

APPENDIX A

**NEW YORK STATE
STANDARDIZED CONTRACT
FOR INTERCONNECTION OF NEW DISTRIBUTED GENERATION UNITS
WITH CAPACITY OF 2 MW OR LESS CONNECTED IN PARALLEL WITH UTILITY
DISTRIBUTION SYSTEMS**

Company:
Central Hudson Gas & Electric
284 South Avenue
Poughkeepsie, NY 12601
(845) 452-2700 (T)
(845) 486-5894 (F)
DistributedGeneration@cenhud.com

Customer Information:

Name: _____ Email: _____

Address: _____

Telephone: _____ Fax: _____

CH Account #: _____

DEFINITIONS

Dedicated Facilities means the equipment and facilities on the Company's system necessary to permit operation of the Unit in parallel with the Company's system.

Delivery Service means the services the Company may provide to deliver capacity or energy generated by Customer to a buyer to a delivery point(s), including related ancillary services.

"Net energy metering" means the use of a net energy meter to measure, during the billing period applicable to a customer-generator, the net amount of electricity supplied by an electric corporation and provided to the corporation by a customer-generator.

"SIR" means the New York State Standardized Interconnection Requirements for new distributed generation units with a nameplate capacity of 2 MW or less connected in parallel with the Company's distribution system

"Unit" means the distributed generation Unit with a nameplate capacity of 2 MW or less located on the Customer's premises at the time the company approves such Unit for operation in parallel with

the Company's system. This Agreement relates only to such Unit, but a new agreement shall not be required if the customer makes physical alterations to the Unit that do not result in an increase in its nameplate generating capacity. The nameplate generating capacity of the Unit shall not exceed 2 MW.

I. TERM AND TERMINATION

1.1 Term: This Agreement shall become effective when executed by both Parties and shall continue in effect until terminated.

1.2 Termination: This Agreement may be terminated as follows:

- a. The Customer may terminate this Agreement at any time, by giving the Company sixty (60) days' written notice.
- b. Failure by the Customer to seek final acceptance by the Company within twelve (12) months after completion of the utility construction process described in the SIR shall automatically terminate this Agreement.
- c. Either Party may, by giving the other Party at least sixty (60) days' prior written notice, terminate this Agreement in the event that the other Party is in default of any of the material terms and conditions of this Agreement. The terminating Party shall specify in the notice the basis for the termination and shall provide a reasonable opportunity to cure the default.
- d. The Company may, by giving the customer at least sixty (60) days' prior written notice, terminate this Agreement for cause. The Customer's non-compliance with an upgrade to the SIR, unless the Customer's installation is "grandfathered," shall constitute good cause.

1.3 Disconnection and Survival of Obligations: Upon termination of this Agreement the Unit will be disconnected from the Company's electric 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.

1.4 Suspension: This Agreement will be suspended during any period in which the Customer is not eligible for delivery service from the Company.

II. SCOPE OF AGREEMENT

2.1 Scope of Agreement: This Agreement relates solely to the conditions under which the Company and the Customer agree that the Unit may be interconnected to and operated in parallel with the Company's system.

2.2 Electricity Not Covered: The Company shall have no duty under this Agreement to account for, pay for, deliver, or return in kind any electricity produced by the Facility and delivered

into the Company's System unless the system is net metered as described in Public Service Law Sections 66-j or 66-l.

III. INSTALLATION, OPERATION AND MAINTENANCE OF UNIT

3.1 Compliance with SIR: Subject to the provisions of this Agreement, the Company shall be required to interconnect the Unit to the Company's system, for purposes of parallel operation, if the Company accepts the Unit as in compliance with the SIR. The Customer shall have a continuing obligation to maintain and operate the Unit in compliance with the SIR.

3.2 Observation of the Unit - Construction Phase: The Company may, in its discretion and upon reasonable notice, conduct reasonable on-site verifications during the construction of the Unit. Whenever the Company chooses to exercise its right to conduct observations herein it shall specify to the Customer its reasons for its decision to conduct the observation. For purposes of this paragraph and paragraphs 3.3 through 3.5, the term "on-site verification" shall not include testing of the Unit, and verification tests shall not be required except as provided in paragraphs 3.3 and 3.4.

