

<b>BLUEBONNET ELECTRIC COOPERATIVE, INC.</b>  Tariff For Electric Service		Section III	Sheet No. 46
SECTION TITLE:  SERVICE RULES AND REGULATIONS  APPLICABLE TO ALL AREAS	<b>BOARD OF DIRECTORS'</b>  <b>DATE OF APPROVAL June 20, 2017</b>   Effective Date: August 1, 2017		
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**312. Power Production and Cogeneration**

Sections 312 – 316 of this tariff apply to the interconnection and parallel operation of all qualifying power generating installations with the purpose of selling wholesale electricity to the Cooperative or to shave load, as well as to provide electric service to such generating installations. Any member owning or operating a qualifying Power Generating Installation shall be referred to as “Producer.” It is the intent of the Cooperative to encourage and allow Producers to install Distributed Generation (DG) provided the Producer’s Distributed Generation facility does not adversely affect the Cooperative. If any part of these sections shall be in conflict with any other provision of this Tariff, these sections shall control. By agreement, the Cooperative and Producer may establish additional or different terms, conditions, or rates for the sale or purchase of electricity.

For the purpose of Sections 312 – 316 of this Tariff, “Distributed Generation” (DG) means an electrical generating facility located at a Producer’s point of delivery (point of common coupling) of ten megawatts (MW) or less and connected at a voltage less than 60 kilovolts (kV) that may be connected in parallel operation to the utility system and produces power by the use of renewable energy technology that exclusively relies on an energy source naturally regenerated over a short time and derived directly from the sun, wind, water, or other natural movements and mechanisms of the environment.

For the purpose of Sections 312 – 316 of this Tariff, the term “Renewable Net Metering Producer” shall mean a Producer that operates on-site Distributed Generation that was installed prior to August 1, 2017.

For the purpose of Sections 312 – 316 of this Tariff, the term “Renewable Producer” shall mean a Producer that operates on-site Distributed Generation of under 50 kW .

For the purpose of Sections 312 – 316 of this Tariff, the term “Renewable Wholesale Producer” shall mean a Producer that operates a Distributed Generation facility that is 50 kW or greater, unless otherwise approved by the Cooperative.

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**313. Obtaining Interconnection**

Any Producer desiring to interconnect with the Cooperative's system shall meet the following requirements. These requirements are conditions precedent to any obligation of the Cooperative to interconnect or provide any form of electric utility service.

**A. Comply with the Tariff**

Producer must meet all Cooperative membership and service requirements, apply for interconnection by completing an appropriate Agreement for Interconnection and Parallel Operation, provide an easement satisfactory to the Cooperative, and otherwise comply with the Tariff and any other applicable rules, regulations, policies and/or Bylaws of the Cooperative.

**B. Provide Information**

Producer shall submit a plan showing the electric design of the Distributed Generation facility including interconnection requirements, size, operational plans, and equipment for interconnection with the Cooperative's system. Producer shall also provide such additional information as may be reasonably required by the Cooperative. In the event the Producer's plan involves the use of non-standard equipment or design techniques, the Cooperative may require such plan be approved by a registered professional engineer at Producer's expense.

Cooperative will review the application and accompanying documents, plans, specifications, and other information provided and will return an interconnection analysis to the Producer within 60 days of receipt of final plans and specifications. Any review or acceptance of such plan by the Cooperative shall not impose any liability on the Cooperative and does not guarantee the adequacy of Producer's equipment to perform its intended function. The Cooperative disclaims any expertise or special knowledge relating to the design or performance of Distributed Generation facilities and does not warrant the efficiency, cost-effectiveness, safety, durability or reliability of generating installations.

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C. Engineering Studies and Study Fees

The Cooperative may conduct engineering studies, service studies, coordination studies and/or utility system impact studies prior to interconnection of a DG facility. The scope of any such studies shall be based on the characteristics of the particular DG facility to be interconnected and the Cooperative's system at the specific proposed location. Studies may be conducted by a qualified third party that has been approved by the Cooperative. An estimate of the study cost and an estimate of the time required to complete the study will be provided to the Producer in advance. The Producer shall pay the cost of the study and/or fees that are provided in the estimate within 15 days prior to the study.

