that are less than or equal to 25 kW.

D. If an interconnection customer requests an increase in capacity for an existing generating facility, the interconnection application shall be evaluated on the basis of the new total capacity of the generating facility. If an interconnection customer requests interconnection of a generating facility that includes multiple energy production devices at a site for which the interconnection customer seeks a single point of common coupling, the interconnection application shall be evaluated on the basis of the aggregate capacity of the multiple devices.

F. All interconnection applications shall be evaluated using the maximum rated capacity of the proposed generating facility.

G. The commission may designate a facilitator to assist the parties in resolving disputes related to this rule and the **manual**. The parties to a dispute will be responsible for the costs of dispute resolution, if any, as determined by the facilitator subject to review by the commission.

H. Confidential information shall remain confidential unless otherwise ordered by the commission. Confidential information shall mean any confidential and proprietary information provided by one party to the other party that is clearly marked or otherwise designated "confidential".
[17.9.568.12 NMAC - N, 10/15/08]

17.9.568.13 GENERAL PROVISIONS APPLICABLE TO UTILITIES:

A. A utility shall interconnect any interconnection customer that meets the interconnection criteria set forth in this rule and in the **manual**. A utility shall make reasonable efforts to keep the interconnection customer informed of the status and progress.

B. Utilities shall reasonably endeavor to aid and assist interconnection customers to insure that a proposed generating facility's interconnection design, operation, and maintenance are appropriate for connection to the utility's system. This may include consultations with the interconnection customer and its engineering and other representatives.

C. Utilities shall make reasonable efforts to meet all time frames provided for in this rule unless a utility and an interconnection customer agree to a different schedule. If a utility cannot meet a deadline provided herein, it shall notify the interconnection customer, explain the reason for its inability to meet the deadline, and provide an estimated time by which it will complete its activity.

D. Utilities shall use the same reasonable efforts in processing and analyzing interconnection applications from all interconnection customers, whether the generating facility is owned or operated by the utility, its subsidiaries or affiliates, or others.

E. Utilities shall maintain records for three years of each interconnection application received, the times required to complete each interconnection application approval or disapproval, and justification for the utility's disapproval of any interconnection application.

F. Utilities shall maintain current, clear and concise information regarding this rule including the name, telephone number, and email address of contact persons. The information shall be easily accessible on the utility's website beginning within one month of the effective date of this rule, or the information may be provided in bill inserts or separate mailings sent no later than one month after the effective date of this rule and no less often than once each year thereafter. Each utility shall maintain a copy of this rule and the **manual** at its principal office and make the same available for public inspection and copying during regular business hours.

G. A small utility that uses a consultant to review a proposal to interconnect a generating facility with the small utility's system may extend each of the time deadlines for review of the fast track process by a period not to exceed twenty (20) business days provided that the small utility shall make a good faith effort to complete the review sooner.

H. Compliance with this interconnection process does not constitute a request for, nor provision of any transmission delivery service, or any local distribution delivery service. Interconnection under this rule does not constitute an agreement by the utility to purchase or pay for any energy, inadvertently or intentionally exported.
[17.9.568.13 NMAC - N, 10/15/08]

17.9.568.14 GENERAL PROVISIONS APPLICABLE TO INTERCONNECTION CUSTOMERS:

A. The cost of utility system modifications required pursuant to the fast track process or the full interconnection study process shall be borne by the interconnection customer unless otherwise agreed by the parties.

B. An interconnection customer shall have thirty (30) business days (or other mutually agreeable period) following receipt of an interconnection agreement to execute the agreement and return it to the utility. If the interconnection customer does not execute the interconnection agreement and return it to the utility within the applicable period, the interconnection application shall be deemed withdrawn. After all parties execute an interconnection agreement, interconnection of the generating facility shall proceed under the provisions of the interconnection agreement.

C. An interconnection customer is responsible for the prudent maintenance and upkeep of its interconnection equipment.

D. Upon the petition of a utility, for good cause shown, the commission may require a customer with a generating facility with a rated capacity of 250 kW or less to obtain general liability insurance prior to connecting with a public utility. A utility may require that an interconnection customer proposing to connect a generating facility with a rated capacity greater than 250 kW provide proof of insurance with reasonable limits not to exceed $1,000,000 or other reasonable evidence of financial responsibility.
[17.9.568.14 NMAC - N, 10/15/08]

17.9.568.15 SAFETY PROVISIONS:

A. An interconnection customer shall separate from the utility system in the event of any one or more of the following conditions:

(1) a fault on the generating facility's system; or

(2) a generating facility contribution to a utility system emergency; or

(3) abnormal frequency or voltage conditions on the utility's system; or

(4) any occurrence or condition that will endanger utility employees or customers; or

(5) a generating facility condition that would otherwise interfere with a utility's ability to provide safe and reliable electric service to other customers; or

(6) the sudden loss of the utility system power.

B. A visible-open, load break disconnect switch between the generating facility and the utility system that is visibly marked "generating facility generation disconnect" and is accessible to and lockable by the utility is required for all generating facilities except for those generating facilities with a maximum capacity rating of 10 kW or less that use a certified inverter including a self-contained renewable energy certificate (REC) meter and either:

(1) a utility accessible AC load break disconnect; or

(2) a utility accessible DC load break disconnect where there is no other source of generated or stored energy connected to the system.

C. Interconnection customers shall post a permanent and weather proof one-line electrical diagram of the generating facility located at the point of service connection to the utility. Generating facilities where the disconnect switch required by Subsection B of 17.9.568.15 NMAC is not located in close proximity to the utility meter must post a permanent and weather proof map showing the location of all major equipment including the utility meter point, the generating facility generation disconnect, and the generating facility generation breaker. Non-residential generating facilities larger than 10 kW shall include with or attached to the map the names and current telephone numbers of at least two persons authorized to provide access to the generating facility and who have authority to make decisions regarding the generating facility interconnection and operation.

D. If the generating facility interconnection equipment package is not certified or if a certified equipment package has been modified, the generating facility interconnection equipment package shall be reviewed and approved by a professional electrical engineer, registered in the state of New Mexico.

[17.9.568.15 NMAC - N, 10/15/08]

17.9.568.16 VARIANCES: A party may file a request for a variance from the requirements of this rule. Such application shall describe the reasons for the variance; set out the effect of complying with this rule on the parties and the utility's customers if the variance is not granted; identify the section(s) of this rule for which the variance is requested; describe the expected result which the request will have if granted; and state how the variance will aid in achieving the purposes of this rule. The commission may grant a request for a procedural variance through an order issued by the chairman, a commissioner or a designated hearing examiner. Other variances shall be presented to the commission as a body for determination.

[17.9.568.16 NMAC - N, 10/15/08]

HISTORY OF 17.9.568 NMAC: [RESERVED]

TITLE 17 PUBLIC UTILITIES AND UTILITY SERVICES
CHAPTER 9 ELECTRIC SERVICES
PART 569 INTERCONNECTION OF GENERATING FACILITIES WITH A RATED CAPACITY GREATER THAN 10 MW CONNECTING TO A UTILITY SYSTEM

17.9.569.1 ISSUING AGENCY: New Mexico Public Regulation Commission.
[17.9.569.1 NMAC - N, 10/15/08]

17.9.569.2 SCOPE:

A. This rule applies to every electric utility including rural electric cooperatives and investor-owned utilities operating within the state of New Mexico that is subject to the jurisdiction of the New Mexico public regulation commission. These standards and procedures apply to both qualifying and non-qualifying facilities.

