

**Exhibit B**

**TITLE 17        PUBLIC UTILITIES AND UTILITY SERVICES [ALL NEW MATERIAL]**  
**CHAPTER 9     ELECTRIC SERVICES**  
**PART 569      INTERCONNECTION OF GENERATING FACILITIES WITH A RATED**  
**CAPACITY GREATER THAN 10 MW CONNECTING TO A UTILITY SYSTEM**

**17.9.569.1        ISSUING AGENCY:** New Mexico Public Regulation Commission.

**17.9.569.2        SCOPE:**

**A.**        This rule applies to every electric Utility including rural electric cooperatives and investor-owned utilities operating within the State of New Mexico that is subject to the jurisdiction of the New Mexico Public Regulation Commission. These standards and procedures apply to both Qualifying and non-Qualifying Facilities.

**B.**        The standards and procedures described in this Rule 569 apply only to the interconnection of Generating Facilities with a Rated Capacity greater than 10 MW. The standards and procedures described in 17.9.568 NMAC apply to the interconnection of Generating Facilities with a Rated Capacity up to and including 10 MW.

**17.9.569.3        STATUTORY AUTHORITY:** This rule is adopted under the authority vested in this Commission by the New Mexico Public Regulation Commission Act, NMSA 1978, Section 8-8-1 et seq. and the Public Utility Act, NMSA 1978, Section 62-3-1 et seq.

**17.9.569.4        DURATION:** Permanent.

**17.9.569.5        EFFECTIVE DATE:** \_\_\_\_\_, 2008.\* All interconnection contracts between a Utility and an Interconnection Customer existing at the time 17.9.569 NMAC is adopted shall automatically continue in full force and effect. Any changes made to existing interconnection contracts shall conform to the provisions of 17.9.569 NMAC.

**17.9.569.6        OBJECTIVE:** The purpose of this Rule is to set forth common interconnection requirements for the interconnection of Generating Facilities with a Rated Capacity greater than 10 MW in a safe and reliable manner.

**17.9.569.7        DEFINITIONS:** Capitalized terms used in this Rule 17.9.569 shall have the following meanings.

**A.**        Business Day means Monday through Friday, excluding holidays observed by the Utility.

**B.**        Generating Facility means the Interconnection Customer's device for the production of electricity identified in the Interconnection Application, including all generators, electrical wires, equipment, and other facilities owned or provided by the Interconnection Customer for the purpose of producing electric power.

**C.**        Interconnection Application means the request by an Interconnection Customer to interconnect a new Generating Facility, or to increase the capacity or make a material modification to the operating characteristics of an existing Generating Facility that is interconnected with the Utility's System.

**D.**        Interconnection Customer means any person that proposes to interconnect its Generating Facility with the Utility's System.

**E.**        Party means the Utility and the Interconnection Customer separately or in combination.

**F.**        Person, for purposes of this rule, means an individual, firm, partnership, company, rural electric cooperative organized under Laws 1937, Chapter 100 or the Rural Electric Cooperative Act, corporation or lessee, trustee or receiver appointed by any court.

**G.**        Point of Common Coupling (PCC) means the point where the Interconnection Facilities connect with the Utility's system.

**H.**        Power Conversion Unit (PCU) means an inverter or AC generator, not including the energy source.

**I.**        Qualifying Facility means a cogeneration facility or a small power production facility which meets the criteria for qualification contained in 18 C.F.R. Section 292.203.

J. Rated Capacity means the total AC nameplate rating of the Power Conversion Unit(s) at the Point of Common Coupling.

K. System means the facilities owned, controlled, or operated by the Utility that are used to provide electric service under a Utility's tariff.

L. Utility means a utility or public utility as defined in NMSA 62-3-3 (G) serving electric customers subject to the jurisdiction of the Commission.