For Renewable Wholesale Producers, the Cooperative's power supplier and other entities may require additional information and may require additional engineering analysis and/or additional fees where applicable. Renewable Wholesale Producers are required to follow all ERCOT protocol requirements.

D. Payment for Extension of Cooperative's Facilities

Producer shall comply with conditions for extensions of the Cooperative's distribution system as may be determined by the Cooperative in accordance with the following extension policy: If an extension of Cooperative's distribution system is required for sale or receipt of electric energy to or from a Distributed Generation facility, whether or not in conjunction with another use, the Cooperative shall exercise prudent judgment in determining the conditions under which such extension will be made. Each case shall be viewed individually considering (1) cost to provide service, (2) longevity of the load, (3) annual load factor, (4) possibility of other loads developing along the proposed line extension, (5) longevity, capacity, and dependability of power to be received by the Cooperative, (6) anticipated annual revenue, and (7) compatibility with planned system improvements.

The Cooperative may require Producer to pay a CIAC that equals the amount of material and labor necessary to construct electric facilities to Producer.

E. Provide Liability Insurance

Except for a Producer of Distributed Generation of less than one megawatt, Producer shall furnish a certificate from Producer's insurance carrier showing liability insurance satisfactory to the Cooperative including contractual liability insurance covering indemnity agreements, which insures Producer against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Producer's generating equipment. The certificate shall name the Cooperative as an additional insured and also provide that the insurance policy will not be changed or cancelled during its term without thirty (30) days written notice to the Cooperative.

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F. Sign Agreements

Producer shall sign and deliver to the Cooperative an Agreement for Interconnection and Parallel Operation as well as the Distributed Generation Worksheet specified within the Interconnection and Parallel Operation Agreement.

G. Complete Construction

Producer shall construct the Distributed Generation facility and install a disconnect switch and other protective equipment as may be reasonably required by the Cooperative to protect its personnel, facilities, general public and operations.

H. Comply with Laws, Policies, Standards, and Specifications

Producer shall comply with Federal, State, and local laws, ordinances and regulations applicable to Distributed Generation facilities. The Producer is responsible for and must follow the Cooperative's Tariffs, line extension policies, the policies and procedures of the Cooperative's power supplier where applicable, and the policies and procedures of the Cooperative's transmission service provider where applicable. The producer is responsible for and must follow the current Institute of Electrical and Electronics Engineers (IEEE) 1547 Standard Guide for Distributed Generation Interconnection, other applicable IEEE standards, the current National Electric Code (NEC) 690, and applicable ANSI standards.

I. Notify Cooperative

Producer shall notify the Cooperative in writing at least thirty (30) days in advance of energizing the Distributed Generation facility and permit the Cooperative to inspect and test protective equipment.

J. Modification of Distributed Generation Facility

Producer shall notify the Cooperative in writing at least 30 days in advance of making any changes to Producer's Distributed Generation facility. Any changes to a Distributed Generation Facility that modifies the Producer's Interconnection and Parallel Operation Agreement by a "Renewable Net Metering Producer" shall at Bluebonnet's determination, require a new Interconnection and Parallel Operation Agreement, which must be submitted by Producer for approval.

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K. Eliminate Conditions Preventing Interconnection

In the event that it comes to the attention of the Cooperative that there are conditions preventing safe interconnection and proper parallel operation, it shall notify the Producer and Producer shall not interconnect and/or initiate parallel operation until such conditions are corrected. Producer shall notify the Cooperative in writing at least thirty (30) days in advance of re-energizing the Distributed Generation facility and permit the Cooperative to inspect and test Producer's equipment.

The foregoing are conditions precedent to any obligation of the Cooperative to interconnect or provide any form of electric utility service.

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**314. Parallel Operation**

A. Installation

With the exception of the Cooperative's meter(s), the Producer shall own and be solely responsible for all expense, installation, maintenance, and operation of the Distributed Generation facility at and beyond the point where the Producer's conductors contact Cooperative's conductors. The Producer's Distributed Generation facility shall be designed and installed in accordance with applicable codes, regulations and prudent industry standard engineering practice.