B. The standards and procedures described in this rule 17.9.569 NMAC apply only to the interconnection of generating facilities with a rated capacity greater than 10 MW. The standards and procedures described in 17.9.568 NMAC apply to the interconnection of generating facilities with a rated capacity up to and including 10 MW.
[17.9.569.2 NMAC - N, 10/15/2008]

17.9.569.3 STATUTORY AUTHORITY: This rule is adopted under the authority vested in this commission by the New Mexico Public Regulation Commission Act, NMSA 1978, Section 8-8-1 et seq. and the Public Utility Act, NMSA 1978, Section 62-3-1 et seq.
[17.9.569.3 NMAC - N, 10/15/2008]

17.9.569.4 DURATION: Permanent.
[17.9.569.4 NMAC - N, 10/15/2008]

17.9.569.5 EFFECTIVE DATE: October 15, 2008. All interconnection contracts between a utility and an interconnection customer existing at the time 17.9.569 NMAC is adopted shall automatically continue in full force and effect. Any changes made to existing interconnection contracts shall conform to the provisions of 17.9.569 NMAC.
[17.9.569.5 NMAC - N, 10/15/2008]

17.9.569.6 OBJECTIVE: The purpose of this rule is to set forth common interconnection requirements for the interconnection of generating facilities with a rated capacity greater than 10 MW in a safe and reliable manner.
[17.9.569.6 NMAC - N, 10/15/2008]

17.9.569.7 DEFINITIONS: Terms used in this rule 17.9.569 NMAC shall have the following meanings.

A. Business day means Monday through Friday, excluding holidays observed by the utility.

B. Generating facility means the interconnection customer's device for the production of electricity identified in the interconnection application, including all generators, electrical wires, equipment, and other facilities owned or provided by the interconnection customer for the purpose of producing electric power.

C. Interconnection application means the request by an interconnection customer to interconnect a new generating facility, or to increase the capacity or make a material modification to the operating characteristics of an existing generating facility that is interconnected with the utility's system.

D. Interconnection customer means any person that proposes to interconnect its generating facility with the utility's system.

E. Party means the utility and the interconnection customer separately or in combination.

F. Person, for purposes of this rule, means an individual, firm, partnership, company, rural electric cooperative organized under Laws 1937, Chapter 100 or the Rural Electric Cooperative Act, corporation or lessee, trustee or receiver appointed by any court.

G. Point of common coupling (PCC) means the point where the interconnection facilities connect with the utility's system.

H. Power conversion unit (PCU) means an inverter or AC generator, not including the energy source.

I. Qualifying facility means a cogeneration facility or a small power production facility which meets the criteria for qualification contained in 18 C.F.R. Section 292.203.

J. Rated capacity means the total AC nameplate rating of the power conversion unit(s) at the point of common coupling.

K. System means the facilities owned, controlled, or operated by the utility that are used to provide electric service under a utility's tariff.

L. Utility means a utility or public utility as defined in NMSA 62-3-3 (G) serving electric customers subject to the jurisdiction of the commission.

[17.9.569.7 NMAC - N, 10/15/2008]

17.9.569.8 GENERAL PROVISIONS FOR INTERCONNECTION APPLICATIONS FOR FACILITES WITH RATED CAPACITIES GREATER THAN 10 MW:

A. A utility shall interconnect with any interconnection customer that:

(1) is in its service area;

(2) qualifies for the interconnection procedures in this rule 17.9.569 NMAC;

(3) files an interconnection application in accordance with Subsection B of 17.9.569.8 NMAC;

(4) meets the utility's system safety standards;

(5) has paid the estimated costs of interconnection (if applicable);

(6) has entered into a contract with the utility pursuant to 17.9.569 NMAC;

(7) has substantially completed a generating facility that is capable of operating safely and commencing the delivery of power into the utility system; and

(8) has provided a statement from a licensed professional electrical engineer certifying that the design of the generating facility and its interconnection equipment comply with utility requirements and with reasonable interconnection safety and design standards and prudent electrical practices.

B. An interconnection customer subject to this rule 17.9.569 NMAC shall make its application for interconnection to a utility using the interconnection application form provided in the *interconnection manual* and its exhibits, incorporated by reference in 17.9.568 NMAC.

C. Unless a longer period of time is agreed to in writing by the interconnection customer, within 30 business days of receipt of an interconnection application on the prescribed form, a utility shall furnish to the interconnection customer a good faith, detailed list of required interconnection equipment and an itemized estimate of the costs that the proposed interconnection customer will have to pay to the utility to complete the interconnection. The list of required interconnection equipment shall not change substantially other than in response to changes in design, location of equipment, and/or intended operation of the equipment of the generating facility.

D. If an interconnection application fails to comply with the requirements of this rule 17.9.569 NMAC or is otherwise insufficient, the utility shall attempt to obtain the required information to complete the interconnection application by telephone. If the utility cannot so obtain complete information, the utility shall within 15 business days of receipt of the interconnection application notify the interconnection customer specifying the deficiencies in the interconnection application.

E. If the interconnection customer disagrees with the utility's determination that the interconnection application is insufficient, it may within 15 business days of its receipt of the utility's notification initiate a proceeding before the commission pursuant to the complaint process of 17.9.570 NMAC. In such a proceeding, the utility shall have the burden to establish that the rejection was justified.

F. The interconnection customer shall give the utility at least 60 days written advance notice to interconnect. Such notice shall specify the date the generating facility will be ready for interconnection, the date the generating facility will be able to commence testing, and the anticipated date of operation after testing. The interconnection customer shall pay the estimated costs of interconnection in full at the time the notice to interconnect is given. The utility shall pay an interconnection customer for any energy produced during testing of the generating facility at the appropriate energy rate pursuant to Subsection B of 17.9.570.11 NMAC.

G. If the utility determines that it cannot interconnect the generating facility within the time set in the notice to interconnect because adequate interconnection facilities are not available, it shall, within 15 business days of receipt of the notice to interconnect, notify the interconnection customer specifying the reasons it cannot interconnect as requested by the interconnection customer and specifying the date interconnection can be made. If the interconnection customer objects to the date for interconnection specified by the utility, objects to the utility's determination that adequate interconnection facilities are not available, or disputes the good faith efforts of the utility to interconnect, the interconnection customer may initiate a proceeding before the commission pursuant to the complaint process of 17.9.570 NMAC.

H. Payment for all costs of interconnection shall be the responsibility of the interconnection customer. If the utility incurs any of the costs of interconnection, the interconnection customer shall reimburse the utility for such costs. The estimated costs for interconnection described in this rule 17.9.569 NMAC shall be paid prior to interconnection. Upon completion of the interconnection the actual costs of interconnection shall be

determined in a verifiable form by the utility, and any actual costs in excess of the estimated costs shall be paid by the interconnection customer to the utility within 30 days. If the estimated costs exceed actual costs the utility shall refund the difference to the interconnection customer within 30 days.

I. Each utility shall develop and file with the commission proposed general safety standards governing the installation, operation, and maintenance of the protective equipment required to integrate generating facilities subject to this rule 17.9.569 NMAC into the utility's electric system (if any such equipment is required). These general safety standards may contain reasonable provisions for case-by-case standards for certain generation facilities based on their size or location. These standards shall be reasonable and nondiscriminatory and shall be designed to assure system and personnel safety.

J. The generating facility's output to the utility will meet the following interconnection standards.

(1) The voltage will be that voltage normally available on the utility system at the generator's site or such other standard voltage to which the parties may agree.

(2) The frequency will be 60 hertz.

(3) The number of phases of the produced voltage will be compatible with the phases available on the utility system at the generator site. Normally the number of phases shall be the same as those of the utility system.

(4) The protective devices connected between the output of the generating facility and the utility system must be rated for the maximum available fault current that the utility's system may be capable of developing at the point of interconnection. Such devices shall disconnect the generating facility's generation from the utility's system in the event of a fault on the generating facility system in order to maintain continuity of service to other customers connected to the secondary of the distribution transformer or other portions of the utility's system.

(5) The generating facility's output shall not affect the utility's distribution system. This includes but is not limited to:

(a) overload of distribution equipment;

(b) abnormal harmonic currents or voltages;

(c) interference with automatic voltage regulation equipment; and

(d) electronic noise that would interfere with communications.

(6) The generating facility shall be capable of protecting itself from damage resulting from impact loading and/or overloading under both normal operating conditions and emergency conditions.

K. Interconnection and safety requirements shall include the ability to synchronize on connecting to the utility system to avoid voltage decay or out-of-phase connection. The generating facility's controls shall be capable of disconnecting the generation output to the utility or otherwise limiting the generating facility's input to avoid overload of any of the utility system components or undesirable transient voltage or frequency fluctuations in the event of a fault on the utility's system or under conditions of large motor start or capacitor switching operations on the utility system to which the generating facility is interconnected. These devices must be coordinated with the utility's protective system. The generating facility must meet the following safety standards.

(1) The generating facility's interconnection must meet the requirements of the latest editions of the national electrical safety code, national electrical code, and the state of New Mexico electrical code.

