

Customer-Owned Renewable Energy (CORE) Policy

AVAILABILITY

This Policy provides for the sale of electricity by Paducah Power System ("PPS") to an eligible customer-generator and the purchase by PPS of the customer-owned renewable energy generated by the eligible customer-generator. This Policy is available to eligible customer-generators in the PPS service territory, subject to the following conditions:

1. The Customer must submit a signed, complete Application for Interconnection.
2. Total system capacity available under this Policy is provided upon request and approval and on a first-come, first-served basis up to a cumulative capacity of one percent (1%) of the PPS single hour peak load during its previous fiscal year.
3. An "eligible customer-generator" shall mean a retail electric customer of PPS.
4. An "eligible generating facility" must:
 - a. Generate electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
 - b. Have a rated capacity of not greater than thirty (30) kilowatts;
 - c. Be owned and operated by the Customer and located on the Customer's premises; and
 - d. Be designed and installed to operate in parallel with the PPS electric distribution system.

METERING AND BILLING

All of the electricity consumed at the customer's premises shall be measured using a single meter or, as determined by PPS additional meters, and shall be measured in accordance with standard metering practices by metering equipment capable of registering power flow for each time period defined by the applicable rate schedule. All of the electricity generated by the customer-owned generator shall be measured using a separate meter. This metering equipment shall be provided without cost to the Customer other than those embedded metering costs applicable to all customers in the same rate classification as the Customer. Additional meters, requested by Customer, may be installed at Customer's expense.

The amount of electricity supplied by PPS to the Customer during a billing period shall be billed according to the customer's applicable rate schedule. The amount of electricity supplied by the Customer to PPS shall be credited to the Customer at the rate set forth in the PPS CORE tariff.

APPLICATION AND APPROVAL PROCESS

The Customer shall submit an Application for Interconnection ("Application"), attached hereto as Exhibit A, and receive approval from PPS prior to connecting the generator facility to the PPS system. Applications and information concerning the PPS CORE program are available on the PPS website (www.paducahpower.com) or at the office of PPS at 1500 Broadway, Paducah, KY 42001.

The Application must meet the Application Requirements set forth below. If the generating facility does not meet all of the above listed criteria, PPS, in its sole discretion, may either: 1) approve the generating facility if PPS determines that the generating facility can be safely and reliably connected to PPS's system; or 2) deny the Application as submitted. PPS shall notify the Customer within 20 business days after receipt of a complete Application whether the Application is approved or denied, based on the criteria provided in this Policy. In addition, PPS may reject an Application for violations of any code, standard, or regulation related to reliability or safety; however, PPS will work with the Customer to resolve those issues to the extent practicable.

If the Application lacks complete information, PPS shall notify the Customer that additional information is required, including a list of such additional information. The time between sending the

notification and receipt of required additional information will add to the 30-business-day target for processing the Application.

If the Application is denied, PPS will supply the Customer with reasons for denial and offer to meet to discuss possible changes that would result in PPS approval. Customer may resubmit the Application with changes.

When approved, PPS will so indicate by signing the approval line on Customer's Application and returning it to the Customer. The approval will be subject to successful completion of an initial installation inspection and witness test. The Customer shall notify PPS within three (3) business days of completion of the generating facility installation and schedule an inspection and witness test with PPS to occur within ten (10) business days after receipt of the notification or as otherwise agreed to by PPS and the Customer. The Customer may not operate the generating facility until successful completion of such inspection and witness test, unless PPS expressly permits operational testing not to exceed two hours. If the installation fails the inspection or witness test due to noncompliance with any provision in the Application and PPS approval, the Customer shall not operate the generating facility until any and all noncompliance is corrected and passes any re-inspection and witness testing required by PPS.

Customers may contact PPS to check on the status of an Application or with questions prior to submitting an Application. PPS contact information can be found on the Application form. The Application may be submitted by mail to, or in person at, the address found on the Application form.

APPLICATION REQUIREMENTS

The Application must meet all the following conditions:

1. The Customer submitting the Application is an eligible customer-generator.
2. The generating facility is an eligible generating facility.
3. The generating facility is inverter-based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 "Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources" (UL 1741).
4. For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section's most recent annual one-hour peak load. A Line Section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.
5. If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.
6. If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.
7. If the generating facility is to be connected to three-phase, three wire primary PPS distribution lines, the generator shall appear as a phase-to-phase connection at the primary PPS distribution line.
8. If the generating facility is to be connected to three-phase, four wire primary PPS distribution lines, the generator shall appear to the primary PPS distribution line as an effectively grounded source.
9. The interconnection will not be on an area or spot network. Area and spot networks are systems in which multiple transformers are interconnected on the secondary side and multiple primary voltage circuits are used to feed the transformers. A spot network is typically used to serve a single building and all the transformers are in one location. An area network typically serves

multiple Customers with secondary conductors covering multiple city blocks and with transformers at various locations.

