

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



April 4, 2012

Advice Letter 3955-E

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

**Subject: New PG&E Interconnection Agreement for an Existing
Small Generating Facility Interconnecting to the Distribution
System under Rule 21**

Dear Mr. Cherry:

Advice Letters 3955-E is effective March 8, 2012 per Resolution E-4477.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

November 21, 2011

Advice 3955-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: New PG&E Interconnection Agreement For an Existing Small Generating Facility Interconnecting to the Distribution System Under Rule 21

Pacific Gas and Electric Company ("PG&E") hereby submits for filing revisions to its electric tariff sheets. The affected tariff sheets are listed on the enclosed Attachment 1.

Purpose

The purpose of this advice letter submittal is to create a new, pro-forma, Rule 21 interconnection agreement entitled *PG&E Interconnection Agreement For an Existing Small Generating Facility Interconnecting to the Distribution System Under Rule 21* ("IA") to be used on an interim¹ basis only for an existing Qualifying Facility (QF) selling all their net energy to PG&E under a Public Utility Regulatory Policies Act of 1978 (PURPA) power purchase agreement (PPA) that seeks to continue operating under a new QF PURPA PPA, once available. This IA will be used specifically for those QFs with a net capacity of 20 megawatts or less and interconnecting to PG&E's distribution system.

Background

The Qualifying Facility and Combined Heat and Power Settlement Agreement (QF/CHP Settlement), approved by Decision (D.) 10-12-035, is expected to become effective November 23, 2011, and put into place a new QF PURPA PPA process. The QF/CHP settlement applies to new, as well as to existing, QFs that enter into a QF PURPA PPA. PG&E has as many as seventeen (17)² under-20 MW, distribution-interconnected QF's with existing QF PURPA PPAs (Existing QFs). These PPAs will terminate, but qualify for, and are expected to seek the new PURPA PPA option.

¹ This form is expected to be used for an interim basis until a new process is developed as described in the Background section below.

² The actual number will depend on when the new interconnection process under development replaces the one in this advice letter. Seventeen is the maximum number of existing QFs that might transition though the end of 2012.

To remain interconnected with PG&E's distribution system, these Existing QFs will also need to enter into a new interconnection agreement, since the new QF PURPA PPA does not include an interconnection provision, unlike the QFs' expiring PPAs. To provide for a smooth transition, the Existing QFs will need to complete the IA and be re-authorized to interconnect within 120 days of the QF settlement effective date.

For reasons explained in PG&E's Advice 3864-E,³ and consistent with issues to be examined in the Commission's on-going Rulemaking to improve distribution interconnection rules and regulations,⁴ PG&E's Rule 21 does not have an existing interconnection agreement suitable for the new QFs. The California Public Utilities Commission (CPUC) is proactively seeking to remedy this situation through the Distribution System Interconnection Settlement (DSIS) process and Rulemaking (R.)11-09-011⁵. PG&E has been an active participant in these proceedings and all parties are interested in ensuring fair, timely, cost-effective, and transparent interconnection for generators. However, the new interconnection process expected to arise from the interconnection rulemaking will likely not be available in time for these transitioning Existing QFs.

In response to PG&E's and Southern California Edison Company's (SCE) and San Diego Gas & Electric Company's (SDG&E) request for guidance on the imminent need for a new IA for Existing QFs, the Energy Division instructed the utilities to draft and submit via advice letter, an interim, pro-forma IA for existing distribution interconnected, under 20-MW QFs. PG&E anticipates a more universal interconnection solution will emerge from the DSIS process that will be available for all new distribution interconnected QF PURPA PPA customers.

To create the attached IA, PG&E worked closely with SCE⁶ to modify our respective existing relevant interconnection agreement in the Wholesale Distribution Tariff (WDT) to work under Electric Rule 21. Until a new interconnection agreement is created in the Distribution Interconnection OIR and/or Settlement Process, PG&E requests the CPUC's approval to use the IA attached for Existing QFs. Because several QFs will need Rule 21 interconnection agreements within 120 days of the effective date of the QF Settlement to avoid disruption in their ability to deliver power, PG&E respectfully requests expedited consideration of our IA.

³ AL 3864-E, filed June 17, 2011; http://www.pge.com/notes/rates/tariffs/tm2/pdf/ELEC_3864-E.pdf

⁴ "In this rulemaking, we seek to review, and, if necessary, revise, Rule 21 to ensure that the interconnection process is timely, non-discriminatory, cost-effective, and transparent.", R11-09-011, pg. 2

⁵ OIR or Rulemaking 11-09-011 - *Order Instituting Rulemaking on the Commission's own motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources* http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/144161.doc

⁶ It is PG&E's understanding that SDG&E will use its existing "Continuous Export" Rule 21 Interconnection Agreement instead of a revised WDT interconnection agreement.

Tariff Revisions

The proposed IA borrows from Appendix F, *Small Generator Interconnection Agreement (SGIA)*⁷ of PG&E's Federal Energy Regulatory Commission (FERC)-approved *Wholesale Distribution Tariff (WD Tariff) FERC Electric Tariff Volume No. 4*. Using this Agreement as the starting point for this new IA has several advantages. The WDT includes the Fast Track process and is therefore familiar to many applicants; it has been vetted by stakeholders including the generation community, and will ensure some consistency between the interconnection agreement for QFs and other wholesale generators.

PG&E has attached a redlined version of the *PG&E Interconnection Agreement For an Existing Small Generating Facility Interconnecting to the Distribution System Under Rule 21* to show how PG&E modified the original WDT agreement.

PG&E intended to incorporate the WDT Fast Track Agreement into the IA without creating inconsistency with Rule 21. Summarizing the changes made:

- 1) All references to the WDT were replaced with references to Rule 21;
- 2) The Recitals ("Whereas....") were added in the Applicability section to clarify the purpose of the IA;
- 3) Section 1.2 expressly incorporates Rule 21 and any modifications to Rule 21 that the CPUC may direct.
- 4) PG&E revised provisions related to dispute resolution to make clear that the procedures of Rule 21 apply to any dispute regarding performance of obligations under the Rule 21 Agreement for Existing QFs or requirements related to the interconnection. (See Section 10.1);
- 5) PG&E revised Section 1.1 to define the subset of QFs that may use the proposed Rule 21 Agreement For Existing QFs, and to make clear that the QF is responsible for maintaining its QF status and that PG&E may terminate the agreement if the QF fails to maintain its QF status or no longer falls within the scope and description of Section 1.1. (See Section 3.3.2, 3.3.2.1, and 3.3.6);
- 6) Some terms in the WDT Small Generator Interconnection Agreement were replaced or modified, for example:
 - a. The definition of "Interconnection Customer" was revised to make clear that its use in the Rule 21 Agreement For Existing QFs is intended to be identical to and interchangeable with the definition of "Producer" in Rule 21;