(2) The generating facility's interconnection must automatically disconnect from the utility's system if the utility service is interrupted. The generating facility will coordinate automatic reenergization in the utility's system with the utility's standard protection practices. The utility may discontinue service to or from a generating facility if it has been determined that continuation of service would contribute to such emergency.

(3) There must be a three-phase load break disconnect between the generating facility's interconnection and the utility that can be controlled and operated by the utility.

(a) Where the generating facility is a customer of the utility, the disconnect or disconnects shall disconnect the generating facility's output without interrupting utility service to the customer's other load unless otherwise agreed.

(b) The disconnect must provide a visible air gap which will assure disconnection of the generating facility before a utility employee does any work on the circuit or circuits to which the interconnection is made.

(c) The meter socket or secondary connection compartment or bus compartment may be provided by the utility or provision may be required of the interconnection customer as is presently provided for in the case of each component by the rules and regulations filed with the commission in the case of the specific utility.

(d) In any event the capacity and the connection arrangements of the specific device must be approved by the utility if the generating facility is required to provide the device.

L. A utility may require that an interconnection customer provide proof of insurance or other evidence of financial responsibility in an amount reasonably related to the risks involved.
[17.9.569.8 NMAC - N, 10/15/2008]

17.9.569.9 VARIANCES: A party may file a request for a variance from the requirements of this rule. Such application shall describe the reasons for the variance; set out the effect of complying with this rule on the parties and the utility's customers if the variance is not granted; identify the section(s) of this rule for which the variance is requested; describe the expected result which the request will have if granted; and state how the variance will aid in achieving the purposes of this rule. The commission may grant a request for a procedural variance through an order issued by the chairman, a commissioner or a designated hearing examiner. Other variances shall be presented to the commission as a body for determination.
[17.9.569.9 NMAC - N, 10/15/2008]

HISTORY OF 17.9.569 NMAC: [RESERVED]

TITLE 17 PUBLIC UTILITIES AND UTILITY SERVICES
CHAPTER 9 ELECTRIC SERVICES
PART 570 GOVERNING COGENERATION AND SMALL POWER PRODUCTION

17.9.570.1 ISSUING AGENCY: New Mexico Public Regulation Commission.
[17.9.570.1 NMAC - Rp, 17.9.570.1 NMAC, 10-15-08]

17.9.570.2 SCOPE:

A. 17.9.570 NMAC applies to every electric utility (investor-owned, rural electric cooperative, municipal, or an entity providing wholesale rates and service) operating within the state of New Mexico that is subject to the jurisdiction of the New Mexico public regulation commission as provided by law.

B. It is intended that the obligations of utilities provided for in 17.9.570 NMAC shall extend to both production and consumption functions of qualifying facilities irrespective of whether the production and consumption functions are singly or separately owned. In situations where the production and consumption functions are separately owned, the qualifying facility or its operator may elect to enter into the contract with the utility.

C. All interconnection contracts between utilities and qualifying facilities existing at the time 17.9.570 NMAC is adopted shall automatically continue in full force and effect with no change in rates for the purchase of power from the qualifying facilities. Any changes made to the existing interconnection contracts shall be made by mutual agreement and shall conform to the provisions of 17.9.570 NMAC.

D. Variances which have been granted by the commission from earlier versions of general order no. 37 and under NMPSC rule 570 shall continue in full force and effect unless the commission specifically rescinds any such variance.
[17.9.570.2 NMAC - Rp, 17.9.570.2 NMAC, 10-15-08]

17.9.570.3 STATUTORY AUTHORITY: NMSA 1978, Sections 8-8-15, 62-6-4, 62-6-19, 62-6-24, and 62-8-2, and 16 USCA Section 2621.
[17.9.570.3 NMAC - Rp, 17.9.570.3 NMAC, 10-15-08]

17.9.570.4 DURATION: Permanent.
[17.9.570.4 NMAC - Rp, 17.9.570.4 NMAC, 10-15-08]

17.9.570.5 EFFECTIVE DATE: October 15, 2008, unless a later date is cited at the end of a section. Applications filed prior to this effective date shall be governed by the specific orders related to those applications.
[17.9.570.5 NMAC - Rp, 17.9.570.5 NMAC, 10-15-08]

17.9.570.6 OBJECTIVE:

A. 17.9.570 NMAC is to govern the purchase of power from and sale of power to qualifying facilities by:

(1) enabling the development of a market for the power produced by qualifying facilities;
(2) establishing guidelines for the calculation of utilities' avoided costs, and
(3) providing meaningful access to critical cost information from utilities.

B. 17.9.570.14 NMAC is intended to simplify the metering procedures for qualifying facilities up to and including 10kW and encourage the use of small-scale customer-owned renewable or alternative energy resources in recognition of the beneficial effects the development of such resources will have on the environment of New Mexico.

C. 17.9.570 NMAC is intended to implement regulations of the federal energy regulatory commission, 18 C.F.R. Section 292, promulgated pursuant to the Public Utility Regulatory Policies Act of 1978, Pub. L. No. 95-617, 92 Stat. 3117 (codified as amended starting at 16 U.S.C. Section 824) and the New Mexico Public Utility Act, NMSA 1978, Sections 62-3-1 et. seq., as amended.

D. The standards and procedures for the interconnection of generating facilities with rated capacities up to and including 10 MW are set forth in 17.9.568 NMAC. The standards and procedures for the interconnection of generating facilities with rated capacities greater than 10 MW are set forth in 17.9.569 NMAC.
[17.9.570.6 NMAC - Rp, 17.9.570.6 NMAC, 10-15-08]

17.9.570.7 DEFINITIONS: When used in 17.9.570 NMAC unless otherwise specified the following definitions will apply:

A. avoided costs means the incremental costs to the electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, the utility would generate itself or purchase from another source; avoided costs are the costs computed in accordance with Subsections B and C of 17.9.570.11 NMAC;

B. backup power means electric energy or capacity or both supplied by an electric utility during an unscheduled outage of the qualifying facility to replace energy ordinarily supplied by a qualifying facility's own generation equipment;

C. interconnection costs means the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administration incurred by the electric utility which are directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with a qualifying facility to the extent such costs are in excess of the corresponding costs which the electric utility would have incurred if it had not engaged in interconnected operations but instead generated an equivalent amount of power itself or purchased an equivalent amount of power from other sources; interconnection costs do not include any costs included in the calculation of avoided costs;

D. design capacity means the total AC nameplate power rating of the power conversion unit(s) at the point of common coupling;

E. interruptible power means power supplied by an electric utility subject to interruption by the electric utility under specified conditions;

F. maintenance power means power supplied by an electric utility during scheduled outages of the qualifying facility;

G. net metering means the difference between the energy produced by the qualifying facility's generation and the energy that would have otherwise been supplied by the utility to the qualifying facility absent the qualifying facility's generation;

H. new capacity addition:

(1) new capacity addition means the capacity added to a utility's resource mix after the effective date of 17.9.570 NMAC through normal utility resource procurement activities which shall include but not necessarily be limited to:

(a) construction of or participation in new generating facilities;

(b) augmenting the capacity of or extending the life of existing generating facilities through capital improvements; or

(c) entering into new contracts or exercising options in existing contracts which will result in additional capacity;

(2) new capacity addition does not include the following:

(a) renegotiation of existing contracts for anything other than increasing capacity in the resource mix;

(b) renegotiation of existing full power requirements contract between a distribution cooperative and its full power requirements supplier; and

(c) seasonal uprating in capacity achieved without any capital improvements to existing generating facilities;

I. point of common coupling (PCC) means the point where the interconnection facilities connect with the utility's system;

J. power means electric energy or capacity or both;

K. power conversion unit (PCU) means an inverter or AC generator, not including the energy source;

L. qualifying facility means a cogeneration facility or a small power production facility which meets the criteria for qualification contained in 18 C.F.R. Section 292.203;

M. rate means any price, rate, charge, or classification made, demanded, observed, or received with respect to the sale by the utility of power or purchase of power from the qualifying facility;

N. supplementary power means power which is regularly used by a consumer, supplied by the electric utility, in addition to that power which may be supplied by a qualifying facility;

O. system emergency means a condition on a utility's system which is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property;

P. tariff means the document filed by a utility with the commission pursuant to 17.9.570 NMAC containing that utility's rules, rates, services and forms;

Q. utility means a utility or public utility as defined in NMSA 62-3-3 (G) serving electric customers subject to the jurisdiction of the commission.
[17.9.570.7 NMAC - Rp, 17.9.570.7 NMAC, 10-15-08]

17.9.570.8 [RESERVED]

17.9.570.9 OBLIGATION TO PURCHASE:

A. Each utility shall purchase power from a qualifying facility from the date of interconnection at the utility's avoided cost. An electric utility is obligated to purchase power from a qualifying facility at the utility's avoided cost regardless of whether the electric utility making such purchase is simultaneously selling power to the qualifying facility.

