

HOUSTON COUNTY ELECTRIC COOPERATIVE, INC.
MEMBER POLICIES AND SCHEDULES

SECTION III
DISTRIBUTED GENERATION INTERCONNECTION
AND PURCHASE POLICIES

Adopted: April 28, 2026

3.1 GENERAL INFORMATION

Introduction

These “Distributed Generation Interconnection and Purchase Policies” (“DG Policy” or “DG Policies”) shall be considered part of Houston County Electric Cooperative, Inc.’s (“Cooperative”) “Member Policies”. This DG Policy, together with other Member Policies and the “Rate Schedules/Riders” (“Schedules”), establish the policies, rules, and fees and charges (“Rates”) applicable to receiving Electric Service or Service from the Cooperative.

Defined terms found throughout the Member Policies shall have the same meaning in the Schedules and throughout the Member Policies. Defined terms found throughout the Schedules shall have the same meaning in the Member Policies and throughout the Schedules.

This DG Policy is not a complete description or listing of all laws, ordinances, rules and regulations, nor is this DG Policy intended to be an installation or safety manual. The Board of Directors reserves the right to make changes to this DG Policy.

DG Facility Classification

Throughout this DG Policy, the term “DG Facility” shall mean either: (i) a Member-owned generation facility or energy storage facility, or (ii) a generation facility that has obtained a “Qualifying Facility” designation in accordance with the Public Utility Regulatory Policies Act of 1978. A DG Facility shall include any generation and associated equipment, wiring, protective devices, or switches owned or leased by the owner of such DG Facility. Unless otherwise agreed in writing between the Cooperative and owner of the DG Facility and regardless of the actual ownership of the DG Facility, the DG Facility shall be considered Member Facilities under the Member Policies.

The “Classification” of a DG Facility shall be determined by the Cooperative depending on the specific DG Facility ownership and type. The Cooperative, at its discretion, may aggregate the total capacity of the Facilities the Member intends to connect for the purpose of determining Classification. In general, the Classifications and associated Classification criteria for a DG Facility shall be as follows:

Classification	Size (kW)	Membership Requirement	Qualifying Facility Designation Required
Class I	≤ 50	Yes	No
Class II	$> 50 \leq 100$	Yes	No
Class III	$> 100 \leq 1,000$	No	Yes
Class IV	$> 1,000$	No	Yes

3.2 APPLICABILITY

This DG Policy shall only apply to: (i) Members who (a) are receiving Electric Service from the Cooperative under one of the Cooperative’s rate schedules, and (b) intend to connect and operate the DG Facility in “parallel” with the Cooperative’s system for the purpose of serving load behind a single meter location, or (ii) DG Facilities that have obtained a Qualifying Facility designation. For the avoidance of doubt, this DG Policy is intended to cover, *inter alia*, Facilities up to 10 MVA. A DG Facility owner is not permitted to serve multiple meters, multiple consuming facilities or multiple Members with a single DG Facility or under a single DG Application.

A DG Facility connected in any way to the Cooperative’s system, regardless of whether the DG Facility owner intends to export power, shall be considered as operating in “parallel” with the Cooperative’s system. A DG Facility owner may operate a DG Facility in parallel with the Cooperative’s system as long as such DG Facility does not adversely affect the Cooperative’s system.

A DG Facility that is not electrically connected to the Cooperative’s system in any way shall be considered a “stand-alone” or “isolated” DG Facility. A DG Facility owner may operate a DG Facility in stand-alone or isolated fashion as long as such DG Facility does not adversely affect the Cooperative’s system.

3.3 COMPLIANCE WITH LAWS AND REGULATIONS

The DG Facility shall be installed and operated subject to and in accordance with: (1) the terms and conditions set forth in the Cooperative’s rules, policies, regulations, bylaws, rates and tariffs, as amended from time to time, which are incorporated herein by reference, and (2) in compliance with all applicable federal, state and local laws, regulations, zoning codes, building codes, safety rules, environmental restrictions, ordinances and regulations, including without limitation, the most recent IEEE Standard 1547 Guide for Distributed Generation Interconnection, applicable ANSI standards, including ANSI C84.1 Range A, guidelines and directives of regional transmission organizations and independent system operators, and in accordance with industry standard prudent engineering practices. All legal, technical, financial, and other requirements in the following sections of this DG Policy must be met prior to interconnection of the DG Facility to the Cooperative’s system.

3.4 INTERCONNECTION REQUIREMENTS OF DG FACILITIES

Additional interconnection requirements will be set forth in the Distributed Generation Interconnection Agreement (“DG Interconnection Agreement”) or other appropriate interconnection agreement between the DG Facility owner and the Cooperative regarding the interconnection of the DG Facility. Additional fees and costs associated with the DG Facility and interconnection process are set forth in the Cooperative’s rate schedules and associated riders.