⁷ See ATTACHMENT F: Small Generator Interconnection Agreement (SGIA) at page 130 in <http://www.pge.com/includes/docs/pdfs/shared/customerservice/nonpgeutility/electrictransmission/tariffs/PGE%20Wholesale%20Distribution%20Tariff%20-%20Eff%2020100813.pdf>

- b. Similarly, PG&E replaced the power factor applicable under the WDT (0.95 leading to 0.95 lagging) with the power factor applicable under Rule 21 (0.9 leading to 0.9 lagging). (See Section 1.8.1.);
- 7) PG&E removed sections of the WDT Fast Track Agreement that do not apply to the subset of interconnecting QFs under Rule 21 (e.g., Section 6.3 regarding Financial Security Arrangements).
- 8) Attachment 6 was modified to accommodate using an existing Special Facilities Agreement (SFA).
- 9) Using language from Section 10 of the CPUC-approved *Generating Facility Interconnection Agreement* (Non-Export) (Form 79-973), PG&E added Section 12.13 regarding "Review of Records and Data."
- 10) Included various references to the California Independent System Operator Corporation (CAISO), where appropriate.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **December 12, 2011**⁸, which is 21 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: ijnj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the CPUC:

⁸ The 20-day protest period ends on a weekend date so PG&E is moving the protest period end date to the next business day.

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date

PG&E respectfully requests that the Commission issue a Resolution approving this Tier 3 advice filing effective **November 23, 2011**. The requested effective date is the effective date of the CHP/QF Settlement and is the first date the interconnection agreement filed herein could be used.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service lists for R.11-09-011 and A.08-11-001. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in black ink that reads "Brian Cherry" with a stylized flourish at the end.

Vice President, Regulation and Rates

Attachments

cc: Service Lists R. 11-09-011 and A. 08-11-001

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Greg Backens

Phone #: 415-973-4390

E-mail: gab4@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3955-E

Tier: 3

Subject of AL: New PG&E Interconnection Agreement For an Existing Small Generating Facility Interconnecting to the Distribution System Under Rule 21

Keywords (choose from CPUC listing): Customer Owned Generation, Qualifying Facility

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Is AL requesting confidential treatment? No. If so, what information is the utility seeking confidential treatment for: N/A

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A

Resolution Required? Yes No

Requested effective date: November 23, 2011

No. of tariff sheets: 3

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: New Filed Form 79-1136 - PG&E Interconnection Agreement For an Existing Small Generating Facility Interconnecting to the Distribution System Under Rule 21

Service affected and changes proposed:

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave., San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulation and Rates

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**ATTACHMENT 1
Advice 3955-E**

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling Cal
P.U.C. Sheet No.**

30725-E PG&E INTERCONNECTION AGREEMENT
FOR AN EXISTING SMALL GENERATING
FACILITY
INTERCONNECTING TO THE DISTRIBUTION
SYSTEM UNDER RULE 21
Sheet 1

30726-E ELECTRIC TABLE OF CONTENTS
Sheet 1

30703-E

30727-E ELECTRIC TABLE OF CONTENTS
SAMPLE FORMS
Sheet 24

30372-E



PG&E INTERCONNECTION AGREEMENT
FOR AN EXISTING SMALL GENERATING FACILITY
INTERCONNECTING TO THE DISTRIBUTION SYSTEM UNDER RULE 21

Sheet 1 (N)
(N)
(N)

PLEASE SEE ATTACHED
SAMPLE FORM 79-1136

PG&E

Interconnection Agreement

For an Existing Small Generating Facility

Interconnecting to the Distribution System

Under Rule 21

**PG&E Interconnection Agreement for an Existing Small Generating Facility Connecting to
the Distribution System, Under Rule 21**

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PG&E Interconnection Agreement for an Existing Small Generating Facility Connecting to the Distribution System, Under Rule 21

This Interconnection Agreement (“Agreement” or “Interconnection Agreement For An Existing Small Generating Facility”) is made and entered into this _____ day of _____, by **PACIFIC GAS AND ELECTRIC COMPANY** (“Distribution Provider”), and _____ (“Interconnection Customer”) each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties.”

Distribution Provider Information

Distribution Provider: **Pacific Gas and Electric Company**
 Attention: **Generation Interconnection Services**
 Address: **245 Market Street Mail Code N7L**
 City, State, zip code: **San Francisco, California 94105**
 Phone: **(415)-972-5394**
 Fax: **(415)-973-3064**

Interconnection Customer Information

Interconnection Customer:			
Attention:			
Address:			
City, State, zip code:			
Phone:			
Fax:			

Interconnection Customer Application No:	
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WHEREAS, the effective date of the Qualifying Facility and Combined Heat and Power Program Settlement Agreement (“QF Settlement”) is expected to be November 23, 2011;

WHEREAS, Interconnection Customer has a net capacity of 20 MW or less and is already interconnected to the Distribution System (“Existing Small Generating Facility”);

WHEREAS, Interconnection Customer is a Qualifying Facility (“QF”) selling all of its exports to the grid to the Distribution Provider under a power purchase agreement (“PPA”) entered into pursuant to the Public Utility Regulatory Policies Act of 1978 (“PURPA”);

WHEREAS, the Parties’ existing PURPA PPA will terminate and be replaced with another PURPA PPA; and

WHEREAS, the Parties’ existing interconnection agreement will be extinguished with the termination of the existing PURPA PPA and the Parties desire to replace it with this Agreement;

THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

1.1 Applicability

This Agreement shall be used for the Interconnection of an Existing Small Generating Facility that has a net capacity of 20 MW or less, and is already interconnected to the Distribution System as a QF selling all of its exports to the grid to the Distribution Provider under a PURPA PPA that will expire on _____ (date) and thereafter will be replaced with another PURPA PPA with the Distribution Provider.

1.2 Purpose

This Agreement incorporates in its entirety the Distribution Provider’s California Public Utilities Commission (“CPUC”) approved Electric Rule 21 (“Rule 21”), subject to any modifications the CPUC may direct in the exercise of its jurisdiction. This Agreement governs the terms and conditions under which the Interconnection Customer’s Generating Facility will interconnect with, and operate in parallel with, the Distribution Provider’s Distribution System. In the event of inconsistency between this Agreement and the terms of Rule 21, the provisions of the latter shall control.

1.3 No Agreement to Purchase or Deliver Power

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer’s power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Distribution Provider and the Interconnection Customer.

1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.
- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 The Distribution Provider shall construct, operate, and maintain its Distribution System, Transmission System and Interconnection Facilities, Distribution Upgrades and Network Upgrades in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Distribution Provider or any Affected Systems. The Interconnection Customer shall comply with the Distribution Provider's Interconnection Handbook. In the event of a conflict between the terms of this Agreement and the terms of the Distribution Provider's Interconnection Handbook, the terms in this Agreement shall govern.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Distribution Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Distribution Provider's Distribution and Transmission Systems, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The Distribution Provider shall coordinate with all Affected Systems to support the interconnection.