B. The qualifying facility shall give the utility at least sixty (60) days written advance notice to interconnect. Such notice shall specify the date the qualifying facility will be ready for interconnection, the date the qualifying facility will be able to commence testing, and the anticipated date of operation after testing. The qualifying facility shall pay the estimated costs of interconnection in full at the time the notice to interconnect is given. The utility shall pay a qualifying facility for any energy produced during testing of the qualifying facility at the appropriate energy rate pursuant to Subsection B of 17.9.570.11 NMAC.

C. If the utility determines that it cannot interconnect the qualifying facility within the time set in the notice to interconnect because adequate interconnection facilities are not available, it shall, within fifteen (15) business days of receipt of the notice to interconnect, notify the qualifying facility specifying the reasons it cannot interconnect as requested by the qualifying facility and specifying the date interconnection can be made. If the qualifying facility objects to the date for interconnection specified by the utility, objects to the utility's determination that adequate interconnection facilities are not available, or disputes the good faith efforts of the utility to interconnect, the qualifying facility may initiate a proceeding before the commission pursuant to the complaint process of this 17.9.570 NMAC. If the commission finds that the utility's position on the time for interconnection or unavailability of interconnection facilities was not justified, the qualifying facility shall be deemed to have been interconnected and the qualifying facility shall be deemed to have otherwise complied with its contractual duties on the sixtieth (60th) day following the notice to interconnect and payments by the utility to the qualifying facility shall commence at the appropriate power rate which shall be applied to the amount of imputed or expected power as if the qualifying facility were producing, provided that the qualifying facility's power was available.
[17.9.570.9 NMAC - Rp, 17.9.570.9 NMAC, 10-15-08]

17.9.570.10 METERING OPTIONS:

A. General.

(1) A qualifying facility contracting to provide power may displace its own load. The utility may require appropriate metering. Billing for any power from the utility will be at the utility's approved rate applicable to the service provided to the qualifying facility in accordance with Subsections A - G of 17.9.570.12 NMAC.

(2) The tariff filed by each utility pursuant to Subsection H of 17.9.570.13 NMAC shall include the offer to any qualifying facility that has not contracted to receive capacity payments, the metering options in Subsections B, C and D of 17.9.570.10 NMAC.

(3) The options of Subsections B, C and D of 17.9.570.10 NMAC may involve time-of-day metering if the utility has in effect time-differentiated rates and metering for the class of customer to which the qualifying facility belongs or if the parties negotiate time-differentiated payments to the qualifying facility.

B. Load displacement option. If the qualifying facility wishes primarily to serve its own load, the utility shall agree to interconnect with a single meter or meter set measuring flow from the utility to the qualifying facility; billing for any power from the utility will be at the utility's approved tariff applicable to the service provided to the qualifying facility; there will be no additional customer charge and no payment by the utility for any excess energy which might be generated by the qualifying facility.

C. Net metering option.

(1) The utility shall install the metering necessary to determine the net energy delivered from the qualifying facility to the utility or from the utility to the qualifying facility for each time-of-use or single rate period, as applicable, during a billing period; the net energy delivered to either the qualifying facility or to the utility is the difference between the energy produced by the qualifying facility's generation and the energy that would have otherwise been supplied by the utility to the qualifying facility absent the qualifying facility's generation.

(2) The net energy delivered from the qualifying facility to the utility shall be purchased by the utility at the utility's applicable time-of-use or single period energy rate as described in Subsection B of 17.9.570.11

NMAC; the qualifying facility shall be billed for the net energy delivered from the utility in accordance with the tariffs that are applicable to the qualifying facility absent the qualifying facility's generation; the qualifying facility shall also be billed for all demand and other charges in accordance with the applicable tariffs. At the end of the billing period the utility shall net all charges owed to the utility by the qualifying facility and all payments owed by the utility to the qualifying facility. If a net amount is owed to the qualifying facility for the billing period, and is less than $50, the payment amount may be carried over to the following billing period. If a net amount is owed to the qualifying facility and is $50 or more, the utility shall make payment to the qualifying facility prior to the end of the next billing period.

(3) If provision of the net metering option requires metering equipment and related facilities that are more costly than would otherwise be necessary absent the requirement for net metering, the qualifying facility shall pay all incremental costs associated with installing the more costly metering equipment and facilities. An additional customer charge to cover the added costs of billing and administration may be included in the tariff if supported with evidence of need for such charge.

D. Separate load metering (simultaneous buy/sell) option. The utility shall install the metering necessary to determine separately 1) all the energy produced by the qualifying facility's generator and 2) all of the power consumed by the qualifying facility's loads; the utility shall purchase all energy produced by the qualifying facility's generator at the utility's applicable time-of-use or single period energy rate as described in Subsection B of 17.9.570.11 NMAC. The qualifying facility shall purchase all power consumed at its normally applicable rate; an additional customer charge to cover the added costs of billing and administration may be included in the tariff if supported with evidence of need for such charge.

E. Metering configurations. Metering configurations used to implement the provisions of 17.9.570 NMAC shall be reasonable, nondiscriminatory, and shall not discourage cogeneration or small power production. [17.9.570.10 NMAC - Rp, 17.9.570.10 NMAC, 10-15-08]

17.9.570.11 DETERMINATION OF RATES FOR PURCHASES FROM QUALIFYING FACILITIES:

A. General. A utility shall pay a qualifying facility avoided costs for power purchased from the qualifying facility. Avoided costs are defined in Subsection A of 17.9.570.7 NMAC. The energy rate represents avoided energy costs for the purposes of 17.9.570 NMAC. The energy rate and the avoided capacity costs to be paid to the qualifying facility for the power it sells to the utility shall be developed pursuant to Subsections B and C of 17.9.570.11 NMAC, respectively.

B. Energy rate. The energy rate to be paid for the energy supplied by the qualifying facility in any month shall be that respective month's rate from the utility's current schedule on file with the commission. Each utility shall file with the commission its schedule containing monthly energy rates that will be applicable to the next twelve-month period. These monthly energy rates shall be listed for each voltage level of interconnection and shall be expressed in cents/kWh. Each month's energy rate contained in the schedule shall be the average of the economy energy purchases by the utility for the corresponding month of the immediately preceding twelve-month period. In the event a utility does not engage in economy energy purchases in any given month, the energy rate to be included in its schedule for that month shall be either: the monthly average of hourly incremental energy costs including variable operation and maintenance expenses for generating utilities, or the energy charge of the highest energy cost contract as adjusted for appropriate retail fuel and purchase power pass through for nongenerating utilities.

(1) In addition to the schedule described above, those utilities with retail time-of-use rates on file with the commission shall file schedules reflecting monthly energy rates calculated for peak periods only and off-peak periods only which shall be applied to qualifying facilities whose generation is limited to peak periods only or offpeak periods only. Peak and off-peak periods shall be as defined in the utility's retail tariffs on file with the commission.

(2) Within sixty (60) days of the effective date of 17.9.570 NMAC each electric utility subject to the rule shall file with the commission the schedule containing rates to be offered along with detailed supporting workpapers showing the input data and calculations. After the first submittal each utility shall update its filing within thirty (30) days from the last day of its fiscal year.

(3) Variable operation and maintenance rates used for the above computations shall be the basis for requested variable operation and maintenance rates in the utility's future rate cases.

(4) The schedules containing energy rates developed pursuant to Subsections B and C of 17.9.570.11 NMAC shall be part of the tariff to be filed pursuant to Subsection H of 17.9.570.13 NMAC. The energy rate contained in the schedules shall include the savings attributable to the avoidance of losses due to transmission, distribution, and transformation as applicable for different voltage levels of interconnection. These transmission, distribution, and transformation loss avoidance savings for different voltage levels of interconnection shall be

obtained from the utility's filing in the last commission-decided rate case, and those figures shall be shown in the utility's submittal.