**17.9.569.8 GENERAL PROVISIONS FOR INTERCONNECTION APPLICATIONS FOR FACILITIES WITH RATED CAPACITIES GREATER THAN 10 MW:**

A. A Utility shall interconnect with any Interconnection Customer that:

1. is in its service area;
2. qualifies for the interconnection procedures in this Rule 569;
3. files an Interconnection Application in accordance with 17.9.569.8(B) NMAC;
4. meets the Utility's System safety standards;
5. has paid the estimated costs of interconnection (if applicable);
6. has entered into a contract with the Utility pursuant to 17.9.569 NMAC;
7. has substantially completed a Generating Facility that is capable of operating safely and commencing the delivery of power into the Utility System; and
8. has provided a statement from a licensed Professional Electrical Engineer certifying that the design of the Generating Facility and its interconnection equipment comply with Utility requirements and with reasonable interconnection safety and design standards and prudent electrical practices.

B. An Interconnection Customer subject to this Rule 17.9.569 NMAC shall make its application for interconnection to a Utility using the Interconnection Application form provided in Exhibit 1B to the New Mexico Interconnection Manual (including its Exhibits) incorporated by reference in 17.9.568 NMAC and separately published.

C. Unless a longer period of time is agreed to in writing by the Interconnection Customer, within thirty (30) Business Days of receipt of an Interconnection Application on the prescribed form, a Utility shall furnish to the Interconnection Customer a good faith, detailed list of required interconnection equipment and an itemized estimate of the costs that the proposed Interconnection Customer will have to pay to the Utility to complete the interconnection. The list of required interconnection equipment shall not change substantially other than in response to changes in design, location of equipment, and/or intended operation of the equipment of the Generating Facility.

D. If an Interconnection Application fails to comply with the requirements of this Rule 17.9.569 NMAC or is otherwise insufficient, the Utility shall attempt to obtain the required information to complete the Interconnection Application by telephone. If the Utility cannot so obtain complete information, the Utility shall within fifteen (15) Business Days of receipt of the Interconnection Application notify the Interconnection Customer specifying the deficiencies in the Interconnection Application.

E. If the Interconnection Customer disagrees with the Utility's determination that the Interconnection Application is insufficient, it may within fifteen (15) Business Days of its receipt of the Utility's notification initiate a proceeding before the Commission pursuant to the complaint process of 17.9.570 NMAC. In such a proceeding, the Utility shall have the burden to establish that the rejection was justified.

F. The Interconnection Customer shall give the Utility at least sixty (60) days written advance notice to interconnect. Such notice shall specify the date the Generating Facility will be ready for interconnection, the date the Generating Facility will be able to commence testing, and the anticipated date of operation after testing. The Interconnection Customer shall pay the estimated costs of interconnection in full at the time the notice to interconnect is given. The Utility shall pay an Interconnection Customer for any energy produced during testing of the Generating Facility at the appropriate energy rate pursuant to 17.9.570.11(B) NMAC.

G. If the Utility determines that it cannot interconnect the Generating Facility within the time set in the notice to interconnect because adequate interconnection facilities are not available, it shall, within fifteen (15) Business Days of receipt of the notice to interconnect, notify the Interconnection Customer specifying the reasons it cannot interconnect as requested by the Interconnection Customer and specifying the date interconnection can be made. If the Interconnection Customer objects to the date for interconnection specified by the Utility, objects to the Utility's determination that adequate interconnection facilities are not available, or disputes the good faith efforts of the Utility to interconnect, the Interconnection Customer may initiate a proceeding before the Commission pursuant to the complaint process of 17.9.570 NMAC.

H. Payment for all costs of interconnection shall be the responsibility of the Interconnection Customer. If the Utility incurs any of the costs of interconnection, the Interconnection Customer shall reimburse the Utility for such costs. The estimated costs for interconnection described in this Rule 569 shall be paid prior to interconnection. Upon completion of the interconnection the actual costs of interconnection shall be determined in a verifiable form by the Utility, and any actual costs in excess of the estimated costs shall be paid by the Interconnection Customer to the Utility within thirty (30) days. If the estimated costs exceed actual costs the Utility shall refund the difference to the Interconnection Customer within thirty (30) days.