After completion of interconnection requirements and prior to initiation of service, the Cooperative will conduct a final inspection of the facilities and interconnection to the Cooperative's system. In the event that the interconnection does not pass the inspection, interconnection will be denied and must be re-inspected following the necessary corrections. Producer shall pay all associated costs, but not less than \$125.00 for each re-inspection, together with any applicable taxes. Upon satisfactory final inspection, the Cooperative will initiate service to the Producer. **THE PRODUCER ACKNOWLEDGES AND AGREES THAT ANY REVIEW AND ACCEPTANCE OF SUCH PLANS, SPECIFICATIONS, AND OTHER INFORMATION BY THE COOPERATIVE SHALL NOT IMPOSE ANY LIABILITY ON THE COOPERATIVE AND DOES NOT GUARANTEE THE ADEQUACY OF THE PRODUCER'S EQUIPMENT OR DISTRIBUTED GENERATION FACILITY TO PERFORM ITS INTENDED FUNCTION.**

**PRODUCER SHALL ACT INDEPENDENTLY AND NOT AS AN AGENT, EMPLOYEE, OR REPRESENTATIVE OF BLUEBONNET. PRODUCER ASSUMES ALL LIABILITY FOR AND WILL DEFEND, INDEMNIFY AND FOREVER HOLD HARMLESS THE COOPERATIVE, ITS OFFICERS, DIRECTORS, AFFILIATES, AGENTS, REPRESENTATIVES, ASSIGNS, AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, LOSSES, DAMAGES, OR LIABILITIES OF ANY KIND OR NATURE, INCLUDING BUT NOT LIMITED TO CLAIMS OF COOPERATIVE'S NEGLIGENCE, WHICH THE COOPERATIVE, ITS OFFICERS, DIRECTORS, AFFILIATES, AGENTS, REPRESENTATIVES, ASSIGNS, AND EMPLOYEES MAY SUSTAIN OR INCUR OR WHICH MAY BE IMPOSED UPON THEM OR ANY OF THEM FOR INJURY TO OR DEATH OF ANY PERSON (INCLUDING CLAIMS OF EMPLOYEES OF PRODUCER AND ANY SUBCONTRACTORS AND THE FAMILIES, HEIRS AND ASSIGNS OF THE EMPLOYEES OF PRODUCER OR ITS SUBCONTRACTORS), OR DAMAGE TO PROPERTY (INCLUDING PROPERTY OF PRODUCER AND ITS SUBCONTRACTORS) AS A RESULT OF, ARISING OUT OF, OR IN ANY MANNER CONNECTED WITH PRODUCER'S DISTRIBUTED GENERATION FACILITY. PRODUCER SHALL ALSO PROVIDE A LEGAL DEFENSE OF ALL CLAIMS DESCRIBED ABOVE, BY COUNSEL ACCEPTABLE TO THE COOPERATIVE, OR THE COOPERATIVE MAY PROVIDE ITS OWN DEFENSE, AND PRODUCER WILL REIMBURSE THE COOPERATIVE ALL REASONABLE COSTS OF DEFENSE.**

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**B. Self-Protected Generating Installation**

The Producer will furnish, install, operate and maintain in good order and repair, all equipment necessary for the safe operation of the Distributed Generation Facility in parallel with the Cooperative's electric distribution system. The equipment will have the capability to both establish and maintain synchronism with the Cooperative's system and to automatically disconnect and isolate the Distributed Generation facility from the Cooperative's system in the event of an outage of the Cooperative or a malfunction of the Distributed Generation facility.

The Producer's Distributed Generation facility will also be designed, installed and maintained to be self-protected from normal and abnormal conditions in the Cooperative's electric distribution system. The conditions for which the Distributed Generation facility shall be self-protected shall include, but not be limited to: overvoltage, under voltage, over current, frequency deviation, lightning and faults. The self-protection will be compatible with the Cooperative's system protection arrangements and operating policies. Specialized protective functions may be required by the Cooperative when, in the sole judgment of the Cooperative, the particular Distributed Generation facility characteristics and/or distribution system characteristics so warrant.