C. Avoided capacity costs.

(1) A qualifying facility is entitled to receive payments for capacity when such capacity purchase by the utility from the qualifying facility enables the utility to avoid procurement of new capacity. The avoided capacity costs of a utility will be determined by the commission on a case-by-case basis based on the costs associated with a "new capacity addition" for the utility.

(2) Within sixty (60) days of the effective date of 17.9.570 NMAC each utility subject to the provisions of 17.9.570 NMAC shall file a schedule with the commission showing capacity, capital costs, and fixed operation, maintenance, and demand charges, as applicable, of the existing capacity resources by generating unit and by contract. After the first submittal each utility shall update its filing within thirty (30) days from the last day of every fiscal year. Utilities transferring their purchase obligation pursuant to Subsection F of 17.9.570.13 NMAC need not file this schedule. A utility which has obtained a limited variance from the provisions of Subsection F shall note that the variance obtained applies to qualifying facilities contracting to supply energy only. Each utility subject to the provisions of 17.9.570 NMAC shall notify the commission of any planned "new capacity addition" with relevant details on timing, size, capital costs, fixed operation and maintenance costs, property taxes, insurance, energy costs, variable operation and maintenance costs, and capital carrying costs if the "new capacity addition" is to be made by the utility's own generation. If the "new capacity addition" is made by a power sales agreement or other such agreement, the utility shall give the relevant details of the transaction such as demand and energy charges and term of the agreement. Notification to the commission shall be made as soon as possible after the utility's decision but in no case later than one (1) year prior to the date of a "new capacity addition". Failure to provide adequate notice may result in the utility being unable to recover the costs of the "new capacity addition" in rates even if such an addition meets all the other regulatory criteria for recoverability.

(3) Based on the information contained in the utility's notification and subject to a hearing thereon, the commission will determine the avoided capacity costs for that utility. The utility shall be obligated to make payments for capacity only up to the amount of capacity associated with the "new capacity addition".

D. Negotiations. Notwithstanding the provisions of 17.9.570 NMAC, a utility and qualifying facility may at the qualifying facility's option negotiate rates for the power to be supplied by the qualifying facility. Such negotiated rates shall be filed with the commission within thirty (30) days of the execution of the contract. The contract shall not contain any rate which is higher than the utility's avoided costs as defined in 17.9.570 NMAC. [17.9.570.11 NMAC - Rp, 17.9.570.11 NMAC, 10-15-08]

17.9.570.12 OBLIGATION TO SELL:

A. Rates to be offered. Utilities are required to provide supplementary power, backup power, maintenance power, and interruptible power to qualifying facilities irrespective of whether the production and consumption functions of the qualifying facility are singly or separately owned. The rates for supplementary power, backup power, maintenance power, and interruptible power shall be calculated as provided for in this section (17.9.570.12 NMAC) and included in the tariff for each utility to be filed pursuant to 17.9.570 NMAC. Utilities may charge a facilities fee for equipment dedicated to the customer pursuant to the utility's rate schedules and rules governing the utility's practices for recovering such costs. The computation of the facilities fee shall take into account the costs of facilities already paid for by the customer before installing a qualifying facility.

B. Supplementary power.

(1) Qualifying facilities shall be entitled to supplementary power under the same retail rate schedules that would be applicable to those retail customers having power requirements equal to the supplementary power requirements of the qualifying facility. Any ratchet enforced through the "billing demand" provisions of such retail schedules shall also apply.

(2) To determine the amount of supplementary power required, supplementary power shall be measured to each qualifying facility through appropriate metering devices which are adequate to determine whether supplementary or backup power is being utilized. The demand interval used shall be the same as that contained in the applicable retail rate schedule.

C. Backup power.

(1) Qualifying facilities shall be entitled to backup power for forced outages under the same retail rate which would be applicable absent its qualifying facility generation. Rates for sale of backup power shall not contain demand charges in time periods when demand charges are not applicable to such retail rate schedule. Rates for backup power shall not contain demand ratchets or power factor penalties. If the utility can demonstrate that a particular qualifying facility has caused either a demand ratchet or a power factor penalty clause between the utility

and its power supplier(s) to be invoked because of the qualifying facility's operation, the utility may petition the commission to allow the allocable charges resulting from the demand ratchet or power f actor penalty which has been invoked to be included in the rates for that particular qualifying facility.

(2) In the months that backup power is not utilized by the qualifying facility the rates for backup power may contain a monthly reservation fee which shall not exceed ten percent (10%) of the monthly demand charge contained in the retail rate schedule which would be applicable to the consumer absent its qualifying facility generation. Such a reservation fee shall not be charged while a qualifying facility is taking backup power or while charges resulting from a power factor penalty and/or demand ratchet have/has been imposed pursuant to Paragraph (1) of Subsection C of 17.9.570.12 NMAC.

D. Maintenance power.

(1) Maintenance power shall be provided to qualifying facilities for periods of maintenance scheduled in advance with the concurrence of' the utility. A qualifying facility shall schedule such maintenance with the utility by giving the utility advance notice dependent on the length of the outage as follows:

Length of Outage*	**Advance Notice***
1 day	5 days
2 to 5 days	30 days
6 to 30 days	90 days
***All days are calendar days.**	

(2) Maintenance power rates shall be the same as the retail rate which would be applicable to the qualifying facility absent its qualifying facility generation. The maintenance power demand charge shall be determined by multiplying the applicable retail demand charge by the ratio of the number of weekdays in which the maintenance power was taken to the number of weekdays in the month. No demand charge shall apply for maintenance power taken during off-peak hours as defined in the utility's retail tariffs. For those utilities which do not have time-of-use rates, off-peak hours are defined as 11:00 p.m. to 7:00 a.m. weekdays, twenty-four (24) hours per day on weekends and holidays.

(3) Maintenance power shall be available to qualifying facilities for a minimum period of thirty (30) days per year scheduled outside of the system peak period of the utility which is defined as the three-month period covering the peak month together with the preceding and succeeding months.

E. Interruptible power. All utilities shall file rates for interruptible power which shall be available to qualifying facilities. Rates for such interruptible power purchases shall reflect the lower costs, if any, which the utility incurs in order to provide interruptible power as opposed to what it would incur to provide firm power.

F. Customer charges. The customer charges from a utility for a qualifying facility shall be the same as the retail rate applicable to the customers in the same rate class absent its qualifying facility generation.

G. Exceptions. An electric utility shall not be required to provide supplementary power, backup power, maintenance power, or interruptible power to a qualifying facility if, after notice in the area served by the electric utility and after opportunity for public comment, the electric utility demonstrates and the commission finds that provision of such power would:

(1) impair the electric utility's ability to render adequate service to its customers; or

(2) place an undue burden on the utility.

[17.9.570.12 NMAC - Rp, 17.9.570.12 NMAC, 10-15-08]

17.9.570.13 PERIODS WHEN PURCHASES AND SALES ARE NOT REQUIRED AND GENERAL PROVISIONS:

A. System emergencies.

(1) During any system emergency a utility may discontinue on a nondiscriminatory basis:

(a) purchases from a qualifying facility if such purchases would contribute to such emergency, and

(b) sales to a qualifying facility provided that such discontinuance is on a previously established nondiscriminatory basis.

(2) A qualifying facility shall be required to provide power to a utility during a system emergency only to the extent:

(a) provided by agreement between the qualifying facility and the utility; or

(b) ordered pursuant to the provisions of the Federal Power Act, 16 U.S.C. Section 824a(c).

B. Operational circumstances. The utility may discontinue purchases from the qualifying facility during any period in which, due to operational circumstances, purchases from qualifying facilities will result in costs greater than those which the utility would incur if it did not make such purchases but instead generated an equivalent amount of energy itself; a claim by an electric utility that such a period has occurred or will occur is subject to verification by the commission; the utility shall maintain and make available sufficient documentation to aid the commission with verification proceedings.

C. Notification requirements. Any utility which disconnects and thereby discontinues purchases or sales from a qualifying facility for the reasons cited in Subsections A and B of 17.9.570.13 NMAC above shall notify the qualifying facility or facilities prior to the system emergency or operational circumstance if reasonably possible. If prior notice is not reasonably possible the utility shall notify the qualifying facility by telephone or personal contact within forty-eight (48) hours following the system emergency or operational circumstance followed by written communication if requested by the qualifying facility. Any notification shall include the specific reason for the system emergency or operational circumstance.

