



Lorain-Medina Rural Electric Cooperative, Inc.

22898 West Road

Telephone: (440) 647-2133

Website: www.lmre.org

PO Box 158

(800) 222-5673

Email: lmre@fesco-oh.org

Wellington, Ohio 44090-0158

Fax: (440) 647-4870

Cooperative urges members to verify adequate insurance protection on renewable energy connections

April 4, 2011

Lorain-Medina Rural Electric Cooperative is advising members with renewable energy interconnection agreements and net metered systems to verify they have proper insurance coverage should power improperly backfeed onto the cooperative's lines and damage equipment or injure personnel.

In accordance with LMRE's interconnection agreement, members who have installed these renewable energy systems have provided the cooperative with insurance certificates that they and the cooperative believe covers them for property and general liability associated with their equipment. These systems have been inspected to insure the system will not backfeed power onto the cooperative's lines in the event of an outage.

However, there is concern whether homeowners will have the necessary insurance protection should their generating system backfeed power onto the cooperative's lines, when it's not supposed to, and then causing damage and possibly injuring someone.

LMRE General Manager Markus I. Bryant said, "We have learned one of our members -- as part of their due diligence -- reviewed with his insurance provider the liability indemnification provisions of our interconnection agreement. To his and our shock, their insurance provider promptly cancelled all of their insurance coverages. This member has since found another insurance provider for most of their insurance coverages except for this liability provision. Both this member and the cooperative have yet to find another Ohio insurance provider willing to provide this coverage."

The language used in the interconnection agreement is used by all Ohio electric cooperatives and is similar to the language used by American Electric Power and FirstEnergy in their agreements.

"The insurance companies contacted so far do not appear to be willing to insure this liability," Bryant said. "The practical effect is our members believe they have insurance coverage yet there is a high probability they really do not have the necessary protection. This leaves the member's assets personally exposed to this liability," Bryant said.

The cooperative is currently working with Buckeye Power's and LMRE's legal teams to try and resolve this issue with the insurance companies. Buckeye Power is the wholesale power supplier to LMRE and the 23 other Ohio electric cooperatives.

"We want to resolve this as soon as possible. We are dismayed with the position the insurance companies have taken, considering it is federal and state law as well as LMRE's policy to accommodate the development of renewable energy," Bryant said.