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Sheet No. Sheet No. <u>R-22.1</u> R-22.1

Rule No. 22

SMALL GENERATOR FACILITY INTERCONNECTION – SYSTEM IMPACT STUDY AGREEMENT

Small Generator Facility Interconnection System Impact Study Agreement

This Small Generator Facility Interconnection System Impact Study Agreement ("Agreement") is made and entered into this day of , 20 by and between , a organized and existing under the laws of the State of ("Interconnection Customer") and NorthWestern Corporation existing under the laws of the State of Delaware and doing business as NorthWestern Energy ("NorthWestern"). Interconnection Customer and NorthWestern each may be referred to as a "Party" or collectively as the "Parties".

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generator Facility or generating capacity addition to an existing Small Generator Facility consistent with the Interconnection request completed by the Interconnection Customer on ; and

WHEREAS, Interconnection Customer desires to Interconnect the Small Generator Facility with the Electric Distribution System; and

WHEREAS, NorthWestern has completed a Small Generator Interconnection Feasibility Study (NorthWestern Electric Tariff Rule No. 21) and provided the results of said study to Interconnection Customer (or the Parties agreed to forego such study); and

WHEREAS, Interconnection Customer has requested NorthWestern to perform a System Impact Study to assess the impact of Interconnecting the Small Generator Facility with the NorthWestern system (the "System Impact Study").

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or specified in the Agreement.
- Interconnection Customer elects and NorthWestern shall cause to be performed the System Impact Study consistent with NorthWestern's Electric Tariff Rule No. 17 Interconnection Procedures for Small Generators Other Than Qualifying Facilities on file with the Montana Public Service, Commission ("MPSC") and in accordance with the requirements of this Agreement.

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- 3.0 The scope of the System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The System Impact Study will be based upon the results of the Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection request. NorthWestern reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary during the course of the System Impact Study. If Interconnection Customer modifies its designated point of Interconnection, Interconnection request, or the technical information provided therein is modified, the time to complete the System Impact Study may be extended.
- The System Impact Study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. The System Impact Study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested Interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the Interconnection. The System Impact Study shall provide a list of facilities that are required as a result of the Interconnection request and non-binding good faith estimates of cost responsibility and time to construct.
- 6.0 The System Impact Study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on the Electric Distribution System operation, as necessary.
- 7.0 NorthWestern uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required distribution upgrades; accordingly, the System Impact Study shall consider all generating facilities (and with respect to paragraph 7.2 below, any identified upgrades associated with such higher queued Interconnection) that, on the date the System Impact Study is commenced:
 - 7.1 are directly Interconnected with NorthWestern; or
 - 7.2 have a pending higher queued Interconnection request to Interconnect with NorthWestern.
- The System Impact Study will generally be completed and the results transmitted to Interconnection Customer within 45 business days after Interconnection Customer's execution of this Agreement, and delivery of the deposit. If NorthWestern is unable to complete the System Impact Study and St

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the report will not be transmitted to the Interconnection Customer with the 45 business days, NorthWestern will notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required.

- 9.0 A deposit of the equivalent of the good faith estimated cost of the System Impact Study is required from the Interconnection Customer prior to the commencement of the System Impact Study. NorthWestern estimates that the cost to perform the System Impact Study is \$5,000. Interconnection Customer shall provide a deposit in the amount of \$5,000.
- 10.0 Any System Impact Study fees shall be based on NorthWestern's actual costs and will be invoiced to Interconnection Customer within 15 business days after the study is completed and delivered and will include a summary of professional time.
- Interconnection Customer must pay any study costs that exceed the deposit without interest within 20 business days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, NorthWestern shall refund such excess within 20 business days of the invoice or resolution of any dispute without interest. Interconnection Customer may direct NorthWestern to apply any remaining deposit to a facilities study.
- 12.0 Governing Law and Dispute Resolution. The validity, interpretation, and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of Montana without regard to its conflicts of law principles.

The Parties agree to attempt to resolve all disputes arising out of the Interconnection process according to the provisions of this section. In the event of a dispute, either Party shall provide the other Party with a written notice of dispute. Such notice shall describe in detail the nature of the dispute. If the dispute has not been resolved within 2 business days after receipt of the notice: (i) a Party may refer an Interconnection dispute to the MPSC in accordance with ARM 38.5,8413; and (ii) with regard to other disputes arising under this Agreement, a Party may exercise rights and remedies it may have in equity or law consistent with the terms of this Agreement.

- 13.0 Amendment. The Parties may only amend this Agreement by a written instrument duly executed by both Parties.
- 14.0 No Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

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15.0 Waiver.

- 15.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right or duty of this Agreement.
- 16.0 <u>Multiple Counterparts</u>. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 17.0 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.
- 18.0 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 or other governmental authority: (i) such portion or provision shall be deemed separate and independent; (ii) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (iii) the remainder of this Agreement shall remain in full force and effect.
- Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.
- 20.0 <u>Assignment</u>. This Agreement may be assigned by either Party upon 15 business days' prior written notice and opportunity to object by the other Party.

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IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

NORTHWESTERN CORPORATION	INTERCONNECTION CUSTOMER
Name: (Print)	Name: (Print)
Title: (if applicable);	Title: (if applicable);
Signature:	Signature:
Date:	Date:

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Attachment A

Assumptions Used in Conducting the System Impact Study

The System Impact Study shall be based upon the results of the Feasibility Study, subject to any modifications in accordance with NorthWestern's Electric Tariff Rule No. 17 Interconnection Procedures for Small Generators Other Than Qualifying Facilities on file with the Montana Public Service Commission, and the following assumptions:

1)	Designation of point of Interconnection and configuration to be studied.
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	Designation of alternative points of Interconnection and configuration.

Estimated cost of the System Impact Study: \$5,000

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