**C. Quality of Service**

Producer's Distributed Generation facility will generate power at the nominal voltage of the Cooperative's electric distribution system at the Producer's delivery point as defined by ANSI C84.1 Range A and at the nominal system frequency of 60 Hz within the tolerances as defined by IEEE 1547. If needed, producer will provide proper power factor correction or reimburse the Cooperative for the cost of any necessary correction.

The overall quality of the power provided by Producer including, but not limited to, the effects of harmonic distortion, voltage regulation, voltage flicker, switching surges and power factor, will be such that the Cooperative's electric distribution system is not adversely affected in any manner. In the event that adverse effects are caused in whole or in part by Distributed Generation facility, the Producer will correct the cause of such effects and reimburse the Cooperative for the cost of any required correction.

The Cooperative may, at its sole discretion, prevent the interconnection or disconnect the interconnection of Distributed Generation facility due to reasons such as safety, reliability, power quality, breach of interconnection contract or any other reasonable issue. Any disconnection may be without prior notice.

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D. Safety Disconnect

A Distributed Generation facility shall include, at Producer's expense, inverters that meet with specifications and test standards UL 1741 to provide isolation. In addition, a main disconnect switch will be installed by the Producer to provide a means of disconnection.

A Renewable Wholesale Producer may be required to install, at the Cooperative's sole discretion and at Wholesale Producer's sole expense, a remote operated disconnect for remote communication to the Cooperative Control Center, and remote terminal unit (RTU) compatible to the Cooperative's SCADA.

For all interconnected systems, the disconnect switch will be located so as to be readily accessible to Cooperative personnel in a location acceptable to both the Producer and the Cooperative. It shall be the type of switch which can be secured in an open position by a Cooperative padlock. The Cooperative shall have the right to lock the switch open whenever, in the judgment of the Cooperative, (1) it is necessary to maintain safe electrical operating or maintenance conditions, (2) the Producer's Distributed Generation facility adversely affects the Cooperative's electric distribution system, or (3) there is a system emergency or other abnormal operating condition which warrants disconnection.

The Cooperative reserves the right to operate the disconnect switch for the protection of the Cooperative's system even if it affects Producer's Distributed Generation facility. **In no event shall the Cooperative be responsible for any damages resulting from energizing or restoration of parallel operation of the Distributed Generation facility.** The Cooperative will make reasonable efforts to notify the Producer in the event the disconnect switch has been operated. Under no circumstances shall the Producer bypass the disconnect switch.

E. Access

Persons authorized by the Cooperative will have the right to enter the Producer's property for the purpose of operating or inspecting the disconnect switch or metering. Such entry onto the Producer's property may be without notice. If the Producer erects or maintains locked gates or other barrier(s), the Producer will furnish the Cooperative with convenient means to circumvent the barrier(s) for access to the disconnect switch and meter(s).



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F. Modifications of Cooperative System

In the event that it is necessary at the time of initial interconnection or at some future time for the Cooperative to modify its electric distribution system in order to purchase or continue to purchase Producer's output, the Producer will reimburse the Cooperative for all reasonable costs of modifications which are allocable to the Distributed Generation facility.

The modifications may include, but are not limited to, special interconnection equipment, protective devices, control devices and/or upgrading of distribution system components. In addition, in the event the Cooperative at any time in the future changes primary voltage of facilities serving the Distributed Generation facility such that metering equipment, transformers, and/or any other Producer-owned equipment must be changed to continue receiving service at the new primary voltage level, the full cost of the change will be borne by the Producer.