1.5.7 The Interconnection Customer shall maintain QF status during the term of this Agreement.

1.6 Parallel Operation Obligations

Once the Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Generating Facility in the applicable balancing authority area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in Rule 21 or by the applicable system operator(s) for the Distribution Provider's Distribution Systems and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Distribution Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements. Nothing in this provision replaces or alters the metering requirements in the Interconnection Customer's PPA.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection and Small Generating Facility shall be capable of operating within a power factor range from 0.9 leading to 0.9 lagging unless the Distribution Provider has established different requirements that apply to all similarly situated generators in the balancing authority area on a comparable basis. Operation outside this range is acceptable provided the reactive power of the Generating Facility is used to meet the reactive power needs of the Host Loads or that reactive power is otherwise provided under tariff by Distribution Provider. The Interconnection Customer shall notify Distribution Provider if it is using the Generating Facility for power factor correction. Unless otherwise agreed upon by the Interconnection Customer and Distribution Provider, Generating Facilities shall automatically regulate power factor, not voltage, while operating in parallel with Distribution Provider's Distribution System.

1.9 Capitalized Terms

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

- 2.1.1 Pursuant to Rule 21, the Interconnection Customer shall test and inspect its Generating Facility and Interconnection Facilities. The Interconnection Customer shall notify the Distribution Provider of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Distribution Provider may, at its own expense, send qualified personnel to the Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Distribution Provider a written test report when such testing and inspection is completed.
- 2.1.2 The Distribution Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Distribution Provider of the safety, durability, suitability, or reliability of the Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

- 2.2.1 The Distribution Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Distribution Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Distribution Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Generating Facility in parallel with the Distribution Provider's Distribution System without prior written authorization of the Distribution Provider. The Distribution Provider will provide such authorization once the Distribution Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Distribution Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Generating Facility (including any required

testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Distribution Provider at least five Business Days prior to conducting any on-site verification testing of the Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Distribution Provider shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon the later date of execution by the Parties or the termination of Interconnection Customer's existing interconnection agreement.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of _____ from the Effective Date or such other longer period as Parties may agree and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Distribution Provider 20 Business Days written notice.

3.3.2 Either Party may terminate this Agreement after Default pursuant to article 7.6. In addition, the Distribution Provider may terminate this Agreement if Interconnection Customer fails to maintain its QF status for the term of this Agreement or upon termination of Interconnection Customer's PURPA PPA.

3.3.2.1 Interconnection Customer is responsible for maintaining its QF status and must notify Distribution Provider sixty (60) days in advance of Interconnection Customer failing to maintain its QF status, selling to a third-party, or termination of its PURPA PPA. If Interconnection Customer fails to provide such notice, it is wholly responsible for any penalties incurred from any Governmental Authority or the California

Independent System Operator Corporation (“CAISO”), including penalties incurred by the Distribution Provider, as a result of this failure to notify the Distribution Provider.

- 3.3.3 Upon termination of this Agreement, the Generating Facility will be disconnected from the Distribution Provider's Distribution System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.
- 3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.
- 3.3.5 This provisions of this article shall survive termination or expiration of this Agreement.
- 3.3.6 If the Generating Facility no longer falls within the scope and description provided in Section 1.1 of this Agreement, this Agreement is terminated.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

- 3.4.1 Emergency Conditions - “Emergency Condition” shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Distribution Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Distribution System, the Distribution Provider's Interconnection Facilities or any Affected Systems; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Distribution Provider may immediately suspend interconnection service and temporarily disconnect the Generating Facility. The Distribution Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Generating Facility. The Interconnection Customer shall notify the Distribution Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Distribution Provider's Distribution System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the

operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Distribution Provider may interrupt interconnection service or curtail the output of the Generating Facility and temporarily disconnect the Generating Facility from the Distribution Provider's Distribution System when necessary for routine maintenance, construction, and repairs on the Distribution Provider's Distribution System and/or Transmission System. The Distribution Provider shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Distribution Provider shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Distribution Provider may suspend interconnection service to effect immediate repairs on the Distribution Provider's Distribution System and/or Transmission System. The Distribution Provider shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Distribution Provider shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Distribution Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Generating Facility could cause damage to the Distribution Provider's Distribution System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Distribution Provider may disconnect the Generating Facility. The Distribution Provider shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Generating Facility

The Interconnection Customer must receive written authorization from the Distribution Provider before making any change to the Generating Facility that may have a material impact on the safety or reliability of the Distribution System and/or Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice.

If the Interconnection Customer makes such modification without the Distribution Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and the Distribution Provider's Distribution System and/or Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Distribution Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Distribution Provider.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Distribution Provider's Interconnection Facilities.

4.2 Distribution Upgrades

The Distribution Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this Article 5 shall apply unless the interconnection of the Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Distribution Provider or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Distribution Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

5.3 (Intentionally Omitted).

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Generating Facility.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Distribution Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than an Uncontrollable Force Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has

reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

Article 7. Assignment, Liability, Indemnity, Uncontrollable Force, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Distribution Provider of any such assignment;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Distribution Provider, for collateral security purposes to aid in providing financing for the Generating Facility, provided that the Interconnection Customer will promptly notify the Distribution Provider of any such assignment.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.
- 7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries,

costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

- 7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Uncontrollable Force

- 7.5.1 As used in this article, an Uncontrollable Force shall mean “any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Distribution Provider or Interconnection Customer which could not be avoided through the exercise of Good Utility Practice. An Uncontrollable

Force Event does not include an act of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force.”

7.5.2 If an Uncontrollable Force Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Uncontrollable Force Event (“Affected Party”) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Uncontrollable Force Event. The notification must specify in reasonable detail the circumstances of the Uncontrollable Force Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Uncontrollable Force Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Uncontrollable Force Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of an Uncontrollable Force Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

8.1 General Liability and Additional Insurance

The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient

to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in California. Certification that such insurance is in effect shall be provided upon request of the Distribution Provider, except that the Interconnection Customer shall show proof of insurance to the Distribution Provider no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 Maintenance of Insurance

The Distribution Provider agrees to maintain general liability insurance or self-insurance consistent with the Distribution Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Distribution Provider's liabilities undertaken pursuant to this Agreement.

8.3 Notification

The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

9.1 Definition of Confidential Information

Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Treatment of Confidential Information

Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

Article 10. Disputes

10.1 Dispute Resolution

Any dispute arising between the Parties regarding a Party's performance of its obligations under this Agreement or requirements related to the interconnection of the Generating Facility shall be resolved according to the procedures in Rule 21.

Article 11. Taxes

11.1 Applicable Tax Laws and Regulations

The Parties agree to follow all applicable tax laws and regulations, consistent with Internal Revenue Service requirements.