10. PPS does not identify any violations of any applicable provisions of Institute of Electrical and Electronics Engineers Standard 1547 (IEE 1547), "Standard for Interconnecting Distributed Resources with Electric Power Systems."

11. No construction of facilities by PPS on its own system will be required to accommodate the generating facility.

CORE INTERCONNECTION GUIDELINES

The Customer may not operate the generating facility until an Interconnection Agreement is signed by the Customer and PPS and all necessary conditions stipulated in the Interconnection Agreement are met.

The Interconnection Agreement will contain or incorporate by reference the terms and conditions for interconnection consistent with those specified in this Policy, any inspection and witness test requirements, a description of and cost of construction or other changes to PPS's distribution system required to accommodate the generating facility, and detailed documentation of the generating facilities which may include single line diagrams, relay settings, and a description of operation.

Customer shall operate the generating facility in parallel with PPS's system under the following conditions and any other conditions as may be required by PPS where unusual circumstances arise not covered herein:

1. Customer to own, operate, and maintain all generating facilities on Customer's premises. Such facilities shall include, but not be limited to, necessary control equipment to synchronize frequency, voltage, etc., between Customer's and PPS's system as well as adequate protective equipment between the two systems. Customer's voltage at the point of interconnection will be the same as PPS's system voltage.
2. Customer will be responsible for operating all generating facilities owned by Customer. Customer will maintain its system in synchronization with PPS's system.
3. Customer will be responsible for any damage done to PPS's equipment due to failure of Customer's control, safety, or other equipment.
4. Customer agrees to inform PPS of any changes it wishes to make to its generating or associated facilities that differ from those initially installed and described to PPS in writing and obtain prior approval from PPS.
5. PPS will have the right to inspect and approve Customer's facilities described herein, and to conduct any tests necessary to determine that such facilities are installed and operating properly; however, PPS will have no obligation to inspect, witness tests, or in any manner be responsible for Customer's facilities or operation thereof. Any tests performed by PPS are done solely for PPS's own use and PPS does not warrant that Customer's system will perform properly or as anticipated by Customer. PPS EXPRESSLY DISCLAIMS ANY TYPE OF WARRANTY INCLUDING ANY EXPRESS OR IMPLIED WARRANTY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
6. Customer assumes all responsibility for the electric service and generation of electricity on Customer's premises at and from the point of delivery of electricity from PPS and for the wires and equipment used in connection therewith, and will protect and save PPS harmless from all claims for injury or damage to persons or property occurring on Customer's premises or at and from the point of delivery of electricity from PPS, occasioned by such electric service, generation of electricity or said wires and equipment, except where said injury or damage will be shown to have been caused solely by the negligence or willful misconduct of PPS.

Exhibit A

CUSTOMER-OWNED RENEWABLE ENERGY (CORE)

Application for Interconnection

Use this application form only for a generating facility that is inverter based and certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.

Submit this Application to: Paducah Power System
1500 Broadway
Paducah KY 42001

If you have questions regarding this Application or its status, contact PPS at: 270-575-4000 or engineering@paducahpower.com

Customer Name _____ Account Number: _____

Customer Address: _____

Customer Phone No.: _____ Customer E-Mail Address: _____

Project Contact Person: _____

Phone No.: _____ E-mail Address: _____

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Energy Source: Solar Wind Hydro Biogas Biomass

Inverter Manufacturer and Model: _____

Inverter Power Rating: _____ Inverter Voltage Rating: _____

Power Rating of Energy Source (i.e., solar panels, wind turbine): _____

Is Battery Storage Used: No Yes If Yes, Battery Power Rating: _____

Attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.

Attach site drawing or sketch showing location of the PPS meter, Customer's generating facility, energy source, generating facility disconnect switch accessible to PPS, and inverter.