D. Penalty. Any utility which fails to comply with the notification requirements in Subsection C of 17.9.570.13 NMAC or fails to demonstrate the existence of a system emergency or operational circumstance which warrants the discontinuance of purchases shall pay for the qualifying facility's imputed or expected power at the applicable rate as if the system emergency or operational circumstance had not occurred. The utility may also be subject to a penalty under NMSA 1978, Section 62-12-4 as amended.

E. Wheeling of power. If the qualifying facility agrees, an electric utility which would otherwise be obligated to purchase power from the qualifying facility may transmit power to any other electric utility. Any electric utility to which power is transmitted shall purchase such power as if the qualifying facility were supplying power directly to such electric utility. The rate for purchase by the electric utility to which such power is transmitted shall be adjusted up or down to reflect line losses pursuant to 18 C.F.R. Section 292.304(e)(4) and shall not include any charges for transmission.

F. Distribution cooperatives.

(1) A distribution cooperative having a full power requirements contract with its supplier has the option of transferring the purchase obligation pursuant to Section 17.9.570.9 NMAC to its power supplier. The qualifying facility will be paid the capacity and energy payments, as applicable, by the supplier pursuant to Section 17.9.570.11 NMAC. A distribution cooperative that does not transfer the purchase obligation to its power supplier shall have the option to:

(a) pay qualifying facilities the energy and/or capacity charges including appropriate fuel and purchase power pass-throughs it pays to its power supplier, or

(b) pay the qualifying facility the energy and/or capacity charges which shall be determined in accordance with Section 17.9.570.11 NMAC.

(2) The obligation to interconnect and provide supplementary, backup, and maintenance power either on a firm or on an interruptible basis shall remain with the distribution cooperative.

(3) Any municipal electric utility that does not have generating capacity but is subject to the jurisdiction of the commission shall be considered a distribution cooperative for the purposes of 17.9.570 NMAC.

G. Requirements to file electric utility system data: not later than April 1 of each year each utility shall submit to the commission a report covering the previous calendar year which shall at a minimum provide:

(1) the name and address of each qualifying facility with which it is interconnected, with which it has a contract to interconnect, or with which it has concluded a wheeling agreement;

(2) annual purchases in kW and kWh from each qualifying facility with which it is interconnected and the amount of electricity wheeled on behalf of each qualifying facility;

(3) the price charged for any power wheeled on behalf of each qualifying facility;

(4) the methodology and assumptions used in the calculation of wheeling rates;

(5) amounts actually paid to each qualifying facility; and

(6) a list of all applications for interconnection which the utility has rejected or otherwise failed to approve together with the reasons therefor.

H. Filing of tariff.

(1) Within sixty (60) days of the adoption of this rule, each utility shall develop and file any changes to its tariffs on file with the commission needed to comply with the requirements set forth herein; such changes shall comply with all tariff filing requirements of the commission; such tariffs shall conform to the requirements of 17.1.210 NMAC, and shall become effective thirty (30) days after the filing thereof unless suspended by the commission pursuant to NMSA 1978, Section 62-8-7 as amended, or unless ordered effective at an earlier date by the commission.

(2) Within sixty (60) days of the adoption of the amendments to this rule, each utility shall develop and file tariffs for metering and billing consistent with this rule for generating facilities with rated capacities up to and including 10 kW; such tariffs shall comply with all tariff filing requirements of the commission; such tariffs shall conform to the requirements 17.1.210 NMAC, and shall become effective thirty (30) days after the filing thereof unless suspended by the commission pursuant to NMSA 1978, Section 62-8-7 as amended, or unless ordered effective at an earlier date by the commission.

I. Complaints and investigations. The procedures set forth in NMSA 1978, Sections 62-8-7 and 62-10-1 as amended, and the complaint provisions of 1.2.2 NMAC shall be applicable for the resolution of complaints and investigations arising out of the implementation and conduct of 17.9.570 NMAC.

J. Severability. If any part of 17.9.570 NMAC or any application thereof is held invalid, the remainder or the application thereof to other situations or persons shall not be affected.

K. Amendment. The adoption of 17.9.570 NMAC shall in no way preclude the commission, after notice and hearing, from altering or amending any provision hereof or from making any modification with respect to its application deemed necessary.

L. Exemption or variance.

(1) Any interested person may file an application for an exemption or a variance from the requirements of 17.9.570 NMAC. Such application shall:

(a) describe the situation which necessitates the exemption or variance;

(b) set out the effect of complying with 17.9.570 NMAC on the utility and its customers if the exemption or variance is not granted;

(c) identify the section(s) of 17.9.570 NMAC for which the exemption or variance is requested;

(d) define the result which the request will have if granted;

(e) state how the exemption or variance will promote the achievement of the purposes of 17.9.570 NMAC; and

(f) state why no other reasonable alternative is available.

(2) If the commission determines that the exemption or variance is consistent with the purposes of the rule as defined herein, the exemption or variance may be granted. The commission may at its option require an informal conference or formal evidentiary hearing prior to the granting of the variance.

M. Motion for stay pending amendment, exemption, or variance. An application for an amendment, exemption, or a variance may include a motion that the commission stay the application of the affected portion of 17.9.570 NMAC for the transaction specified in the motion.

[17.9.570.13 NMAC - Rp, 17.9.570.13 NMAC, 10-15-08]

17.9.570.14 NET METERING OF CUSTOMER-SITED QUALIFYING FACILITIES WITH A DESIGN CAPACITY UP TO AND INCLUDING 10KW:

A. Relationship to other commission rules. The standards and procedures for the interconnection of qualifying facilities subject to this section (17.9.570.14 NMAC) are set forth in 17.9.568 NMAC.

B. Use of a single meter. When the customer is billed under a rate structure that does not include time-of-use energy pricing, a single energy meter shall be used to implement net metering of a qualifying facility unless an alternate metering arrangement is agreed to by the customer and utility. If either the utility or the customer requests an alternate form of metering or additional metering that is not required to accomplish net metering or is for the convenience of the party, the party requesting the change in metering shall pay for the alternate or additional metering arrangement. If the customer elects to take electric service under any rate structure, including time-of-use, that requires the use of metering apparatus or a metering arrangement that is more costly than would otherwise be necessary absent the requirement for net metering, the customer shall be required to pay the additional incremental cost of the required metering equipment. Within ten (10) days of receiving notification from the customer of the intent to interconnect, the utility will notify the customer of any metering costs. Charges for special metering costs shall be paid by the customer, or arrangements for payment agreed to between the customer and utility, prior to the utility authorizing interconnected operation.

C. Net metering calculation. The utility shall calculate each customer's bill for the billing period using net metering and with the following conditions:

(1) Customers shall be billed for service in accordance with the rate structure and monthly charges that the customer would be assigned if the customer had not interconnected a qualifying facility. Net energy produced or consumed on a monthly basis shall be measured in accordance with standard metering practices.

(2) If electricity supplied by the utility exceeds electricity generated by the customer during a billing period, the customer shall be billed for the net energy supplied by the utility under the applicable rates.

(3) If electricity generated by the customer exceeds the electricity supplied by the grid during a billing period, the utility shall credit the customer on the next bill for the excess kilowatt-hours generated, by:

(a) crediting or paying the customer for the net energy supplied to the utility at the utility's energy rate pursuant to this 17.9.570 NMAC; or

(b) crediting the customer for the net kilowatt-hours of energy supplied to the utility. Unused credits shall be carried forward from month to month; provided that if a utility opts to credit customers and the customer leaves the system, customer's unused credits for excess kilowatt-hours generated shall be paid to the customer at the utility's energy rate pursuant to this 17.9.570 NMAC.

[17.9.570.14 NMAC - N, 10-15-08]

17.9.570.15 STANDARD METERING AND BILLING AGREEMENT FOR QUALIFYING FACILITIES WITH A DESIGN CAPACITY OF GREATER THAN 10 KW AND LESS THAN OR EQUAL TO 10 MW:

This AGREEMENT is made as of the _____ day of _____, 20____, by and between _____("customer") and Socorro Electric Cooperative, Inc. (“utility”) also referred to collectively as "parties" and singularly as "party."