11.2 Maintenance of Tax Status

Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Distribution Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of California (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other

than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Distribution Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, and any incorporated tariffs or Rules, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable

the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Distribution Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

2.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 CPUC Modifications

Unless otherwise ordered by the CPUC, this Agreement at all times shall be subject to

such modifications as the CPUC may direct from time to time in the exercise of its jurisdiction.

12.13 Review of Records and Data

12.13.1 The Distribution Provider shall have the right to review and obtain copies of Interconnection Customer’s operations and maintenance records, logs, or other information such as, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Interconnection Customer’s Generating Facility or its interconnection with Distribution Provider’s Distribution System.

12.13.2 The Interconnection Customer authorizes the Distribution Provider to release to the California Energy Commission (“CEC”), the CAISO and/or the CPUC information regarding the Generating Facility, including the Interconnection Customer’s name and location, and the size, location and operational characteristics of the Generating Facility, as requested from time to time pursuant to the CEC’s, CAISO’s or CPUC’s rules and regulations.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer:			
Attention:			
Address:			
City, State, zip code:			
Phone:			
Fax:			

If to the Distribution Provider:

U.S. Mail
Pacific Gas and Electric Company

Carrier
Pacific Gas and Electric Company

PACIFIC GAS AND ELECTRIC COMPANY

Attention: Generation Interconnection Services
 P.O. Box 770000 Mail Code N7L
 San Francisco, California 94177

Attention: Generation Interconnection Services
 245 Market St., Mail Code N7L
 San Francisco, California 94105

Telephone: 415 972-5394
 Fax: 415 973-3064
 Email gen@pge.com

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer:

Interconnection Customer:			
Attention:			
Address:			
City, State, zip code:			
Phone:			
Fax:			

Note: All checks and inquiries must reference an Order Number

Distribution Provider:

U.S. Mail	Courier
Pacific Gas and Electric Company	Pacific Gas and Electric Company
Attention:	Attention:

Telephone:		
Fax:		
Email		

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer:			
Attention:			
Address:			
City, State, zip code:			
Phone:			
Fax:			

If to the Distribution Provider:

U.S. Mail

Pacific Gas and Electric Company
 Attention: Generation Interconnection Services
 P.O. Box 770000 Mail Code N7L
 San Francisco, California 94177

Telephone:
 Fax:
 Email

Courier

Pacific Gas and Electric Company
 Attention: Generation Interconnection Services
 245 Market St., Mail Code N7L
 San Francisco, California 94105

415 972-5394
 415 973-3064
gen@pge.com

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer:	
Attention:	
Telephone (Day):	
Telephone (Eve):	
Fax:	

Distribution Provider's Operating Representative:

Distribution Provider:	
Attention:	
Telephone:	
Fax:	

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Distribution Provider

Signature: _____

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Note: This Agreement is signed on behalf of

Signature: _____

Name: _____

Title: _____

Date: _____

Attachment 1

Glossary of Terms

Affected System – An electric system other than the Distribution Provider's Distribution System that may be affected by the proposed interconnection, including but not limited to the Transmission System.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding Federal Holidays.

Default – The failure of a breaching Party to cure its Breach under the Interconnection Agreement For An Existing Small Generating Facility.

Distribution Owner – The entity that owns, leases or otherwise possesses an interest in the portion of the Distribution System at the Point of Interconnection and may be a Party to the Interconnection Agreement For An Existing Small Generating Facility to the extent necessary.

Distribution Provider – The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity and provides distribution service to the Interconnection Customer. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

Distribution System – Those non- California Independent System Operator Corporation (“CAISO”) transmission and distribution facilities owned, controlled and operated by the Distribution Provider that are used to provide distribution service, which facilities and equipment are used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Distribution Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility. Distribution Upgrades do not include Interconnection Facilities.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in Attachment 2 of the Interconnection Agreement For An Existing Small Generating Facility, but shall not include the Interconnection Customer's Interconnection Facilities.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Distribution Provider, or any Affiliate thereof.

Interconnection Customer – Any entity, including the Distribution Provider, the Distribution Owner or any of the affiliates or subsidiaries of either, that interconnected its Generating Facility with the Distribution Provider's Distribution System. The definition of “Interconnection Customer” in this Agreement is intended to be identical to and used interchangeably with the definition of “Producer” in Rule 21.

Interconnection Facilities – The Distribution Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Distribution Provider's Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Handbook - A handbook, developed by the Distribution Provider and posted on the Distribution Provider's website or otherwise made available by the Distribution Provider, describing the technical and operational requirements for wholesale generators and loads connected to the Distribution System, as such handbook may be modified or superseded from time to time. In the event of a conflict between the terms of this Agreement and the terms of the Distribution Provider's Interconnection Handbook, the terms in this Agreement shall govern.

Network Upgrades – Additions, modifications, and upgrades to the Distribution Provider's Transmission System required at or beyond the point at which the Distribution System connects to the Distribution Provider's Transmission System to accommodate the interconnection of the Generating Facility to the Distribution Provider's Distribution System. Network Upgrades do not include Distribution Upgrades.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, CAISO, balancing authority area, or the Distribution

Provider's requirements, including those set forth in the Interconnection Agreement For An Existing Small Generating Facility.

Party or Parties – The Distribution Provider, Distribution Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Distribution Provider's Distribution System.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Interconnection Agreement For An Existing Small Generating Facility, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Transmission System – Those facilities owned by the Distribution Provider that have been placed under the CAISO's operational control and are part of the CAISO Grid.

Upgrades – The required additions and modifications to the Distribution Provider's Distribution System and Transmission System, at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

**Description of the Generating Facility, Interconnection Facilities,
Metering Equipment and Distribution System Upgrades**

Equipment, including the Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, the Distribution Provider, or the Distribution Owner. The Distribution Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

Attachment 3

**Description Of Generating Facility
And Single-Line Diagram,
(Provided by Producer)**

Attachment 4

Milestones

In-Service Date:

Critical milestones and responsibility as agreed to by the Parties:

	Milestone / Date	Responsible Parties

Agreed to by:

For the Distribution Provider _____ Date _____

For the Transmission Owner (if applicable) _____ Date _____

For the Interconnection Customer _____ Date _____

Attachment 5

**Additional Operating Requirements for the
Distribution Provider's Distribution System,
and Affected Systems Needed to Support
the Interconnection Customer's Needs**

The Distribution Provider shall also provide requirements that must be met by the Interconnection Customer for parallel operation with the Distribution Provider's Distribution System.

Attachment 6

Distribution Provider's Description of its Upgrades and Cost Responsibility

The Distribution Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Distribution Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related. Alternatively, Attachments 2 and 6 can be combined in order to accommodate incorporation of the Interconnection Customer's existing agreement (i.e., Special Facilities Agreement or SFA) for the financing and ownership of facilities for this interconnection.