Attach single line drawing showing all electrical equipment from PPS's metering location to the Customer's generating facility, including switches, fuses, breakers, panels, transformers, inverters, energy source, wire size, equipment ratings and transformer connections

Expected In-service Date: _____

TERMS AND CONDITIONS

To interconnect to the PPS distribution system and participate in this CORE program, the Customer shall comply with the following terms and conditions:

1. PPS shall provide the Customer metering devices, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of separately measuring the flow of electricity to and from the Customer. If the Customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Customer's expense.
2. The Customer shall install, operate, and maintain, at Customer's sole cost and expense, any control, protective, or other equipment on the Customer's system required by PPS's technical interconnection requirements based on IEEE 1547, the National Electrical Code ("NEC"), accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with the PPS electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from Paducah Power System, the Customer shall demonstrate generating facility compliance.
3. The generating facility shall comply with, and the Customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by the Institute of Electrical and Electronics Engineers ("IEEE") and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) the PPS Rules and Regulations, as may be revised from time to time; (e) the terms and conditions of the PPS CORE Policy; and (f) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. If required by law, Customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.
4. Any changes or additions to the PPS system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay PPS for the actual costs incurred for acquisition, installation and construction of such excess facilities and will pay the estimated costs of all such excess facilities prior to construction.
5. Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of the PPS electric system. At all times when the generating facility is being operated in parallel with the PPS electric system, Customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by PPS to any of its other Customers or to any electric system interconnected with the PPS electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, ability of PPS to meet its primary responsibility of furnishing reliable service to its customers.
6. Customer shall be responsible for protecting, at Customer's sole cost and expense, the generating facility from any condition or disturbance on the PPS electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of single phase of supply, equipment failures, and lightning or switching surges, except that PPS shall be responsible for repair of damage to the generating facility resulting solely from the negligence or willful misconduct on the part of PPS.
7. After initial installation, PPS shall have the right to inspect and/or witness commissioning tests, as specified in the Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to Customer, PPS shall have access at reasonable times to the generating

facility to perform reasonable on-site inspections to verify that the installation, maintenance, and operation of the generating facility comply with the requirements of the PPS CORE Policy and Customer's Agreement with PPS for participation in the CORE program.

8. Where required by PPS, an eligible Customer shall furnish and install on Customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from The PPS electric service under the full rated conditions of the Customer's generating facility. The external disconnect switch (EDS) shall be located adjacent to the PPS meters or the location of the EDS shall be noted by placing a sticker on the meter and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the Customer shall be responsible for ensuring that the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to PPS personnel at all times. PPS may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under the PPS safety and operating protocols. PPS shall require that the EDS be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.
9. PPS shall have the right and authority at its sole discretion to isolate the generating facility or require the Customer to discontinue operation of the generating facility if PPS believes that: (a) continued interconnection and parallel operation of the generating facility with The PPS electric system creates or contributes (or may create or contribute) to a hazardous condition or a system emergency on either The PPS or Customer's electric system; (b) the generating facility is not in compliance with the requirements of the PPS CORE Policy or Customer's agreement allowing participation in the CORE program, and the noncompliance creates a risk that the safety, reliability, or power quality of The PPS electric system may be adversely affected; or (c) the generating facility interferes with the operation of The PPS electric system. In non-emergency situations, PPS will give Customer notice of noncompliance including a description of the specific noncompliance condition and allow Customer a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when PPS is unable to immediately isolate or cause the Customer to isolate only the generating facility, PPS may isolate the Customer's entire facility.
10. Customer agrees that, without the prior written permission of PPS, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements and not resulting in increases in generating facility capacity is allowed without approval.
11. To the extent permitted by law, the Customer shall protect, indemnify, and hold harmless PPS and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorney's fees, for or on account of any injury or death of persons or damage to property caused by the Customer or the Customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the Customer's generating facility or any related equipment or any facilities owned by PPS except to the extent such injury, death or damage was caused or contributed to by the fault or negligence of PPS or its employees, agents, representatives, or contractors.
12. The liability of PPS to the Customer for injury to person and property shall be governed by the applicable terms and conditions of the PPS Rules and Regulations, as same may be amended or supplemented, the rate schedule for the class of service under

which the Customer is taking service, the CORE Policy, Customer's agreement with PPS for participation in the CORE program and any power contract or service agreement with PPS to which Customer is a party.