G. Liability for Injury and Damages

**PRODUCER ASSUMES FULL RESPONSIBILITY FOR ITS DISTRIBUTED GENERATION FACILITY AND THE ELECTRIC ENERGY FURNISHED AT AND PAST THE POINT OF INTERCONNECTION. PRODUCER SHALL INDEMNIFY THE COOPERATIVE AGAINST, AND HOLD THE COOPERATIVE, ITS OFFICERS, DIRECTORS, AFFILIATES, AGENTS, REPRESENTATIVES, ASSIGNS, AND EMPLOYEES HARMLESS FROM ANY AND ALL CLAIMS DEMANDS, LOSSES, DAMAGES, OR LIABILITIES OF ANY KIND OR NATURE, INCLUDING BUT NOT LIMITED TO CLAIMS OF COOPERATIVE'S NEGLIGENCE, WHICH THE COOPERATIVE, ITS OFFICERS, DIRECTORS, AFFILIATES, AGENTS, REPRESENTATIVES, ASSIGNS, AND EMPLOYEES MAY SUSTAIN OR INCUR OR WHICH MAY BE IMPOSED UPON THEM OR ANY OF THEM FOR INJURY TO OR DEATH OF ANY PERSON (INCLUDING CLAIMS OF EMPLOYEES OF PRODUCER AND ANY SUBCONTRACTORS AND THE FAMILIES, HEIRS AND ASSIGNS OF THE EMPLOYEES OF PRODUCER OR ITS SUBCONTRACTORS), OR DAMAGE TO PROPERTY (INCLUDING PROPERTY OF PRODUCER AND ITS SUBCONTRACTORS) AS A RESULT OF, ARISING OUT OF, OR IN ANY MANNER CONNECTED WITH PRODUCER'S DISTRIBUTED GENERATION FACILITY. PRODUCER SHALL ALSO PROVIDE A LEGAL DEFENSE OF ALL CLAIMS DESCRIBED ABOVE, BY COUNSEL ACCEPTABLE TO THE COOPERATIVE, OR THE COOPERATIVE MAY PROVIDE ITS OWN DEFENSE, AND PRODUCER WILL REIMBURSE THE COOPERATIVE ALL REASONABLE COSTS OF DEFENSE.**

**THE COOPERATIVE SHALL NOT BE LIABLE FOR EITHER DIRECT OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY FAILURES, INTERRUPTIONS, VOLTAGE, AND DIRECT OR WAVEFORM FLUCTUATIONS HOWEVER OCCASIONED, INCLUDING THE NEGLIGENCE OF THE COOPERATIVE, INCLUDING, BUT NOT LIMITED TO, ACTS OF GOD OR PUBLIC ENEMY, SABOTAGE AND/OR VANDALISM, ACCIDENTS, FIRE, EXPLOSION, LABOR TROUBLES,**

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**STRIKES, ORDER OF ANY COURT OR JUDGE GRANTED IN ANY BONA FIDE ADVERSE LEGAL PROCEEDING OR ACTION, OR ANY ORDER OF ANY COMMISSION, TRIBUNAL OR GOVERNMENTAL AUTHORITY HAVING JURISDICTION. FOR CLAIMS RESULTING FROM FAILURES, INTERRUPTIONS, OR VOLTAGE AND WAVEFORM FLUCTUATIONS OCCASIONED IN WHOLE OR IN PART BY THE GROSS NEGLIGENCE OF THE COOPERATIVE, OR ITS AGENT(S), THE COOPERATIVE SHALL BE LIABLE ONLY FOR THAT PORTION OF THE DAMAGES ARISING FROM PERSONAL INJURY, DEATH OF PERSONS, OR COSTS OF NECESSARY REPAIRS TO OR REASONABLE REPLACEMENT OF ELECTRICAL EQUIPMENT PROXIMATELY CAUSED BY THE GROSSLY NEGLIGENT ACTS OF THE COOPERATIVE OR ITS AGENT(S). THE COOPERATIVE SHALL NOT BE LIABLE IN ANY EVENT FOR CONSEQUENTIAL DAMAGES.**

H. Metering

Any necessary meters or meter modification will be installed, maintained and operated by the Cooperative at the Producer's expense.

A connection will be provided for the meter(s) at the Producer's expense in a location that is acceptable to both the Cooperative and the Producer. The Cooperative may, at its own expense, supply, install and maintain load research metering for the purpose of monitoring and evaluating the Producer's Distributed Generation facility. Facilities of one megawatt AC or greater will be required to meet all ERCOT metering protocol and requirements.

The Cooperative shall specify, install and own all metering equipment. The facility will be metered by one of the following methods, at the sole discretion of the Cooperative:

- i. Installing one meter with two registers, each measuring the flow of energy in a single direction.
- ii. Installing any meter or meters as determined by the Cooperative or as needed to meet ERCOT protocol requirements.