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79-702	Appendix to Form 79-280 - Detail of Special Facilities Charges	11582-E
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79-974	Generating Facility Interconnection Application	27259-E
79-988	Generating Facility Interconnection Agreement Third Party Non-Exporting	18918-E
79-992	Generating Facility Interconnection Agreement Third Party Generation or Premise Non-Exporting	18919-E
79-1100	Agreement to Install Applicant Requested NGOM Special Facilities for Solar Performance Metering.....	28689-E
79-1136	PG&E Interconnection Agreement For an Existing Small Generating Facility Interconnecting to the Distribution System Under Rule 21	30725-E
		(N)
		(N)

(Continued)

Advice 3955-E
November 21, 2011

Attachment

Redline Version of the
*PG&E Interconnection Agreement For an Existing Small Generating Facility
Interconnecting to the Distribution System Under Rule 21*

PG&E

~~Small Generator~~ **Interconnection Agreement**

Between

~~Pacific Gas and Electric Company~~

and

~~{Interconnection Customer}~~

For an Existing Small Generator Generating Facility
Interconnecting to the Distribution System
Under Rule 21

PG&E Interconnection Agreement for an Existing Small Generating Facility Connecting to the Distribution System, Under Rule 21

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~~Small Generator~~PG&E Interconnection Agreement (~~SGIA~~)

~~(For~~ for an Existing Small Generating Facilities No Larger Than 20 MW~~)~~ Facility Connecting to the Distribution System, Under Rule 21

This Interconnection Agreement (“Agreement” or “Interconnection Agreement For An Existing Small Generating Facility”) is made and entered into this _____ day of _____, by **PACIFIC GAS AND ELECTRIC COMPANY** (“Distribution Provider”), and _____ (“Interconnection Customer”) each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties.”

Distribution Provider Information

~~Distribution Provider: Pacific Gas and Electric Company~~

~~Attention: Generation Interconnection Services~~

~~Address: 245 Market Street~~

~~City, State: San Francisco, California 94105-1702~~

~~Phone: (415)-972-5394~~

~~Fax: (415)-973-3064~~

Distribution Provider: Pacific Gas and Electric Company

Attention: Generation Interconnection Services

Address: 245 Market Street Mail Code N7L

City, State, zip code: San Francisco, California 94105

Phone: (415)-972-5394

Fax: (415)-973-3064

Interconnection Customer Information

~~Interconnection Customer:~~

~~Attention:~~

~~Address:~~

~~City, State:~~

~~Phone:~~

~~Interconnection Customer Application No:~~

In			
Interconnection Customer:			
Attention:			
Address:			
City, State, zip code:			
Phone:			
Fax:			

Interconnection Customer Application No:	
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WHEREAS, the effective date of the Qualifying Facility and Combined Heat and Power Program Settlement Agreement (“QF Settlement”) is expected to be November 23, 2011;

WHEREAS, Interconnection Customer has a net capacity of 20 MW or less and is already interconnected to the Distribution System (“Existing Small Generating Facility”);

WHEREAS, Interconnection Customer is a Qualifying Facility (“QF”) selling all of its exports to the grid to the Distribution Provider under a power purchase agreement (“PPA”) entered into pursuant to the Public Utility Regulatory Policies Act of 1978 (“PURPA”);

WHEREAS, the Parties’ existing PURPA PPA will terminate and be replaced with another PURPA PPA; and

WHEREAS, the Parties’ existing interconnection agreement will be extinguished with the termination of the existing PURPA PPA and the Parties desire to replace it with this Agreement;

THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

~~1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.~~

~~1.2~~ 1.1 Applicability

This Agreement shall be used for the Interconnection of an Existing Small Generating Facility that has a net capacity of 20 MW or less, and is already interconnected to the Distribution System as a QF selling all of its exports to the grid to the Distribution Provider under a PURPA PPA that will expire on _____ (date) and thereafter will be replaced with another PURPA PPA with the Distribution Provider.

1.2 Purpose

This Agreement incorporates in its entirety the Distribution Provider's California Public Utilities Commission ("CPUC") approved Electric Rule 21 ("Rule 21"), subject to any modifications the CPUC may direct in the exercise of its jurisdiction. This Agreement governs the terms and conditions under which the Interconnection Customer's **Small** Generating Facility will interconnect with, and operate in parallel with, the Distribution Provider's Distribution System. In the event of inconsistency between this Agreement and the terms of Rule 21, the provisions of the latter shall control.

1.3 No Agreement to Purchase or Deliver Power

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Distribution Provider and the Interconnection Customer.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its **Small** Generating Facility and construct, operate, and maintain its

Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

- 1.5.3 The Distribution Provider shall construct, operate, and maintain its Distribution System, Transmission System and Interconnection Facilities, Distribution Upgrades and Network Upgrades in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its ~~Small~~ Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Distribution Provider or any Affected Systems. The Interconnection Customer shall comply with the Distribution Provider's Interconnection Handbook. In the event of a conflict between the terms of this SGIA Agreement and the terms of the Distribution Provider's Interconnection Handbook, the terms in this SGIA Agreement shall govern.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Distribution Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Distribution Provider's Distribution and Transmission Systems, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The Distribution Provider shall coordinate with all Affected Systems to support the interconnection.

1.5.7 The Interconnection Customer shall maintain QF status during the term of this Agreement.

1.6 Parallel Operation Obligations

Once the ~~Small~~ Generating Facility has been authorized ~~by the Distribution Provider~~ to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the ~~Small~~ Generating Facility in the applicable ~~control~~ balancing authority area, including, but not limited to; 1) the rules and

procedures concerning the operation of generation set forth in ~~the Tariff~~ Rule 21 or by the applicable system operator(s) for the Distribution Provider's Distribution ~~and Transmission~~ Systems and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Distribution Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements. Nothing in this provision replaces or alters the metering requirements in the Interconnection Customer's PPA.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its ~~Small~~ Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection ~~at and Small Generating Facility shall be capable of operating within~~ a power factor ~~within the range of from~~ 0.95 leading to 0.95 lagging, unless the Distribution Provider has established different requirements that apply to all similarly situated generators in the ~~control~~ balancing authority area on a comparable basis. ~~The requirements of this paragraph shall not apply to wind generators~~ Operation outside this range is acceptable provided the reactive power of the Generating Facility is used to meet the reactive power needs of the Host Loads or that reactive power is otherwise provided under tariff by Distribution Provider. The Interconnection Customer shall notify Distribution Provider if it is using the Generating Facility for power factor correction. Unless otherwise agreed upon by the Interconnection Customer and Distribution Provider, Generating Facilities shall automatically regulate power factor, not voltage, while operating in parallel with Distribution Provider's Distribution System.