3.5 POWER EXPORTED TO COOPERATIVE

All purchases from Class I and II Facilities shall be made according to the rates, terms, and conditions set forth in the Cooperative’s rate schedules and associated riders; provided, however, the Cooperative shall not be required to make any purchases that will cause the Cooperative to no longer be in compliance with any applicable laws, or contracts with its power supplier(s). In the event the DG Facility is a Class III or IV DG Facility, purchases shall be made in accordance with a negotiated Power Purchase Agreement between the DG Facility owner and the Cooperative (if a Class III DG Facility) or its power supplier (if a Class IV DG Facility).

3.6 NEW INTERCONNECTION SERVICE REQUEST

The DG Facility owner shall not interconnect or operate a DG Facility before: (1) submitting, prior to construction, an Application for Interconnection of a Distributed Generation Facility (“DG Application”); (2) the Cooperative reviews and analyzes the DG Facility owner’s plans for interconnection prior to commencement of construction; (3) paying all fees associated with the DG Application and review process as provided by the Cooperative, or its power supplier if applicable, and any other costs associated with the interconnection as may be required by the Cooperative, or its power supplier if applicable; (4) signing any agreements for the interconnection and/or operation of the DG Facility that may be required by the Cooperative, or its power supplier if applicable, prior to commencing construction; (5) all necessary system facilities and equipment have been installed for and paid by the DG Facility owner; and (6) receiving approval from the Cooperative to interconnect and operate the DG Facility.

If corrections or changes to the plans, specifications and other information are to be made by the DG Facility owner, an additional interconnection study may be conducted by the Cooperative. In addition, any changes to the site or project requiring new analysis by the Cooperative may require additional cost and a new DG Facility plan. The cost will be determined by the Cooperative and shall be paid by the DG Facility owner.

A completed DG Application, supporting documentation, and any fees or amounts due for the interconnection, should be delivered to the following address or as otherwise directed by a Cooperative employee.

Houston County Electric Cooperative, Inc.
Attn: Solar/Generation Application
P.O. Box 52
1701 Southeast Loop 304
Crockett, TX 75835

The Cooperative is under no obligation to take any action on a DG Application until the DG Facility owner has paid the applicable DG Application fee established by the Cooperative or its power supplier based on the Classification of the DG Facility and any additional estimated engineering fees/costs for the DG Facility required by the Cooperative or its power supplier.

A separate DG Application fee and associated estimated engineering fees/costs must be submitted for each DG Facility.

3.7 INSURANCE AND LIABILITY

The requirement to obtain and maintain insurance for the DG Facility is dependent on the DG Facility's classification as set forth below:

Classification	Insurance Requirement
Class I	Per Cooperative's Rate Schedules/Riders
Class II	Per Cooperative's Rate Schedules/Riders
Class III	Addressed in appropriate Agreement
Class IV	Addressed in appropriate Agreement

Cooperative recommends obtaining liability insurance, which insures Member against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with Member's DG Facility.

A DG Facility's owner must provide proof of insurance as required by the Cooperative, or the Cooperative's power supplier, prior to interconnection, annually, upon expiration of an insurance policy or as requested by the Cooperative. The amount of such coverage, the type, and the terms and conditions of such insurance coverage shall be as determined by the Cooperative and may be amended from time to time by the Cooperative, at the Cooperative's sole discretion.

REGARDLESS OF ANY INSURANCE THAT MAY BE OBTAINED, MEMBER ASSUMES ALL LIABILITY AT A MEMBER'S LOCATION FOR MEMBER FACILITIES, INCLUDING A DG FACILITY IN ACCORDANCE WITH THE COOPERATIVE'S BYLAWS AND MEMBER POLICIES. MEMBER SPECIFICALLY AGREES TO INDEMNIFY AND HOLD THE COOPERATIVE HARMLESS FROM ALL CLAIMS RESULTING FROM MEMBER'S OPERATION OF A DG FACILITY AS SPECIFICALLY PROVIDED HEREIN AND AS PROVIDED ELSEWHERE IN THE COOPERATIVE'S GOVERNING DOCUMENTS.

3.8 AGREEMENTS

The DG Facility owner shall execute agreements based on the DG Facility's classification:

Classification	Agreement
Class I	DG Interconnection and Operating Agreement
Class II	DG Interconnection and Operating Agreement

Class III	Interconnection Agreement and a Wheeling Agreement or Purchase Power Agreement as may be determined by the Cooperative.
Class IV	Interconnection Agreement and a Wheeling Agreement or Purchase Power Agreement as may be determined by the Cooperative's Power Supplier.

The Cooperative may, at its sole discretion, require the DG Facility owner to execute additional contracts related to the interconnection and operation of the DG Facility prior to the time of interconnection.

