

La Plata Electric Association, Inc.

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Interconnection / 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 generating facility (GF) 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 the generating facility.

- 1) For systems of 10 kW or less, the generating facility, at its own expense, shall secure and maintain in effect while interconnected personal liability insurance with a combined single limit for bodily injury and property damage of no less than \$300,000 for each occurrence.
- 2) For systems above 10 kW and up to 500 kW, the generating facility, at its own expense, shall secure and maintain in effect during the term of the agreement general liability insurance with a combined single limit for bodily injury and property damage of no less than \$1,000,000 for each occurrence.
- 3) For systems above 500 kW and up to 2 MW, the generating facility, at its own expense, shall secure and maintain in effect during the term of the agreement general liability insurance with a combined single limit for bodily injury and property damage of no less than \$2,000,000 for each occurrence.
- 4) Insurance coverage for systems greater than 2 MW shall be determined on a case-by-case basis by LPEA and shall reflect the size of the installation and the potential for system damage.

Certificates of Insurance evidencing the requisite coverage and provision(s) shall be furnished to LPEA prior to the date of Interconnection of the Generating Facility. LPEA requires proof of current insurance coverage from the member in order to verify proper liability insurance coverage on a yearly basis. The generating facility will not be allowed to commence or continue interconnected operations unless evidence is provided that satisfactory insurance coverage is in effect at all times.

The cost of the required insurance may be a factor in a member's decision to become a generating facility and, if so, whether to sell its power to LPEA or produce solely for its own use. We recommend that the member consult its insurance agent at an early stage in its planning so that this cost may be properly incorporated into that planning