~~1.8.2 Payment to the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generating Facility when the ISO or, at the direction of the ISO, the Distribution Provider requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1 will be made by the ISO in accordance with the applicable provisions of the ISO Tariff.~~

~~1.8.3 Payments to the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generation Facility~~

~~when, in response to an emergency on the Distribution System, the Distribution Provider requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1 shall be in accordance with the Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to a regional transmission organization or independent system operator FERC approved rate schedule. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb reactive power under this Agreement, the Parties agree to expeditiously file such rate schedule and agree to support any request for waiver of the Commission's prior notice requirement in order to compensate the Interconnection Customer from the time service commenced. In addition, if the Distribution Provider pays its own affiliated generators for reactive power service within the specified range, it must also pay the Interconnection Customer.~~

1.9 Capitalized Terms

Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 ~~The Pursuant to Rule 21, the~~ Interconnection Customer shall test and inspect its ~~Small~~ Generating Facility and Interconnection Facilities ~~prior to interconnection~~. The Interconnection Customer shall notify the Distribution Provider of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Distribution Provider may, at its own expense, send qualified personnel to the ~~Small~~ Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Distribution Provider a written test report when such testing and inspection is completed.

2.1.2 The Distribution Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Distribution Provider of the safety, durability, suitability, or reliability of the ~~Small~~ Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the ~~Small~~ Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Distribution Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Distribution Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Distribution Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its **Small**-Generating Facility in parallel with the Distribution Provider's Distribution System without prior written authorization of the Distribution Provider. The Distribution Provider will provide such authorization once the Distribution Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Distribution Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the **Small**-Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the **Small**-Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Distribution Provider at least five Business Days prior to conducting any on-site verification testing of the **Small**-Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Distribution Provider shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon the later date of execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Distribution Provider shall promptly file this Agreement with the FERC upon execution, if required. termination of Interconnection Customer's existing interconnection agreement.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ~~ten years~~ _____ from the Effective Date or such other longer period as ~~the Interconnection Customer Parties~~ may ~~request~~ agree and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, ~~including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.~~

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Distribution Provider 20 Business Days written notice.

3.3.2 Either Party may terminate this Agreement after Default pursuant to article 7.6. In addition, the Distribution Provider may terminate this Agreement if Interconnection Customer fails to maintain its QF status for the term of this Agreement or upon termination of Interconnection Customer's PURPA PPA.

3.3.2.1 Interconnection Customer is responsible for maintaining its QF status and must notify Distribution Provider sixty (60) days in advance of Interconnection Customer failing to maintain its QF status, selling to a third-party, or termination of its PURPA PPA. If Interconnection Customer fails to provide such notice, it is wholly responsible for any penalties incurred from any Governmental Authority or the California Independent System Operator Corporation ("CAISO"), including penalties incurred by the Distribution Provider, as a result of this failure to notify the Distribution Provider.

3.3.3 Upon termination of this Agreement, the ~~Small~~ Generating Facility will be disconnected from the Distribution Provider's Distribution System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.

3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

~~3.3.4—5~~ This provisions of this article shall survive termination or expiration of this Agreement. _____

3.3.6 If the Generating Facility no longer falls within the scope and description provided in Section 1.1 of this Agreement, this Agreement is terminated.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions - "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Distribution Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Distribution System, the Distribution Provider's Interconnection Facilities or any Affected Systems; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the ~~Small~~ Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Distribution Provider may immediately suspend interconnection service and temporarily disconnect the ~~Small~~ Generating Facility. The Distribution Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the ~~Small~~ Generating Facility. The Interconnection Customer shall notify the Distribution Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Distribution Provider's Distribution System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Distribution Provider may interrupt interconnection service or curtail the output of the ~~Small~~ Generating Facility and temporarily disconnect the ~~Small~~ Generating Facility from the Distribution Provider's Distribution System when necessary for routine maintenance, construction, and repairs on the Distribution Provider's Distribution System and/or Transmission System. The Distribution Provider shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Distribution Provider shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Distribution Provider may suspend interconnection service to effect immediate repairs on the Distribution Provider's Distribution

System and/or Transmission System. The Distribution Provider shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Distribution Provider shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Distribution Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the ~~Small~~ Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the ~~Small~~ Generating Facility could cause damage to the Distribution Provider's Distribution System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Distribution Provider may disconnect the ~~Small~~ Generating Facility. The Distribution Provider shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the ~~Small~~ Generating Facility

The Interconnection Customer must receive written authorization from the Distribution Provider before making any change to the ~~Small~~ Generating Facility that may have a material impact on the safety or reliability of the Distribution System and/or Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Distribution Provider's prior written authorization, the latter shall have the right to temporarily disconnect the ~~Small~~ Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the ~~Small~~ Generating Facility, Interconnection Facilities, and the Distribution Provider's Distribution System and/or Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Distribution Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with

other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Distribution Provider.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Distribution Provider's Interconnection Facilities.

4.2 Distribution Upgrades

The Distribution Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this ~~article~~Article 5 shall apply unless the interconnection of the **Small** Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Distribution Provider or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Distribution Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

~~5.2.1 Repayment of Amounts Advanced for Network Upgrades~~

~~The Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Distribution Provider and Affected System operator, if any, for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar for dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Distribution Provider's Tariff and Affected~~

~~System's Tariff for transmission services with respect to the Small Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.~~

~~5.2.1.1 Notwithstanding the foregoing, the Interconnection Customer, the Distribution Provider, and Affected System operator may adopt any alternative payment schedule that is mutually agreeable so long as the Distribution Provider and Affected System operator take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Distribution Provider or Affected System operator(s) will continue to provide payments to the Interconnection Customer on a dollar for dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the commercial operation date.~~

~~5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Distribution Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.~~

~~5.3 Special Provisions for Affected Systems~~

~~Unless the Distribution Provider provides, under this Agreement, for the repayment of amounts advanced to Affected System operator(s) for Network Upgrades, the Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by Affected System operator.~~

5.3 (Intentionally Omitted).

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the **Small** Generating Facility.

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Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Distribution Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

~~6.1.2 Within three months of completing the construction and installation of the Distribution Provider's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Distribution Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Distribution Provider for such facilities or Upgrades. If~~

~~the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Distribution Provider shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Distribution Provider within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Distribution Provider shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.~~

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than an Uncontrollable Force Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

~~6.3 Financial Security Arrangements~~

~~At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Distribution Provider's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Distribution Provider, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Distribution Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Distribution Provider's Interconnection Facilities and Upgrades and shall be reduced on a dollar for dollar basis for payments made to the Distribution Provider under this Agreement during its term. In addition:~~

~~6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Distribution Provider, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed to maximum amount.~~

~~6.3.2 The letter of credit or surety bond must be issued by a financial institution or insured reasonably acceptable to the Distribution Provider and must specify a reasonable expiration date.~~

Article 7. Assignment, Liability, Indemnity, Uncontrollable Force, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Distribution Provider of any such assignment;

7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Distribution Provider, for collateral security purposes to aid in providing financing for the ~~Small~~ Generating Facility, provided that the Interconnection Customer will promptly notify the Distribution Provider of any such assignment.

7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

- 7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.
- 7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Uncontrollable Force

7.5.1 As used in this article, an Uncontrollable Force shall mean “any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of the Distribution Provider or Interconnection Customer which could not be avoided through the exercise of Good Utility Practice. An Uncontrollable Force Event does not include an act of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force.”