Customer receives electric service from utility at _____[location/address] under account _____[account #]. Customer has located at these premises a qualifying facility ("QF") as defined by 17.9.570 NMAC, having an installed capacity of greater than 10 kilowatts and up to and including 10 megawatts, which is interconnected to utility pursuant to an interconnection agreement, attached as Exhibit (1). For good and valuable consideration, customer desires to sell or provide electricity to utility from the QF and utility desires to purchase or accept all the energy produced by the QF that is not consumed by customer, and the parties agree to the following terms and conditions:

A. DEFINITIONS. Whenever used **in the agreement**, the following words and phrases shall have the following meanings:

(1) agreement shall mean this agreement and all schedules, tariffs, attachments, exhibits, and appendices attached hereto and incorporated herein by reference;

(2) interconnection facilities shall mean all machinery, equipment, and fixtures required to be installed solely to interconnect and deliver power from the QF to the utility's system, including, but not limited to, connection, transformation, switching, metering, relaying, line and safety equipment and shall include all necessary additions to, and reinforcements of, the utility's system;

(3) prudent electrical practices shall mean those practices, methods and equipment, as changed from time to time, that are commonly used in prudent electrical engineering and operations to operate electric equipment lawfully, and with safety, dependability, efficiency and economy;

(4) qualifying facility (QF) means a cogeneration facility or a small power production facility which meets the criteria for qualification contained in 18 C.F.R. Section 292.203;

(5) point of delivery means the geographical and physical location described on exhibit B hereto; such exhibit depicts the location of the QF’s side of interconnection facilities where customer is to (sell and) deliver electric energy pursuant to this agreement or pursuant to a separate wheeling agreement;

(6) termination means termination of this agreement and the rights and obligations of the parties under this agreement, except as otherwise provided for in this agreement;

(7) suspension means suspension of the obligation of the Utility to interconnect with and purchase electricity from the customer.

B. TERM OF AGREEMENT. The original term of this agreement shall be for a period of five (5) years from the date of the execution of this agreement and shall continue thereafter from year to year until terminated as herein provided.

(1) Termination by customer. Termination of this agreement during and after the original term requires written notice to utility that this agreement will terminate in ninety (90) days. Customer may terminate this agreement without showing good cause.

(2) Termination by utility. Termination of this agreement during and after the original term requires written notice to customer that this agreement will terminate in ninety (90) days, unless otherwise provided. utility, in the exercise of this right, must show good cause for the termination.

(3) At any time the QF is sold, leased, assigned, or otherwise transferred, the seller or lessor of the

QF shall notify utility and this agreement may be terminated at utility's option, for good cause, regardless of whether such transfer occurs during the original term or any renewal thereof. Such termination may be made with five (5) days written notice by utility.

(4) Should the customer default in the performance of any of the customer's obligations hereunder, utility may suspend interconnection, purchases, or both and if the default continues for more than 90 days after written notice by utility to Customer, utility may terminate this agreement. Termination or suspension shall not affect the obligation of utility to pay for energy already delivered or of customer to reimburse interconnection costs, or any cost then accrued. Upon termination, all amounts owed to the utility will become payable immediately.

C. METER INSTALLATION, TESTING AND ACCESS TO PREMISES. Customer will be metered by a meter or meters as determined by utility to which utility is granted reasonable access.

(1) Customer shall supply, at its own expense, a suitable location for all meters and associated equipment. Customer shall provide a clearly understandable sketch or one-line diagram showing the qualifying facility, the interconnection equipment, breaker panel(s), disconnect switches and metering, to be attached to this agreement. Such location must conform to utility's meter location policy. The following metering options will be offered by utility: **Net Metering.** Customer shall provide and install a meter socket and any related interconnection equipment per utility's requirements.

(2) Customer shall deliver the as-available energy to utility at utility's meter.

(3) Utility shall furnish and install a standard kilowatt-hour meter. Utility may install, at its option and expense, magnetic tape recorders in order to obtain load research information. Utility may meter the customer's usage using two meters for measurement of energy flows in each direction at the point of delivery.

(4) If either utility or customer requests an alternate form of metering or additional metering that is not required to accomplish net metering or is for the convenience of the party, the party requesting the change in metering shall pay for the alternate or additional metering arrangement. If customer elects to take electric service under any rate structure, including time-of-use, that requires the use of metering apparatus or a metering arrangement that is more costly than would otherwise be necessary absent the requirement for net metering, customer shall be required to pay the additional incremental cost of the required metering equipment. Within ten (10) days of receiving notification from customer of the intent to interconnect, utility will notify the customer of any metering costs. Charges for special metering costs shall be paid by customer, or arrangements for payment agreed to between customer and utility, prior to utility authorizing interconnected operation.

(5) All meter standards and testing shall be in compliance with utility's rules and regulations as approved by the NMPRC. The metering configuration shall be one of utility's standard metering configurations as set out in Subsection D of 17.9.570.15 NMAC and mutually agreeable to the parties or any other metering configuration mutually agreeable to the parties. The agreed upon configuration is shown on exhibit (2). (Service by the distribution cooperative to customer shall be in accordance with the distribution cooperative's articles, bylaws and regulations and in accordance with its tariffs filed with the NMPRC, the terms and conditions of which shall be unaffected by this agreement). If the interconnection facilities have been modified pursuant to the interconnection agreement, customer shall permit utility, at any time, to install or modify any equipment, facility or apparatus necessary to protect the safety of its employees or to assure the accuracy of its metering equipment, the cost of which shall be borne by customer. Utility shall have the right to disconnect the QF if it has been modified without utility's authorization.

(6) Utility may enter customer's premises to inspect at all reasonable hours customer's protective devices and read or test meter; and pursuant to the interconnection agreement to disconnect, without notice, the interconnection facilities if utility reasonably believes a hazardous condition exists and such immediate action is necessary to protect persons, or utility's facilities, or property of others from damage or interference caused by customer's facilities, or lack of properly operating protective devices.

D. ENERGY PURCHASE PRICE AND METERING OPTION. All electric energy delivered and service rendered hereunder shall be delivered and rendered in accordance with the applicable rate schedules and tariffs. Customer has selected the _____ metering option defined in this section. It is understood and agreed, however, that said rates are expressly subject to change by any regulatory body having jurisdiction over the subject matter of this agreement. If a new rate schedule or tariff is approved by the proper regulatory body, the new rate schedule or tariff shall be applicable to this agreement upon the effective date of such rate schedule or tariff.

(1) Load displacement option: Utility will interconnect with the customer using a single meter which will be ratcheted and would only measure the flow of energy to the customer. Billing to customer will be at utility's approved tariff rate applicable to the service provided to the QF. There will be no additional customer charge and no payment by utility for any excess power which might be generated by the QF.

(2) Net metering option.

(a) Utility shall install the metering necessary to determine the net energy delivered from customer to utility or the net energy delivered from utility to customer for each time-of-use or single rate period, as applicable, during a billing period. The net energy delivered to either the QF or to the utility is the difference between the energy produced by the QF generation and the energy that would have otherwise been supplied by the utility to the QF absent the QF generation.

(b) The net energy delivered from customer to utility shall be purchased by utility at utility's applicable time-of-use or single period energy rate, as described in Subsection B of 17.9.570.11 NMAC, and filed with the NMPRC. Customer shall be billed for all net energy delivered from utility in accordance with the tariff that is applicable to customer absent the QF generation. An additional customer charge to cover the added costs of billing and administration may be included in the tariff. At the end of the billing period, utility shall net all charges owed to utility by customer and all payments owed by utility to customer. If a net amount is owed to customer for the billing period, and is less than $50, the payment amount may be carried over to the following billing period. If a net amount is owed to customer and is $50 or more, utility shall make payment to customer prior to the end of the next billing period.

(c) If provision of the net metering option requires metering equipment and related facilities that are more costly than would otherwise be necessary absent the requirement for net metering, customer shall pay all incremental costs associated with installing the more costly metering equipment and facilities.

(3) Simultaneous buy/sell option.

(a) Utility will install the metering necessary to determine separately 1) all of the energy produced by customer's generator and 2) all of the power consumed by customer's loads. Utility will purchase all energy produced at utility's applicable time-of-use or single period energy rate, as described in Subsection B of 17.9.570.11 NMAC, for such purchases, and as filed with and approved by the NMPRC. Customer shall purchase all power consumed at its normally applicable tariff rate. An additional customer charge to cover the added costs of billing and administration may be included.