The meter(s) will, by comparison with accurate standards, be tested and calibrated as often as deemed necessary. The Producer or the Cooperative may reasonably request such tests, and shall be given notice of not less than five (5) working days when such tests are to be made. Both the Producer and the Cooperative will have the right to be present at such tests. If a meter is found to be inaccurate, it shall be restored to an accurate condition or replaced. If the tests disclose that no unacceptable inaccuracies exist in the meter(s), then the party requesting the tests shall bear the expense of the tests. A report of the results of any tests shall be furnished promptly by the party making such tests to the other party. Any meter(s) registering a deviation of not more than two percent (2%) from normal shall be deemed accurate. The readings of any meter(s) which have been inaccurate shall be corrected according to the percentage of inaccuracy as determined by the tests for a period of no more than ninety (90) days prior to the tests. If any meter fails to register for any period, the facility output during such

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period shall be estimated in the best manner possible as agreed upon by the Cooperative and the Producer.

I. Notice of Change in Installation

Producer will notify the Cooperative in writing fifteen (15) days in advance of making any change affecting the characteristics, performance, or protection of the Distributed Generation facility. If it comes to the Cooperative's attention that the modification will create or has created conditions which may be unsafe or adversely affect the Cooperative's system then it shall notify Producer and Producer shall immediately correct such condition.

J. Insurance

Producer shall maintain insurance as required by the Cooperative prior to interconnection and shall provide proof of such insurance to the Cooperative at least annually and more often if requested.

K. Disconnection of Service

The Cooperative may at its sole discretion discontinue the interconnection of Distributed Generation facilities due to reasons such as safety concerns, reliability issues, power quality issues, breach of interconnection contract, non-payment for service or any other reasonable purpose as determined by the Cooperative.

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**315. Sales to Producers.**

Producer's rate classification shall be designated by the Cooperative in accordance with the availability and type of service provisions in its rate schedules for all service. The Cooperative shall bill the Producer for the full energy used by the Producer during each billing period according to the Cooperative's applicable retail rate schedule.

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**316. Purchases from Producer**

**A. Purchases from Producer**

1. For Renewable Net Metering Producers, the Cooperative will annually pay for all of the monthly metered kWh output that is net of the monthly consumption. The Cooperative will pay all Renewable Net Metering Producers in the first quarter for the previous calendar year. The price paid by the Cooperative will be the average price paid for wholesale power for generation over the previous twelve (12) months.
2. For Renewable Producers, the Cooperative will pay for all the metered kWh output returned to the distribution grid from the Renewable Producer. In the event the monetary credit exceeds the amount billed to the Renewable Producer, said credit shall be applied to the Renewable Producer's subsequent bill. The Renewable Producer shall be compensated at the Cooperative's avoided wholesale power cost. The avoided cost rate will be set annually based on DG production levels during periods used by the Cooperative's Wholesale Power Supplier to set the Cooperative's power costs.
3. For Renewable Wholesale Producers, the Cooperative will pay on a monthly basis for the energy supplied by the Renewable Wholesale Producer to the Cooperative. The rate paid by the Cooperative to the Renewable Wholesale Producer that owns a Qualifying Facility shall be:
  - (1) An agreed upon purchase rate between the Cooperative and the Renewable Wholesale Producer.
  - Or
  - (2) The Renewable Wholesale Producers total production will be settled at the LCRA Load Zone within the real time market in ERCOT.
  - Or
  - (3) The Renewable Wholesale Producers kWh output delivered to the distribution grid will be settled at the LCRA Load Zone within the real time market in ERCOT.

**B. Refusal to Purchase**

The Cooperative may, at certain times and as operating conditions warrant, reasonably refuse to accept part or all of the output of the Producer's Distributed Generation facility. Such refusal shall be based on system emergency constraints, special operating requirements, changes in wholesale generation contractual requirements, and adverse effects of the Producer's Distributed Generation facility on the Cooperative's system or violation by the Producer of the terms of the Agreement for Interconnection and Parallel Operation. The Cooperative shall not be required to make any purchases that will cause the Cooperative to no longer be in compliance with any applicable contracts or all-power contract requirements with the Cooperative's power supplier(s).