7.5.2 If an Uncontrollable Force Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Uncontrollable Force Event (“Affected Party”) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Uncontrollable Force Event. The notification must specify in reasonable detail the circumstances of the Uncontrollable Force Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Uncontrollable Force Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Uncontrollable Force Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of an Uncontrollable Force Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is

entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

8.1 General Liability and Additional Insurance

The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in ~~the State where the interconnection is located.~~California. Certification that such insurance is in effect shall be provided upon request of the Distribution Provider, except that the Interconnection Customer shall show proof of insurance to the Distribution Provider no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

8.2 Maintenance of Insurance

The Distribution Provider agrees to maintain general liability insurance or self-insurance consistent with the Distribution Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Distribution Provider's liabilities undertaken pursuant to this Agreement.

8.3 Notification

The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

9.1 Definition of Confidential Information

Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

9.2 Treatment of Confidential Information

Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.

9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

~~9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1 b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.~~

Article 10. Disputes

~~10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.~~

~~10.2—In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.~~

~~10.3—If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.~~

~~10.4—The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.~~

~~10.5—Each Party agrees to conduct all negotiations in good faith and will be responsible for one half of any costs paid to neutral third parties.~~

~~10.6—If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.~~

10.1 Dispute Resolution

Any dispute arising between the Parties regarding a Party's performance of its obligations under this Agreement or requirements related to the interconnection of the Generating Facility shall be resolved according to the procedures in Rule 21.

Article 11. Taxes

11.1 Applicable Tax Laws and Regulations

The Parties agree to follow all applicable tax laws and regulations, consistent with ~~FERC policy and~~ Internal Revenue Service requirements.

11.2 Maintenance of Tax Status

Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Distribution Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the ~~state~~State of California (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Distribution Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, and any incorporated tariffs or Rules, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. ~~FERC expects all transmission providers, market participants, and Interconnection Customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority.~~ All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the ~~Small~~ Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Distribution Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

2.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

~~12.12 Reservation of Rights~~

~~The Distribution Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.~~

12.12 CPUC Modifications

Unless otherwise ordered by the CPUC, this Agreement at all times shall be subject to

such modifications as the CPUC may direct from time to time in the exercise of its jurisdiction.

12.13 Review of Records and Data

12.13.1 The Distribution Provider shall have the right to review and obtain copies of Interconnection Customer’s operations and maintenance records, logs, or other information such as, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Interconnection Customer’s Generating Facility or its interconnection with Distribution Provider’s Distribution System.

12.13.2 The Interconnection Customer authorizes the Distribution Provider to release to the California Energy Commission (“CEC”), the CAISO and/or the CPUC information regarding the Generating Facility, including the Interconnection Customer’s name and location, and the size, location and operational characteristics of the Generating Facility, as requested from time to time pursuant to the CEC’s, CAISO’s or CPUC’s rules and regulations.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly given if delivered in person, delivered by recognized national carrier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Attention:

<u>Interconnection Customer:</u>			
<u>Attention:</u>			
<u>Address:</u>			
<u>City, State, zip code:</u>			
<u>Phone:</u>			
<u>Fax:</u>			

If to the Distribution Provider:

~~Pacific Gas and Electric Company
 Attention: Generation Interconnection Services
 Mail Code N7L,
 PO Box 770000
 245 Market Street
 San Francisco, CA 94177-0001~~

U.S. Mail

Carrier

Pacific Gas and Electric Company
Attention: Generation Interconnection Services
P.O. Box 770000 Mail Code N7L
San Francisco, California 94177

Pacific Gas and Electric Company
Attention: Generation Interconnection Services
245 Market St., Mail Code N7L
San Francisco, California 94105

Telephone: 415 972-5394
Fax: 415 973-3064
Email gen@pge.com

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer:

Attention:

<u>Interconnection Customer:</u>			
<u>Attention:</u>			
<u>Address:</u>			
<u>City, State, zip code:</u>			
<u>Phone:</u>			
<u>Fax:</u>			

Note: All checks and inquiries must reference an Order Number

Distribution Provider:

~~Pacific Gas and Electric Company~~
~~Attention: Generation Interconnection Services~~
~~Mail Code N7L~~
~~PO Box 770000~~
~~245 Market Street~~
~~San Francisco, CA 94177-0001~~

U.S. Mail

Courier

Pacific Gas and Electric Company

Pacific Gas and Electric Company

Attention:

Attention:

Telephone:

Fax:

Email

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

~~Attention:~~

~~Telephone:~~

~~Cell:-(~~

~~Facsimile:~~

~~Email:~~

<u>Interconnection Customer:</u>			
<u>Attention:</u>			
<u>Address:</u>			
<u>City, State, zip code:</u>			
<u>Phone:</u>			
<u>Fax:</u>			

If to the Distribution Provider:

~~Pacific Gas and Electric Company~~

~~Attention: Generation Interconnection Services~~

~~Mail Code N7L,~~

~~PO Box 770000~~

~~245 Market Street~~

~~San Francisco, CA 94177-0001~~

~~Tel: 415-972-5394~~

~~Fax: 415-973-3064~~

U.S. Mail

Pacific Gas and Electric Company

Courier

Pacific Gas and Electric Company

Attention: Generation Interconnection Services
P.O. Box 770000 Mail Code N7L
San Francisco, California 94177

Attention: Generation Interconnection Services
245 Market St., Mail Code N7L
San Francisco, California 94105

Telephone: 415 972-5394

Fax: 415 973-3064

Email gen@pge.com

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Attention:

Telephone (Day):

Telephone (Eve):

Faeximile:

<u>Interconnection Customer:</u>	
<u>Attention:</u>	
<u>Telephone (Day):</u>	
<u>Telephone (Eve):</u>	
<u>Fax:</u>	

Distribution Provider's Operating Representative:

Attention:

Telephone:

Faesimile:

Distribution Provider:

Attention:

Telephone:

Fax:

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For the Distribution Provider

Signature: _____

Name: _____

Title: _____

Date: _____

PACIFIC GAS AND ELECTRIC COMPANY

For the Interconnection Customer

Note: This Agreement is signed on behalf of

Signature: _____

Name: _____

Title: _____

Date: _____

Attachment 1

Glossary of Terms

Affected System – An electric system other than the Distribution Provider's Distribution System that may be affected by the proposed interconnection, including but not limited to the Transmission System.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding Federal Holidays.

Default – The failure of a breaching Party to cure its Breach under the ~~Small Generator~~ Interconnection Agreement For An Existing Small Generating Facility.

Distribution Owner – The entity that owns, leases or otherwise possesses an interest in the portion of the Distribution System at the Point of Interconnection and may be a Party to the ~~Small Generator~~ Interconnection Agreement For An Existing Small Generating Facility to the extent necessary.