(b) If provision of the simultaneous buy/sell option requires metering equipment and related facilities that are more costly than would otherwise be necessary absent the requirement for simultaneous buy/sell metering, customer shall pay all incremental costs associated with installing the more costly metering equipment and facilities.

E. INTERRUPTION OR REDUCTION OF DELIVERIES.

(1) Utility shall not be obligated to accept or pay for and may require customer to interrupt or reduce deliveries of available energy under the following circumstances:

(a) it is necessary in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or part of its system or if it reasonably determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices; whenever possible, utility shall give customer reasonable notice of the possibility that interruption or reduction of deliveries may be required;

(b) there is evidence that customer's QF is interfering with service to other customers or interfering with the operation of Utility's equipment; customer may be reconnected by utility when customer makes the necessary changes to comply with the standards required by this agreement;

(c) it is necessary to assure safety of utility's personnel; notwithstanding any other provision of this agreement, if at any time utility reasonably determines that the facility may endanger utility personnel or other persons or property or the continued operation of customer's facility may endanger the integrity or safety of utility's electric system, utility shall have the right to disconnect and lock out customer's facility from utility's electric system; customer's facility shall remain disconnected until such time as utility is reasonably satisfied that the conditions referenced in this section have been corrected;

(d) there is a failure of customer to adhere to this agreement;

(e) if suspension of service is otherwise necessary and allowed under utility's rules and regulations as approved by the NMPRC.

(2) Customer shall cooperate with load management plans and techniques as ordered or approved by the NMPRC, and the service to be furnished by utility hereunder may be modified as required to conform thereto.

F. FORCE MAJEURE. Force majeure shall mean any cause beyond the control of the party affected, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, (labor dispute,) labor or material shortage, sabotage, restraint by court order or public authority, and action or nonaction, by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority, which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence, it shall be unable to

overcome. If either party, because of force majeure, is rendered wholly or partly unable to perform its obligations under this agreement, except for the obligation to make payments of money, that party shall be excused from whatever performance is affected by the force majeure to the extent so affected, provided that:

(1) the nonperforming party, within a reasonable time after the occurrence of the force majeure, gives the other party written notice describing the particulars of the occurrence;

(2) the suspension of performance is of no greater scope and of no longer duration than is required by the force majeure; and

(3) the nonperforming party uses its best efforts to remedy its inability to perform. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the party involved in the disputes.

G. INDEMNITY. Each party shall indemnify the other from liability, loss, costs, and expenses on account of death or injury to persons or damage or destruction of property occasioned by the negligence of the indemnifying party or its agents, officers, employees, contractors, licensees or invitees, or any combination thereof, except to the extent that such death, injury, damage, or destruction resulted from the negligence of the other party or its agents, officers, employees, contractors, licensees or invitees, or any combination thereof. Provided, however, that:

(1) each party shall be solely responsible for the claims or any payments to any employee or agent for injuries occurring in connection with their employment or arising out of any Workmen's Compensation Law or Occupational Disease Disablement Law;

(2) utility shall not be liable for any loss of earnings, revenues, indirect or consequential damages or injury which may occur to customer as a result of interruption or partial interruption (single-phasing) in delivery of service hereunder to customer or by failure to receive service from customer by reason of any cause whatsoever, including negligence; and

(3) the provisions of this subsection on indemnification shall not be construed so as to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of any valid insurance policy;

(4) the indemnifying party shall pay all costs and expenses incurred by the other party in enforcing the indemnity under this agreement including reasonable attorney fees.

H. DEDICATION. An undertaking by one party to another party under any provision of this agreement shall not constitute the dedication of such party's system or any portion thereof to the public or to the other party and any such undertaking shall cease upon termination of the party's obligations herein.

I. STATUS OF CUSTOMER. In performing under this agreement, customer shall operate as or have the status of an independent contractor and shall not act as or be an agent, servant, or employee of utility.

J. AMENDMENT, MODIFICATIONS OR WAIVER. Any amendments or modifications to this agreement shall be in writing and agreed to by both parties. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of the breach of any term or covenant contained in this agreement, whether by conduct or otherwise, shall be deemed to be construed as a further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.

K. ASSIGNMENT. This agreement and all provisions hereof shall inure to and be binding upon the respective parties hereto, their personal representatives, heirs, successors, and assigns. Customer shall not assign this agreement or any part hereof without the prior written consent of utility, otherwise this agreement may be terminated pursuant to paragraph (3) of Subsection B of 17.9.570.15 NMAC.

L. NOTICES. Any payments, notices, demands or requests required or authorized by this agreement shall be deemed properly given if personally delivered or mailed postage prepaid to:

Customer: _____	Utility: Socorro Electric Cooperative, Inc.
Address: _____	P.O. Box H
_____	Socorro, NM 87801

The designation of the persons to be notified, or the address thereof, may be changed by notice in writing by one party to the other. Routine notices and notices during system emergency or operational circumstances may be made in person or by telephone. Customer's notices to utility pursuant to this agreement shall refer to the customer's electric service account number set forth in this agreement.

M. MISCELLANEOUS. This agreement and any amendments thereto, including any tariffs made a part hereof, shall at all times be subject to such changes or modifications as shall be ordered from time to time by any regulatory body or court having jurisdiction to require such changes or modification. This agreement (and any tariffs incorporated herein) contains all the agreements and representations of the parties relating to the interconnection and purchases contemplated and no other agreement, warranties, understandings or representations relating thereto shall be binding unless set forth in writing as an amendment hereto.

N. GOVERNING LAW. This agreement shall be interpreted, governed, and construed under the laws of the state of New Mexico as if executed and to be performed wholly within the state of New Mexico.

O. ATTACHMENTS. This agreement includes the following exhibits as labeled and incorporated herein by reference:

(1) interconnection agreement;

(2) customer's sketch or one line diagram and site drawing, and generation and protection equipment specifications.

In witness thereof, the parties have executed this agreement on the date set forth herein above.

Date:_____	Date:_____
CUSTOMER: _____ Printed Name	UTILITY: Socorro Electric Cooperative, Inc.
By:_____ Signature	By:_____ Signature

[17.9.570.15 NMAC - Rp, 17.9.570.15 NMAC, 10-15-08]

HISTORY OF 17.9.570 NMAC:

Pre-NMAC History: The material in this part was derived from that previously filed with the commission of public records-state records center and archives.

PSC-GO 37 (General Order 37), Rules And Regulations Governing Cogeneration And Small Power Production filed 4/1/81.

First Revised General Order No. 37, Rules And Regulations Governing Cogeneration And Small Power Production filed 12/30/82.

G.O. 37; General Order 37, Second Revised, Rules And Regulations Governing Cogeneration And Small Power Production filed 12/3/86.

G.O. 37; General Order 37, Second Revised, Rules And Regulations Governing Cogeneration And Small Power Production filed 1/5/87.

G.O. 37; Second Revised General Order 37, Governing Cogeneration And Small Power Production filed 3/3/87.

G.O. 37; Third Revised General Order 37, Governing Cogeneration And Small Power Production filed 3/11/88.

NMSPC Rule 570, Governing Cogeneration And Small Power Production filed 6/30/88.

History of Repealed Material:

NMPSC Rule 570, Governing Cogeneration and Small Power Production (filed 06-30-1988) repealed 3-30-07.

17 NMAC 10.571, Net Metering of Customer-Owned Qualifying Facilities of 10kW or Smaller (filed 09/17/1999) repealed 10-15-08.

17.9.570 NMAC, Governing Cogeneration and Small Power Production (filed 03-16-2007) repealed 10-15-08.

Other History:

NMPSC Rule 570, Governing Cogeneration and Small Power Production (filed 06-30-1988) was renumbered, reformatted and replaced by 17.9.570 NMAC, Governing Cogeneration and Small Power Production, effective 3-30-07.

Only those applicable portions of 17 NMAC 10.571, Net Metering of Customer-Owned Qualifying Facilities of 10kW or Smaller (filed 09/17/1999) and 17.9.570 NMAC, Governing Cogeneration and Small Power Production (filed 03-16-2007) were replaced by 17.9.570 NMAC, Governing Cogeneration and Small Power Production, effective 10-15-08.