3.3 Observation of the Unit - Ten-day Period: The Company may conduct on-site verifications of the Unit and observe the execution of verification testing within a reasonable period of time, not exceeding ten (10) business days after system installation. The applicant's facility will be allowed to commence parallel operation upon satisfactory completion of the verification test. The applicant must have complied with and must continue to comply with all contractual and technical requirements.

3.4 Observation of the Unit - Post-Ten-day Period: If the Company does not perform an on-site verification of the Unit and observe the execution of verification testing within the ten-day period, the Customer will send the utility within five (5) days of the verification testing a written notification certifying that the Unit has been installed and tested in compliance with the SIR, the utility-accepted design and the equipment manufacturer's instructions. The Customer may begin to produce energy upon satisfactory completion of the verification test. After receiving the verification test notification, the Company will either issue to the applicant a formal letter of acceptance for interconnection, or may request that the applicant and utility set a date and time to conduct an on-site verification of the Unit and make reasonable inquiries of the Customer, but only for purposes of determining whether the verification tests were properly performed. The Customer shall not be required to perform the verification tests a second time, unless irregularities appear in the verification test report or there are other objective indications that the tests were not properly performed in the first instance.

3.5 Observation of the Unit - Operations: The Company may conduct on-site verification of the operations of the Unit after it commences operations if the Company has a reasonable basis for doing so based on its responsibility to provide continuous and reliable utility service or as authorized by the provisions of the Company's Retail Tariff relating to the verification of customer installations generally.

3.6 Costs of Dedicated Facilities: During the term of this Agreement, the Company shall design, construct and install the Dedicated Facilities. The Customer shall be responsible for paying the incremental capital cost of such Dedicated Facilities attributable to the Customer's Unit. All costs associated with the operation and maintenance of the Dedicated Facilities after the Unit first produces energy shall be the responsibility of the Company.

IV. DISCONNECTION OF THE UNIT

4.1 Emergency Disconnection: The Company may disconnect the Unit, without prior notice to the Customer (a) to eliminate conditions that constitute a potential hazard to Company personnel or the general public; (b) if pre-emergency or emergency conditions exist on the Company system; (c) if a hazardous condition relating to the Unit is observed by a utility inspection; or (d) if the Customer has tampered with any protective device. The Company shall notify the Customer of the emergency if circumstances permit.

4.2 Non-Emergency Disconnection: The Company may disconnect the Unit, after notice to the responsible party has been provided and a reasonable time to correct, consistent with the conditions, has elapsed, if (a) the Customer has failed to make available records of verification tests and maintenance of his protective devices; (b) the Unit system interferes with Company equipment or equipment belonging to other customers of the Company; (c) the Unit adversely affects the quality of service of adjoining customers.

4.3 Disconnection by Customer: The Customer may disconnect the Unit at any time.

4.4 Utility Obligation to Cure Adverse Effect: If, after the Customer meets all interconnection requirements, the operations of the Company are adversely affecting the performance of the Unit or the Customer's premises, the Company shall immediately take appropriate action to eliminate the adverse effect. If the Company determines that it needs to upgrade or reconfigure its system the Customer will not be responsible for the cost of new or additional equipment beyond the point of common coupling between the Customer and the Company.

V. ACCESS

5.1 Access to Premises: The Company shall have access to the disconnect switch of the Unit at all times. At reasonable hours and upon reasonable notice consistent with Section III of this Agreement, or at any time without notice in the event of an emergency (as defined in paragraph 4.1), the Company shall have access to the Premises.

5.2 Company and Customer Representatives: The Company shall designate, and shall provide to the Customer, the name and telephone number of a representative or representatives who can be reached at all times to allow the Customer to report an emergency and obtain the assistance of the Company. For the purpose of allowing access to the premises, the Customer shall provide the Company with the name and telephone number of a person who is responsible for providing access to the Premises.

5.3 Company Right to Access Company-Owned Facilities and Equipment: If necessary for the purposes of this Agreement, the Customer shall allow the Company access to the Company's equipment and facilities located on the Premises. To the extent that the Customer does not own all or any part of the property on which the Company is required to locate its equipment or facilities to serve the Customer under this Agreement, the Customer shall secure and provide in favor of the Company the necessary rights to obtain access to such equipment or facilities, including easements if the circumstances so require.