Distribution Provider – The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity ~~in interstate commerce~~ and provides ~~transmission or wholesale~~ distribution service ~~under to~~ the ~~Tariff~~ Interconnection Customer. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

Distribution System – Those non-~~ISO~~ California Independent System Operator Corporation (“CAISO”) transmission and distribution facilities owned, controlled and operated by the Distribution Provider that are used to provide distribution service ~~under the Tariff~~, which facilities and equipment are used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Distribution Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the ~~Small-Generating Facility~~ ~~and render the service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce~~. Distribution Upgrades do not include Interconnection Facilities.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in Attachment 2 of the Interconnection Agreement For An Existing Small Generating Facility, but shall not include the Interconnection Customer's Interconnection Facilities.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the ~~Interconnection~~Distribution Provider, or any Affiliate thereof.

Interconnection Customer – Any entity, including the Distribution Provider, the Distribution Owner, ~~the Transmission Owner~~ or any of the affiliates or subsidiaries of either, that ~~proposes to interconnect its Small~~interconnected its Generating Facility with the Distribution Provider's Distribution System. The definition of “Interconnection Customer” in this Agreement is intended to be identical to and used interchangeably with the definition of “Producer” in Rule 21.

Interconnection Facilities – The Distribution Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the ~~Small~~ Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the ~~Small~~ Generating Facility to the Distribution Provider's Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Handbook - A handbook, developed by the Distribution Provider and posted on the Distribution Provider's website or otherwise made available by the Distribution Provider, describing the technical and operational requirements for wholesale generators and loads connected to the Distribution System, as such handbook may be modified or superseded from time to time. In the event of a conflict between the terms of this SGIA Agreement and the terms of the Distribution Provider's Interconnection Handbook, the terms in this SGIA Agreement shall govern.

~~**Interconnection Request**—The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Distribution Provider's Distribution System.~~

~~**ISO Tariff**—The California Independent System Operator Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time, and accepted by the Commission.~~

~~**Material Modification**—A modification that has a material impact on the cost or timing of any Interconnection Request, or any other valid interconnection request to the Distribution Provider or the ISO with a later queue priority date.~~

Network Upgrades – Additions, modifications, and upgrades to the Distribution Provider's Transmission System required at or beyond the point at which the Distribution System connects to the Distribution Provider's Transmission System to accommodate the interconnection of the ~~Small~~ Generating Facility to the Distribution Provider's Distribution System. Network Upgrades do not include Distribution Upgrades.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, ~~California Independent System Operator, control~~CAISO, balancing authority area, or the Distribution Provider's requirements, including those set forth in the ~~Small Generator~~ Interconnection Agreement For An Existing Small Generating Facility.

Party or Parties – The Distribution Provider, Distribution Owner, ~~Transmission Owner,~~ Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Distribution Provider's Distribution System.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the ~~Small Generator~~ Interconnection Agreement For An Existing Small Generating Facility, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

~~**Small Generating Facility**—The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.~~

~~**Tariff**—The Distribution Provider's Wholesale Distribution Tariff through which open access distribution service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.~~

Transmission System – Those facilities owned by the Distribution Provider that have been placed under the CAISO's operational control and are part of the CAISO Grid.

Upgrades – The required additions and modifications to the Distribution Provider's Distribution System and Transmission System, at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

Description ~~and Costs~~ of the ~~Small~~ Generating Facility, Interconnection Facilities, ~~and Metering Equipment~~ and Distribution System Upgrades

Equipment, including the ~~Small~~ Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, the Distribution Provider, or the Distribution Owner ~~or the Transmission Owner~~. The Distribution Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.



Attachment 3

~~One-line Diagram Depicting the Small~~

Description Of Generating Facility, ~~Interconnection Facilities, Metering Equipment, and~~
Upgrades

And Single-Line Diagram,
(Provided by Producer)

Attachment 4

Milestones

In-Service Date:

Critical milestones and responsibility as agreed to by the Parties:

	Milestone / Date	Responsible Parties

Financial Security Milestone: not applicable for this utility-owned project

Agreed to by:

For the Distribution Provider _____ Date _____

For the Transmission Owner (if applicable) _____ Date _____

For the Interconnection Customer _____ Date _____

Attachment 5

**Additional Operating Requirements for the
Distribution Provider's Distribution System,
~~Transmission System~~ and Affected Systems Needed to Support
the Interconnection Customer's Needs**

The Distribution Provider shall also provide requirements that must be met by the
Interconnection Customer ~~prior to initiating~~for parallel operation with the Distribution Provider's
Distribution System.

Attachment 6

**Distribution Provider's Description of its Upgrades
and ~~Best Estimate of Upgrade Costs~~ Cost Responsibility**

The Distribution Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Distribution Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related. Alternatively, Attachments 2 and 6 can be combined in order to accommodate incorporation of the Interconnection Customer's existing agreement (i.e., Special Facilities Agreement or SFA) for the financing and ownership of facilities for this interconnection.

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Dept of General Services	Northern California Power Association
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
Arizona Public Service Company	Economic Sciences Corporation	R. W. Beck & Associates
BART	Ellison Schneider & Harris LLP	RCS, Inc.
Barkovich & Yap, Inc.	Foster Farms	Recurrent Energy
Bartle Wells Associates	G. A. Krause & Assoc.	SCD Energy Solutions
Bloomberg	GLJ Publications	SCE
Bloomberg New Energy Finance	GenOn Energy, Inc.	SMUD
Boston Properties	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
Braun Blasing McLaughlin, P.C.	Green Power Institute	San Francisco Public Utilities Commission
Brookfield Renewable Power	Hanna & Morton	Seattle City Light
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CLECA Law Office	In House Energy	Sierra Pacific Power Company
CSC Energy Services	International Power Technology	Silicon Valley Power
California Cotton Ginners & Growers Assn	Intestate Gas Services, Inc.	Silo Energy LLC
California Energy Commission	Lawrence Berkeley National Lab	Southern California Edison Company
California League of Food Processors	Los Angeles Dept of Water & Power	Spark Energy, L.P.
California Public Utilities Commission	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Calpine	MAC Lighting Consulting	Sunshine Design
Cardinal Cogen	MBMC, Inc.	Sutherland, Asbill & Brennan
Casner, Steve	MRW & Associates	Tabors Caramanis & Associates
Chris, King	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto	McKenzie & Associates	Tiger Natural Gas, Inc.
City of Palo Alto Utilities	Merced Irrigation District	TransCanada
City of San Jose	Modesto Irrigation District	Turlock Irrigation District
Clean Energy Fuels	Morgan Stanley	United Cogen
Coast Economic Consulting	Morrison & Foerster	Utility Cost Management
Commercial Energy	NLine Energy, Inc.	Utility Specialists
Consumer Federation of California	NRG West	Verizon
Crossborder Energy	NaturEner	Wellhead Electric Company
Davis Wright Tremaine LLP	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	