

Interconnect / Net Metering Liability Insurance Requirements

In accordance with the Colorado Public Utilities Commission Rules Implementing Sections 201 and 210, PURPA, Small Power Production and Cogeneration Facilities, a Qualifying Facility operating in parallel with a utility in Colorado must maintain in effect at all times comprehensive bodily injury and property damage insurance coverage. This insurance is to protect the public and LPEA from damage attributable to a QF.

According to 4 CCR 723-3-3853 - General Interconnection Procedures insurance is only required for systems over 1MW.

(o) Insurance. A Utility may only require an applicant (i.e., an interconnection customer) to purchase insurance covering Utility damages, and then only in amounts stated below. An interconnection customer, at its own expense, shall secure and maintain in effect during the term of the interconnection agreement, insurance coverage in the following amounts:

(I) For non-inverter-based Generating Facilities:

Nameplate Rating > 5 MW \$3,000,000 for each occurrence

2 MW < Nameplate Rating < 5 MW \$2,000,000 for each occurrence

500 kW < Nameplate Rating < 2 MW \$1,000,000 for each occurrence

50 kW < Nameplate Rating < 500 kW \$500,000 for each occurrence

Nameplate Rating < 50 kW- no additional insurance

(II) For inverter-based Generating Facilities:

Nameplate Rating > 5 MW \$2,000,000 for each occurrence

1 MW < Nameplate Rating < 5 MW \$1,000,000 for each occurrence

Nameplate Rating < 1 MW no insurance

Certificates of Insurance evidencing the requisite coverage and provision(s) shall be furnished to LPEA prior to the Date of Interconnection of the Generation System. The cost of the required insurance may be a factor in a QF's decision to become a power producer and, if so, whether to sell its power to LPEA or produce solely for its own use. We recommend that the Qualifying Facility consult its insurance agent at an early stage in its planning so that this cost may be properly incorporated into that planning