I. Each Utility shall develop and file with the Commission proposed general safety standards governing the installation, operation, and maintenance of the protective equipment required to integrate Generating Facilities subject to this Rule 569 into the Utility's electric System (if any such equipment is required). These general safety standards may contain reasonable provisions for case-by-case standards for certain Generation Facilities based on their size and/or location. These standards shall be reasonable and nondiscriminatory and shall be designed to assure System and personnel safety.

J. The Generating Facility's output to the Utility will meet the following interconnection standards:

1. The voltage will be that voltage normally available on the Utility System at the generator's site or such other standard voltage to which the Parties may agree.
2. The frequency will be 60 hertz.
3. The number of phases of the produced voltage will be compatible with the phases available on the Utility System at the generator site. Normally the number of phases shall be the same as those of the Utility System.
4. The protective devices connected between the output of the Generating Facility and the Utility System must be rated for the maximum available fault current that the Utility's System may be capable of developing at the point of interconnection. Such devices shall disconnect the Generating Facility's generation from the Utility's System in the event of a fault on the Generating Facility system in order to maintain continuity of service to other customers connected to the secondary of the distribution transformer or other portions of the Utility's System.
5. The Generating Facility's output shall not affect the Utility's distribution system. This includes but is not limited to:
  - a. overload of distribution equipment;
  - b. abnormal harmonic currents or voltages;
  - c. interference with automatic voltage regulation equipment; and
  - d. electronic noise that would interfere with communications.
6. The Generating Facility shall be capable of protecting itself from damage resulting from impact loading and/or overloading under both normal operating conditions and emergency conditions.

K. Interconnection and safety requirements shall include the ability to synchronize on connecting to the Utility System to avoid voltage decay or out-of-phase connection. The Generating Facility's controls shall be capable of disconnecting the generation output to the Utility or otherwise limiting the Generating Facility's input to avoid overload of any of the Utility System components or undesirable transient voltage or frequency fluctuations in the event of a fault on the Utility's System or under conditions of large motor start or capacitor switching operations on the Utility System to which the Generating Facility is interconnected. These devices must be coordinated with the Utility's protective system. The Generating Facility must meet the following safety standards.

1. The Generating Facility's interconnection must meet the requirements of the latest editions of the national electrical safety code, national electrical code, and the state of New Mexico electrical code.

2. The Generating Facility's interconnection must automatically disconnect from the Utility's System if the utility service is interrupted. The Generating Facility will coordinate automatic reenergization in the Utility's System with the Utility's standard protection practices. The Utility may discontinue service to or from a Generating Facility if it has been determined that continuation of service would contribute to such emergency.

3. There must be a three-phase load break disconnect between the Generating Facility's interconnection and the Utility that can be controlled and operated by the Utility.

a. Where the Generating Facility is a customer of the Utility, the disconnect or disconnects shall disconnect the Generating Facility's output without interrupting utility service to the customer's other load unless otherwise agreed.

b. The disconnect must provide a visible air gap which will assure disconnection of the Generating Facility before a Utility employee does any work on the circuit or circuits to which the interconnection is made.

c. The meter socket or secondary connection compartment or bus compartment may be provided by the Utility or provision may be required of the Interconnection Customer as is presently provided for in the case of each component by the rules and regulations filed with the Commission in the case of the specific Utility.

d. In any event the capacity and the connection arrangements of the specific device must be approved by the Utility if the Generating Facility is required to provide the device.

L. A utility may require that an Interconnection Customer provide proof of insurance or other evidence of financial responsibility in an amount reasonably related to the risks involved.

**17.9.569.9 VARIANCES:** A Party may file a request for a variance from the requirements of this rule. Such application shall describe the reasons for the variance; set out the effect of complying with this rule on the Parties and the Utility's customers if the variance is not granted; identify the section(s) of this rule for which the variance is requested; describe the expected result which the request will have if granted; and state how the variance will aid in achieving the purposes of this rule. The Commission may grant a request for a procedural variance through an order issued by the Chairman, a Commissioner or a designated hearing examiner. Other variances shall be presented to the Commission as a body for determination.