VI. DISPUTE RESOLUTION

6.1 Good Faith Resolution of Disputes: Each Party agrees to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner.

6.2 Mediation: If a dispute arises under this Agreement, and if it cannot be resolved by the Parties within ten (10) business days after written notice of the dispute, the parties agree to submit the dispute to mediation by a mutually acceptable mediator, in a mutually convenient location in New York State, in accordance with the then current CPR Institute for Dispute Resolution Mediation Procedure, or to mediation by a mediator provided by the New York Public Service Commission. The Parties agree to participate in good faith in the mediation for a period of up to 90 days. If the Parties are not successful in resolving their disputes through mediation, then the parties may refer the dispute for resolution to the New York Public Service Commission, which shall maintain continuing jurisdiction over this agreement.

6.3 Escrow: If there are amounts in dispute of more than two thousand dollars (\$2,000), the Customer shall either place such disputed amounts into an independent escrow account pending final resolution of the dispute in question, or provide to the Company an appropriate irrevocable standby letter of credit in lieu thereof.

VII. INSURANCE

7.1 The Customer is not required to provide general liability insurance coverage as part of this Agreement, the SIR, or any other Company requirement. Due to the risk of incurring damages however, the Public Service Commission recommends that every distributed generation customer protect itself with insurance.

7.2 Effect: The inability of the Company to require the Customer to provide general liability insurance coverage for operation of the Unit is not a waiver of any rights the Company may have to pursue remedies at law against the Customer to recover damages.

VIII. MISCELLANEOUS PROVISIONS

8.1 Beneficiaries: This Agreement is intended solely for the benefit of the parties hereto, and if a party is an agent, its principal. Nothing in this Agreement shall be construed to create any duty to, or standard of care with reference to, or any liability to, any other person.

8.2 Severability: If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such portion or provision shall be deemed separate and independent, and the remainder of this Agreement shall remain in full force and effect.

8.3 Entire Agreement: This Agreement constitutes the entire Agreement between the parties and supersedes all prior agreements or understandings, whether verbal or written.

8.4 Waiver: No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. In the event that any agreement or covenant herein shall be breached and thereafter waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

8.5 Applicable Law: This Agreement shall be governed by and construed in accordance with the law of the State of New York.

8.6 Amendments: This Agreement shall not be amended unless the amendment is in writing and signed by the Company and the Customer.

8.7 Force Majeure: For purposes of this Agreement, "Force Majeure Event" means any event: (a) that is beyond the reasonable control of the affected Party; and (b) that the affected Party is unable to prevent or provide against by exercising reasonable diligence, including the following events or circumstances, but only to the extent they satisfy the preceding requirements: acts of war, public disorder, insurrection, or rebellion; floods, hurricanes, earthquakes, lightning, storms, and other natural calamities; explosions or fires; strikes, work stoppages, or labor disputes; embargoes; and sabotage. If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, such Party will promptly notify the other Party in writing, and will keep the other Party informed on a continuing basis of the scope and duration of the Force Majeure Event. The affected Party will specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the affected Party is taking to mitigate the effects of the event on its performance. The affected Party will be entitled to suspend or modify its performance of obligations under this Agreement, other than the obligation to make payments then due or becoming due under this Agreement, but only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of reasonable efforts. The affected Party will use reasonable efforts to resume its performance as soon as possible.

8.8 Assignment to Corporate Party: At any time during the term, the Customer may assign this Agreement to a corporation or other entity with limited liability, provided that the Customer obtains the consent of the Company. Such consent will not be withheld unless the Company can demonstrate that the corporate entity is not reasonably capable of performing the obligations of the assigning Customer under this Agreement.

8.9 Assignment to Individuals: At any time during the term, a Customer may assign this Agreement to another person, other than a corporation or other entity with limited liability, provided that the assignee is the owner, lessee, or is otherwise responsible for the Unit.

8.10 Permits and Approvals: Customer shall obtain all environmental and other permits lawfully required by governmental authorities prior to the construction and for the operation of the Unit during the term of this Agreement.

8.11 Limitation of Liability: Neither by inspection, if any, or non-rejection, nor in any other way, does the Company give any warranty, express or implied, as to the adequacy, safety, or other characteristics of any structures, equipment, wires, appliances or devices owned, installed or maintained by the Customer or leased by the Customer from third parties, including without limitation the Unit and any structures, equipment, wires, appliances or devices appurtenant thereto.

ACCEPTED AND AGREED:

Customer:

Name _____ **Title** _____

Signature _____ **Date** _____

Central Hudson Gas & Electric:

Name _____ **Title** _____

Signature _____ **Date** _____