13. The Customer shall maintain general liability insurance coverage at levels reasonably acceptable to PPS (through a standard homeowner's, commercial, or other policy) for CORE generating facilities. Customer shall, upon request, provide PPS with proof of such insurance before the Application is approved.
14. PPS shall not be deemed to have provided any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, or any associated facilities such as controls, protective relays and other equipment merely by virtue of having entered into an Interconnection Agreement, performing an inspection, if any, approving or not rejecting an Application for Interconnection, or by taking or failing to take any other action.
15. A Customer's generating facility is transferable to other persons or service locations only after notification to PPS has been made and verification that the installation is in compliance with the PPS CORE Policy. Upon written notification that an approved generating facility is being transferred to another person, customer, or location, PPS will verify that the installation is in compliance with the CORE Policy and provide written notification to the Customer(s) within 20 business days. If the installation is no longer in compliance with the CORE Policy or Customer's agreement for participation in the CORE program, PPS will notify the Customer in writing and list what must be done to place the facility in compliance.
16. The Customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by Customer's generating facility.

Term of Customer's Agreement

When executed by both Customer and PPS, the Application shall constitute an agreement for participation in the CORE program ("Agreement") that shall continue in effect until terminated. This Agreement may be terminated as follows:

(a) Customer may terminate this Agreement at any time by giving PPS at least sixty (60) days' written notice; (b) PPS may terminate upon failure by the Customer to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules and Regulations or any rate schedule, tariff, regulation, contract, or policy of PPS, so long as the notice specifies the basis for termination and there is provided an opportunity to cure the default; (d) PPS may terminate by giving the Customer at least thirty (30) days' notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the applicable law, regulation or statute.

I hereby certify that, to the best of my knowledge, all the information provided in this Application is true, and I agree to abide by all the Terms and Conditions included in this Application for Interconnection and the PPS CORE Policy, as same may be amended or supplemented.

Customer Signature

Date

Title (if Customer is not an individual)

PADUCAH POWER SYSTEM APPROVAL _____

When signed below by a PPS representative, Customer's Application for Interconnection is approved subject to the provisions contained in this Application and as indicated below.

PPS Inspection and witness test: Required Waived

If an Inspection and witness test are required, Customer shall notify PPS within three (3) business days of completion of the generating facility installation and schedule an inspection and witness test with PPS to occur within ten (10) business days of receipt of Customer's notification of completion of the generating facility installation or, as otherwise agreed to by PPS and the Customer. Unless indicated below, the Customer may not operate the generating facility until such inspection and witness test is successfully completed. Additionally, the Customer may not operate the generating facility until all other terms and conditions in the Application have been met.

Call _____ to schedule an inspection and witness test.

Pre-Inspection operational testing not to exceed two hours:

Allowed Not Allowed

If an inspection and witness test are waived by PPS, operation of the generating facility may begin when installation is complete, and all other terms and conditions in the Application have been met.

Additions, Changes, or Clarifications to Application Information:

None As specified here

Approved by: _____

Date: _____

Printed Name: _____

Title: _____

Paducah Power System

CUSTOMER-OWNED RENEWABLE ENERGY (CORE) RATE

PURPOSE

The purpose of Customer-Owned Renewable Energy (CORE) Rate clause is to provide for compensation to an “eligible customer-generator” for the output of electricity from an “eligible generating facility” in accordance with an approved Application for Interconnection and Interconnection Agreement under the Paducah Power System (PPS) approved Customer-Owned Renewable Energy (CORE) Policy.

APPLICABILITY

The CORE Rate will be applicable to all electricity produced by the customer-generator, which shall be purchased by PPS. All energy consumed by the Customer will be purchased from PPS under the electric rate schedule applicable to the Customer. The Customer’s electricity generation and consumption will be metered separately and billed under separate rates. PPS may combine the billing amounts on a single invoice to the Customer.

CORE RATE

The CORE Rate consists of a customer charge and an energy credit.

The customer charge will be 25% of the current customer charge applicable to residential customers on the effective PPS residential rate, as such may be adjusted from time to time and approved by the Electric Plant Board of the City of Paducah.

The energy credit shall reflect avoidable cost power supply costs applicable to PPS. The energy credit shall be calculated based on a historical weighted average cost of energy purchases by PPS, as provided below. The energy credit will be adjusted by PPS when such average cost varies from the existing energy credit by more than 10%.

CORE Rate:

Customer Charge: 25% of the Residential customer charge

Energy Credit: Average Energy Cost Rate

Where:
$$\text{Average Energy Cost Rate} = \frac{\text{total wholesale cost of day-ahead energy purchases delivered to the LGEE system interface}}{\text{total kWh of energy purchases delivered to the LGEE system interface}}$$
 for the most recent twelve months for which data is available.

APPROVED BY: Electric Plant Board of the City of Paducah
d/b/a Paducah Power System

EFFECTIVE DATE: November 1, 2019