3.9 REFUSAL TO INTERCONNECT OR DISCONNECTION OF DG FACILITY

The Cooperative may, at its sole discretion, prevent the interconnection or disconnect the interconnection of the DG Facility due to reasons such as safety concerns, reliability issues, power quality issues, breach of the interconnection agreement, failure to adhere to or a violation of any of the terms and conditions of this DG Policy, the Member Policies or Schedules, or any other lawful reason. Any such disconnection may be without prior notice to the DG Facility owner.

3.10 OWNERSHIP OF DG FACILITIES

The DG Facility owner shall own and be solely responsible for payment of all expenses relating to the installation, maintenance and operation of all facilities, including all power generating facilities, at and beyond the Point of Delivery. At its sole discretion, the Cooperative may require the DG Facility owner to install a meter base that will allow the Cooperative to install a Cooperative-owned meter to measure the output of the DG Facility.

3.11 SELF-PROTECTION OF DG FACILITY

The DG Facility owner will furnish, install, operate and maintain in good order and repair all equipment necessary for the safe operation of the DG Facility operated in parallel with the Cooperative system. The DG Facility owner's equipment will have capability to both establish and maintain synchronism with the Cooperative system and to automatically disconnect and isolate the DG Facility from the Cooperative system.

The DG Facility must be designed, installed and maintained to be self-protected from normal and abnormal conditions on the Cooperative system including, but not limited to, overvoltage, undervoltage, overcurrent, frequency deviation, and faults. Self-protection will be compatible with all applicable Cooperative protection arrangements and operating policies. Additional protective devices and/or functions may be required by the Cooperative when, in the judgment of the Cooperative, the DG Facility installation and/or the Cooperative system characteristics so warrant.

3.12 SAFETY DISCONNECT

The DG Facility owner will be required by the Cooperative to install a visible load break disconnect switch at the DG Facility owner's expense and to the Cooperative's specifications at its sole discretion. The switch will be located so as to be readily accessible to Cooperative personnel in a location acceptable to the Cooperative. The switch shall be a type that can be secured in an open position by a lock owned by the Cooperative. If the Cooperative has locked the disconnect switch open, the DG Facility owner shall not operate or close the disconnect switch. The Cooperative shall have the right to lock the switch open when, in the judgment of the Cooperative:

1. it is necessary to maintain safe electrical operating and/or maintenance conditions;
2. the DG Facility adversely affects the Cooperative system; or
3. there is a system emergency or other abnormal operating conditions warranting disconnection.

The Cooperative reserves the right to operate the disconnect switch for the protection of the Cooperative system even if it affects the DG Facility. In the event the Cooperative opens and/or closes the disconnect switch:

1. The Cooperative shall not be responsible for energization or restoration of parallel operation of the DG Facility.
2. The Cooperative will make reasonable efforts to notify the DG Facility owner.

Signage shall be required by the Cooperative at the DG Facility owner's expense and located at the disconnect indicating the purpose of the switch along with contact names and numbers of both the DG Facility owner and the Cooperative.

3.13 ACCESS

Persons authorized by the Cooperative will have the right to enter the DG Facility owner's property for purposes of testing, operating the disconnect switch (if required), reading or testing the metering equipment, maintaining right-of-way and/or other Cooperative system maintenance. Such entry onto the DG Facility owner's property may be without notice.

If the DG Facility owner erects or maintains locked gates or other barriers, the DG Facility owner will furnish the Cooperative with convenient means to circumvent the barrier for full access for the above-mentioned reasons. If at any time, the Cooperative shall be barred from accessing the DG Facility and/or related equipment and requires, at the Cooperative's sole discretion, immediate access to the DG Facility or related equipment, the Cooperative shall have the right to remove any such barrier by any means necessary.

3.14 METERING / MONITORING

The Cooperative shall specify, install, and own all metering equipment, including multiple meters if required, and the DG Facility owner shall be obligated to pay all costs related to installation and operation of such metering equipment. Decisions regarding metering equipment, including specifications and requirements, shall be at the Cooperative's sole discretion.

The Cooperative may, at its sole discretion, require the DG Facility owner to pay the Cooperative in advance for any or all metering and monitoring equipment and installation expenses. Meter testing shall follow the Cooperative's standard policy on meter testing and accuracy.

3.15 NOTICE OF CHANGE TO DG FACILITY

The DG Facility owner will notify the Cooperative in writing no less than thirty (30) days in advance of making any change affecting the characteristics, performance, or protection of the DG Facility. Any change in the operating characteristics of the DG Facility including, but not limited to, size of generator, total DG Facility capacity, nature of DG Facility, fuel source, site change, hours of operation, or type used, may require a new application process, including, but not limited to, submission of a new DG Application, submission of the DG Application fee, and a DG Facility plan review by the Cooperative.

3.16 TESTING OF DG FACILITY

The Cooperative shall have the right to test all aspects of the DG Facility's protection systems up to and including tripping of the generator and interconnection point at start-up and thereafter as required. Testing will verify all protective set points and relay/breaker trip timing and shall include procedures to functionally test all protective elements of the system.